

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
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SUWANNEE RIVER WATER MANAGEMENT DISTRICT OFFICIALS

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2015

Chairman	Donald J. Quincey, Jr.
Vice Chairman	Alphonas Alexander
Secretary-Treasurer	Virginia H. Johns
Board Members	Kevin W. Brown Gary F. Jones Virginia Sanchez Richard Schwab Bradley Williams
Executive Director	Noah Valenstein



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Governors
Suwannee River Water Management District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Suwannee River Water Management District (the District) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Florida Institute of Certified Public Accountants • American Institute of Certified Public Accountants

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Suwannee River Water Management District, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison, other post-employment benefits plan, and schedules of proportionate share of net pension liability and contributions information be presented to supplement the basic financial statements. Such information, 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.

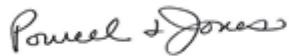
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Suwannee River Water Management District's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133 *Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, are also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2016, on our consideration of the Suwannee River Water Management District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Suwannee River Water Management District's internal control over financial reporting and compliance.

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

POWELL & JONES
Certified Public Accountants
April 18, 2016

Management's Discussion and Analysis

As management of the Suwannee River Water Management District, we offer readers of the Suwannee River Water Management District's financial statements this narrative overview and analysis of the financial activities of the Suwannee River Water Management District for the fiscal year ended September 30, 2015.

Financial Highlights

The assets of the Suwannee River Water Management District exceeded its liabilities at the close of the most recent fiscal year by \$251,737,702 (net position).

The District's total net position increased by \$2,993,289, including a decrease of \$2,545,623, due to a restatement of prior year ending net assets recognizing Suwannee River Water Management District's net pension liability related to their participation in the Florida Retirement System.

As of the close of the 2014-2015 fiscal year, the District's governmental funds reported combined ending fund balances of \$41,133,166, a decrease of \$240,194 in comparison with the prior year. This, in part, can be attributed to capital outlay expenditures and operations.

At the end of the 2014-2015 fiscal year the unassigned balance for the general fund was \$7,334,355.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Suwannee River Water Management District's basic financial statements. The Suwannee River Water Management District's basic financial statements comprise 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 Suwannee River Water Management District's finances, in a manner similar to a private-sector business.

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

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

The government-wide financial statements report functions of the Suwannee River Water Management District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Suwannee River Water Management District include water supply and resource management, land acquisition and management, operation, maintenance of lands and works, regulation, outreach, and administration.

The government-wide financial statements include only the Suwannee River Water Management District, a component unit of the State of Florida.

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

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

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

The Suwannee River Water Management District maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Water Management and Land Trust Fund, and Land Acquisition and Management Fund, each of which are considered to be major funds. Data from the other twenty-two governmental funds are combined into a single, aggregated presentation.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Suwannee River Water Management District's budgetary comparison for its major funds and the schedule of funding progress for the Other Post Employment Benefit Plan. The Suwannee River Water Management District adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the general fund and each major fund to demonstrate compliance with this budget.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Suwannee River Water Management District, assets exceeded liabilities by \$251,737,702 at the close of the most recent fiscal year.

By far the largest portion of the Suwannee River Water Management District's net position (85 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment). The Suwannee River Water Management District uses these capital assets to protect the water resources of the District; consequently, these assets are not available for future spending.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT'S NET POSITION

	2015	2014
Current and other assets	\$ 51,154,354	\$ 48,669,996
Capital assets:		
Land and other improvements	208,283,858	203,325,335
Other capital assets, net of depreciation	5,377,408	4,848,250
Total assets	<u>264,815,620</u>	<u>256,843,581</u>
Deferred outflows	<u>990,934</u>	<u>602,001</u>
Long-term liabilities outstanding	3,588,108	2,605,780
Other liabilities:	<u>10,021,188</u>	<u>7,296,636</u>
Total liabilities	<u>13,609,296</u>	<u>9,902,416</u>
Deferred inflows	<u>459,556</u>	<u>1,344,376</u>
Net position		
Invested in capital assets, net of related debt	213,661,266	208,173,585
Restricted for land acquisition and management	17,733,277	19,124,736
Restricted for water supply and resource management	16,065,827	18,865,826
Unrestricted	4,277,332	34,643
Total net position	<u>\$251,737,702</u>	<u>\$246,198,790</u>

An additional portion of the Suwannee River Water Management District's net position (13 percent) represents resources that are subject to external restrictions on how they may be used.

Governmental activities. Governmental activities increased Suwannee River Water Management District's net assets by \$5,538,912. The key elements of this increase can be attributed to a netting effect of depreciation expense, an adjustment of investment funds to their net present value resulting in a loss, recognition of the net pension liability and related expenses, and an overall increase in revenues.

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

	2015	2014
Revenues:		
Program revenues:		
Charges for services	\$ 251,815	\$ 145,301
Operating grants and contributions	9,010,501	7,952,789
Capital grants and contributions	5,894,503	1,163,821
General revenues:		
Property taxes	5,436,890	5,273,786
Sale of timber and other	659,214	415,489
Unrestricted investment earnings	709,301	362,613
(Loss) on disposal of assets	(769,242)	(1,198,271)
Gain (loss) on investments	(51,870)	249,838
Total revenues	21,141,112	14,365,366
Expenses:		
Water resource planning and monitoring	5,796,656	5,547,176
Acquisition, restoration and public works	4,939,162	2,474,912
Operation, maintenance of lands and works	2,054,440	2,017,874
Regulation	1,144,049	1,139,262
Outreach	179,214	186,794
Administration	1,488,679	1,629,602
Total expenses	15,602,200	12,995,620
Increase (decrease) in net position	5,538,912	1,369,746
Net position, beginning of year as restated	246,198,790	244,762,029
Net position, end of year	\$251,737,702	\$246,131,775

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the Suwannee River Water Management District's governmental funds reported combined ending fund balances of \$41,133,166, a decrease of \$240,194 in comparison with the prior year. Less than 18% of the total combined ending fund balance constitutes unassigned fund balance which is available for spending at the government's

discretion. The remainder of fund balance is restricted to indicate that it is not available for general spending.

The general fund is the chief operating fund of the Suwannee River Water Management District. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,334,355, while total fund balance reached \$28,223,614. Unassigned fund balance represents 99% of total general fund expenditures including transfers.

During the current fiscal year, the fund balance of the Suwannee River Water Management District's general fund increased by \$1,777,528. The key factor in this increase was an increase in intergovernmental revenue.

The Land Acquisition and Management Fund had a total Fund Balance of \$2,153,785. The majority of the \$2,077,480 decrease in this fund in the current year was attributable to the excess of expenditures over revenue.

The Water Management and Land Trust Fund had a total fund balance of \$-0-. This fund is supported on a reimbursement basis of intergovernmental revenues.

General Fund Budgetary Highlights

During the year salaries and benefits were \$584,731 less than amounts budgeted, and professional services was \$2,041,291 less than budgeted, while operating expenditures were \$487,611 less than budget.

Land Acquisition and Management Fund Budgetary Highlights

During the year there was a total of \$290,471 less in expenditures overall than what was budgeted.

Water Management and Land Trust Fund Budgetary Highlights

During the year there was a total of \$801,260 less in expenditures overall than what was budgeted.

Capital Asset Administration

Capital assets. The Suwannee River Water Management District's investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$213,661,266 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, vehicles, office equipment, field equipment and computer equipment.

There was a net prior period upward adjustment of \$90,127 to capital assets. This was a result of accounting for expenditures related to the purchase of land in a prior period and a physical assessment of equipment and reconciling adjustments.

Economic Factors and Next Year's Budgets and Rates

Changing economic conditions has required the District to adopt new budgeting strategies. The District must accomplish statutory priorities with less discretionary revenue available. The District's overall budget is up over 55% from the previous year as a direct result of the State of Florida's new focus on water conservation and restoration of the State's aquifer.

Factors that influence the District's fiscal year 2014-2015 budget include:

Re-aligning District programs to fit core-mission areas of responsibility; and

Developing an operational budget that fits the anticipated level of expenditures needed to accomplish District priorities.

Requests for Information

This financial report is designed to provide a general overview of the Suwannee River Water Management District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Suwannee River Water Management District, 9225 CR 49, Live Oak, FL 32060.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF NET POSITION
September 30, 2015

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 700,082
Investments	48,347,388
Intergovernmental receivables	2,106,884
Capital assets not being depreciated	
Land	208,283,858
Capital assets, net of accumulated depreciation	
Buildings	4,399,563
Equipment	977,845
Total assets	264,815,620
DEFERRED OUTFLOWS OF RESOURCES	
PILT payments	207,436
Pension obligations	783,498
	990,934
LIABILITIES	
Accounts payable	1,865,173
Accrued liabilities	112,765
Interest payable	14,587
Unearned revenues	7,778,639
Performance bonds	250,024
Long-term liabilities	
Due within one year	761,672
Due in more than one year	2,826,436
Total liabilities	13,609,296
	459,556
DEFERRED INFLOWS OF RESOURCES	
	459,556
NET POSITION	
Net investment in capital assets	213,661,266
Restricted for:	
Lobbyist registration	14
Land conservation	9,251,370
DOT permit streamlining projects	41,920
Environmental resource permitting	123,096
Delineated areas	240
Licensing and permitting	1,404
DOT mitigation projects	254,932
Suwannee River Partnership projects	973,967
PCS mitigation projects	109,117
Land acquisition	2,153,785
Water resource and supply	4,042,042
Land management operations	3,900,286
Research, data collection, analysis and monitoring	1,691,475
Local government cost share	3,883,407
Agricultural projects	4,520,749
Springs project match	423,464
Surplus land acquisition	2,427,836
Unrestricted, general fund operations	4,277,332
Total net position	\$ 251,737,702

See notes to financial statements.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Water resource planning and monitoring	\$ 5,796,656	\$ 105,600	\$ 4,222,521	\$ -	\$ (1,468,535)
Acquisition, restoration and public works	4,939,162	-	2,684,147	5,894,503	3,639,488
Operation, maintenance of lands and works	2,054,440	50	767,666	-	(1,286,724)
Regulation	1,144,049	145,397	1,334,686	-	336,034
Outreach	179,214	-	-	-	(179,214)
Administration	1,488,679	768	1,481	-	(1,486,430)
Total governmental activities	\$ 15,602,200	\$ 251,815	\$ 9,010,501	\$ 5,894,503	\$ (445,381)

General Revenues	
Property taxes	5,436,890
Interest income	709,301
Other income	659,214
Conveyed land	(972,712)
Gain on disposal of assets	203,470
Loss on investments	(51,870)
Total general revenues	5,984,293
Change in net position	5,538,912
Net position at beginning of year	248,744,413
Prior period adjustment	(2,545,623)
Net position at end of year	\$ 251,737,702

See notes to financial statements.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2015**

	Special Revenue Funds				Total Governmental Funds
	General Fund	Water Management and Land Trust Fund	Land Acquisition and Management Fund	Other Governmental Funds	
Assets					
Cash and cash equivalents	\$ 700,082	\$ -	\$ -	\$ -	\$ 700,082
Investments	48,347,388	-	-	-	48,347,388
Intergovernmental receivables	369,594	43,000	-	1,694,290	2,106,884
Due from other funds	374,333	918,384	2,153,785	17,527,446	20,973,948
Total assets	\$ 49,791,397	\$ 961,384	\$ 2,153,785	\$ 19,221,736	\$ 72,128,302
Liabilities					
Accounts payable	\$ 590,792	\$ -	\$ -	\$ 1,274,381	\$ 1,865,173
Accrued liabilities	112,765	-	-	-	112,765
Interest payable	14,587	-	-	-	14,587
Unearned revenues	-	961,384	-	6,817,255	7,778,639
Due to other funds	20,599,614	-	-	374,334	20,973,948
Performance bonds	250,024	-	-	-	250,024
Total liabilities	21,567,782	961,384	-	8,465,970	30,995,136
Fund balances					
Restricted for:					
Lobbyist registration	-	-	-	14	14
Land conservation	-	-	-	9,251,370	9,251,370
DOT permit streamlining projects	-	-	-	41,920	41,920
Environmental resource permitting	-	-	-	123,096	123,096
Delimited areas	-	-	-	240	240
Licensing and permitting	-	-	-	1,404	1,404
DOT mitigation projects	-	-	-	254,932	254,932
Suwannee River Partnership projects	-	-	-	973,967	973,967
PCS mitigation projects	-	-	-	109,117	109,117
Reimbursable grants	-	-	-	(293)	(293)
Land acquisition	-	-	2,153,785	-	2,153,785
Committed for:					
Water supply planning	4,042,042	-	-	-	4,042,042
Land management operations	3,900,286	-	-	-	3,900,286
Research, data collection, analysis and monitoring	1,691,475	-	-	-	1,691,475
Local government cost share	3,883,407	-	-	-	3,883,407
Agricultural projects	4,520,749	-	-	-	4,520,749
Springs project match	423,464	-	-	-	423,464
Surplus land acquisition	2,427,836	-	-	-	2,427,836
Unassigned, general fund operations	7,334,355	-	-	-	7,334,355
Total fund balances	28,223,614	-	2,153,785	10,755,767	41,133,166
Total liabilities and fund balance	\$ 49,791,396	\$ 961,384	\$ 2,153,785	\$ 19,221,737	

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 in the funds.	213,661,266
Deferred outflows/inflows are not available resources, and, therefore are not reported in the funds.	531,378
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(3,588,108)
Net position of governmental activities	\$ 251,737,702

See notes to financial statements.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Special Revenue Funds				Total Governmental Funds
	General Fund	Water Management and Land Trust Fund	Land Acquisition and Management Fund	Other Governmental Funds	
Revenues					
Ad valorem taxes	\$ 5,436,890	\$ -	\$ -	\$ -	\$ 5,436,890
Intergovernmental revenue	2,633,542	1,792,038	5,113,747	4,657,827	14,197,154
License and permit fees	-	-	-	145,397	145,397
Interest income	454,688	-	67,879	186,734	709,301
Other income	654,242	-	5,150	106,240	765,632
Total revenues	9,179,362	1,792,038	5,186,776	5,096,198	21,254,374
Expenditures					
General Government					
Water resource planning and monitoring	2,569,321	2,003,527	-	1,125,189	5,698,037
Acquisition, restoration and public works	408,226	602,643	207,213	3,691,238	4,909,320
Operation, maintenance of lands and works	384,465	-	1,620,927	3,204	2,008,596
Regulation	144,022	-	-	1,007,676	1,151,698
Outreach	181,986	-	-	-	181,986
Administration	1,413,826	-	-	3,206	1,417,032
Capital outlay	758,668	44,225	4,577,759	696,664	6,077,316
Total general government expenditures	5,860,514	2,650,395	6,405,899	6,527,177	21,443,985
Excess (deficiency) of revenues over (under) expenditures	3,318,848	(858,357)	(1,219,123)	(1,430,979)	(189,611)
Other financing sources (uses)					
Transfers in	2,152,352	858,357	-	3,643,089	6,653,798
Transfers out	(3,643,089)	(31,629)	(858,357)	(2,120,723)	(6,653,798)
Gain on disposal of assets	1,287	-	-	-	1,287
Gain (loss) on investments	(51,870)	-	-	-	(51,870)
Total other financing sources (uses)	(1,541,320)	826,728	(858,357)	1,522,366	(50,583)
Net change in fund balance	1,777,528	(31,629)	(2,077,480)	91,387	(240,194)
Fund balances at beginning of year	26,446,086	31,629	4,231,265	10,664,380	41,373,360
Fund balances at end of the year	\$ 28,223,614	\$ -	\$ 2,153,785	\$ 10,755,767	\$ 41,133,166

See notes to financial statements.

SUWANNEE RIFVER WATER MANAGEMENT DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FRUNDS TO THE STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended September 30, 2015

Net change in fund balances - total governmental funds		\$ (240,194)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Expenditures for capital assets	\$ 6,077,316	
Less current year depreciation	<u>(303,873)</u>	5,773,443
The net effect of various miscellaneous transactions involving assets (ie., contributions, sales, conveyance, and disposals) is to decrease net assets		
Capital contributions	707,850	
Conveyed land	(972,712)	
Gain on disposal of fixed assets, net	<u>202,183</u>	(62,679)
Some revenues in the statement of activities do not provide current financial resources, and therefore, are unavailable in governmental funds.		(15,647)
Some expenditures reported in the statement of activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds. Also, recognition of certain obligations related to prior and subsequent periods are not recognized in governmental funds but are recognized in the statement of activities.		
Compensated absences	12,931	
OPEB liability	(4,929)	
Net pension liability	<u>75,987</u>	<u>83,989</u>
Change in net position of governmental activities		<u>\$ 5,538,912</u>

See notes to financial statements.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Financial Reporting Entity

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

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

B. Financial Reporting Structure

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

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

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

The District reports the following major governmental funds:

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

The Land Acquisition and Management Fund accounts for expenditures made to purchase sensitive water resource lands within the District and the management and restoration of such lands.

The Water Management and Land Trust Fund accounts for funds appropriated by the State of Florida legislature for the purpose of land management, maintenance, capital improvements of land titled to the District, and payments in lieu of taxes.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned

and expenses are recorded when a liability is incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, entitlements, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

D. Implementation of New GASB Pronouncements

In fiscal year 2014-15 the District adopted the following new accounting standard in order to conform to the following Governmental Accounting Standards Board Statement:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014, replaces the requirements of GASB Statements Nos. 27 and 50 as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The standard requires government employers to recognize as a liability, for the first time, their long-term obligation for pension benefits. The employer liability is to be measured as the difference between the present value of projected benefit payments to be provided through the pension plan for past periods of service less the amount of the pension plan's fiduciary net position. Obligations for employers with cost sharing plans will be based on their proportionate share of contributions to the pension plan. The standard also requires more immediate recognition of annual service cost, interest and changes in benefits for pension expense; specifies requirements for discount rates, attribution methods; and changes disclosure requirements. The impact on the financial statements was a decrease in the beginning net position as follows:

	<u>Governmental Activities</u>
Net position, beginning of year, as previously reported	\$ 248,744,413
Restatement of net pension liability	(2,612,638)
Net position, beginning of year, as restated	<u>\$ 246,131,775</u>

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

1. Deposits and Investments

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

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

Investments for the District are reported at fair value. The State of Florida Department of Financial Services Special Purpose Investment Account (SPIA) operates in accordance with appropriate state laws and regulations. As a SPIA participant, the District invests in pools of investments whereby the District owns a share of the respective pool, not the underlying securities.

2. Receivables and Payables

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

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

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

3. Property Taxes

The District is authorized by Section 373.503, *Florida Statutes*, to levy ad valorem taxes on all real and personal property located within the District not to exceed .75 mills. The rate for the 2014-2015 fiscal year was 0.4104 mills. The property assessment and tax collection functions are performed by appropriate officials of county government in each of the fifteen counties comprising the District. Commissions are paid to the counties for these appraisal and collection services.

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

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

4. Prepaid Items

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

5. Capital Assets

Capital assets, which include property, plant, and equipment are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Office equipment	10
Mobile equipment	7
Field equipment	7
Computer equipment	5

The District does not own any infrastructure assets.

6. Unearned Revenues

Unearned revenues reported in government-wide financial statements represent unearned revenues. The unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Unearned revenues reported in governmental fund financial statements represent unearned revenues which are measurable but not available and, in accordance with the modified accrual basis of accounting, are reported as unearned revenues. At September 30, 2015, the District reported \$7,778,639 in unearned revenues.

7. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay benefits are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements.

8. Long-term Obligations

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

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District only has two items that qualify for reporting in this category. The first is the deferred charge on pensions in the government-wide statement of net position. Deferred outflows on pensions are recorded when actual earnings on pension plan investments exceed projected earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred outflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the District's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan. Contributions to pension plans made subsequent to the measurement date are also deferred and reduce net pension liability in the subsequent year. The second is the deferred outflows of payments in lieu of taxes (PILT) in the government-wide statement of net position. The deferred outflow of PILT is related to a land transaction whereby the PILT will be amortized over a period of time agreed to by the parties.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which is related to pensions. Deferred inflows on pension plan investments exceed actual earnings and are amortized to pension expense using a systematic and rational method over a closed five-year period. Deferred inflows on pensions also include the difference between expected and actual experience with regard to economic or demographic factors; changes of assumptions about future economic, demographic, or other input factors; or changes in the District's proportionate share of net pension liability. These are amortized over the average expected remaining service lives of all employees that are provided with pensions through each pension plan.

10. Fund Balances

A. Governmental Funds

As of September 30, 2015, fund balances of the governmental funds are classified as follows:

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

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are

externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

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

Unassigned – all other spendable amounts.

As of September 30, 2015, fund balances are composed of the following:

	<u>Governmental Funds</u>
Restricted, special revenue projects	\$ 10,755,767
Restricted, land acquisition and water management	2,153,785
Committed, water resource and supply	4,042,042
Committed, land management operations	3,900,286
Committed, research, data collection, analysis, and monitoring	1,691,475
Committed, agricultural projects	4,520,749
Committed, local government cost share	3,883,407
Springs project match	423,464
Surplus land acquisition	2,427,836
Unassigned, general fund operations	7,334,355
	<u>\$ 41,133,166</u>

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

11. Use of Estimates

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

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

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

“Total fund balances” of the District’s governmental funds \$41,133,166 differs from “net position” of governmental activities \$251,737,702 reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental funds balance sheet.

Capital related items

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

Cost of capital assets	\$ 216,998,409
Accumulated depreciation	(3,337,143)
	<u>\$ 213,661,266</u>

Long-term debt transactions

Long-term liabilities applicable to the District’s governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net position. Balances at September 30, 2015, were:

Compensated absences	\$ 317,235
Other post-employment benefits	387,168
Net pension liability	2,883,705
	<u>\$ 3,588,108</u>

Deferred outflows/inflows of resources

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

Deferred outflows	\$ 990,934
Deferred inflows	(459,556)
	<u>\$ 531,378</u>

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

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

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

	Total Governmental Funds	Deferred Outflows/Inflows	Capital Related Items	Long-term Debt Transactions	Eliminations	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 700,082	\$ -	\$ -	\$ -	\$ -	\$ 700,082
Investments	48,347,388	-	-	-	-	48,347,388
Intergovernmental receivables	2,106,884	-	-	-	-	2,106,884
Due from other funds	20,973,948	-	-	-	(20,973,948)	-
Capital assets - net	-	-	213,661,266	-	-	213,661,266
Total assets	72,128,302	-	213,661,266	-	(20,973,948)	264,815,620
DEFERRED OUTFLOWS						
PILT payments	-	207,436	-	-	-	207,436
Pension obligations	-	783,498	-	-	-	783,498
	-	990,934	-	-	-	990,934
LIABILITIES						
Accounts payable	1,865,173	-	-	-	-	1,865,173
Accrued liabilities	112,765	-	-	-	-	112,765
Interest payable	14,587	-	-	-	-	14,587
Unearned revenues	7,778,639	-	-	-	-	7,778,639
Due to other funds	20,973,948	-	-	-	(20,973,948)	-
Performance bonds	250,024	-	-	-	-	250,024
Compensated absences	-	-	-	317,235	-	317,235
OPEB liability	-	-	-	387,168	-	387,168
Net pension liability	-	-	-	2,883,705	-	2,883,705
Total liabilities	30,995,136	-	-	3,588,108	(20,973,948)	13,609,296
DEFERRED INFLOWS	-	459,556	-	-	-	459,556
FUND BALANCE/NET POSITION						
Fund balance/net position	\$ 41,133,166	\$ 531,378	\$ 213,661,266	\$ (3,588,108)	\$ -	\$ 251,737,702

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

The “net change in fund balances” for governmental funds \$(240,194) differs from the “change in net position” for governmental activities \$5,538,912 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items

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

Capital outlay	\$ 6,077,316
Depreciation expense	(303,873)
Loss of disposals	(993,612)
Capital contributions	707,850
	<u>\$ 5,487,681</u>

Long-term debt related items

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

Net decrease in compensated absences	\$ 12,931
Net increase in other post-employment benefits	(4,929)
Net decrease in net pension liability	75,987
Net decrease in deferred outflows/inflows	(1,066,317)
	<u>\$ (982,328)</u>

Deferred outflows/inflows of resources

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

Net increase in deferred outflows	\$ 388,933
Net decrease in deferred inflows	884,820
	<u>\$ 1,273,753</u>

SUWANNEE RIVER WATER MANAGEMENT DISTRICT

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

B. Explanation of Difference Between Government Fund Operating Statements and the Statement of Activities

	Total Governmental Funds	Capital Related Items	Long-term Debt Transactions/ Eliminations	Deferred Outflows/Inflows	Statement of Activities
Revenues					
Ad valorem taxes	\$ 5,436,890	\$ -	\$ -	\$ -	\$ 5,436,890
Intergovernmental revenue	14,197,154	-	-	-	14,197,154
License and permit fees	145,397	-	-	-	145,397
Interest income	709,301	-	-	-	709,301
Other income	765,632	-	-	-	765,632
Total revenues	21,254,374	-	-	-	21,254,374
Expenditures					
General Government					
Water resource planning and monitoring	5,698,037	128,779	(30,160)	-	5,796,656
Acquisition, restoration and public works	4,909,320	40,889	(11,047)	-	4,939,162
Operation, maintenance of lands and works	2,008,596	37,784	(7,587)	15,647	2,054,440
Regulation	1,151,698	8,060	(15,709)	-	1,144,049
Outreach	181,986	1,206	(3,978)	-	179,214
Administration	1,417,032	87,155	(15,508)	-	1,488,679
Capital outlay	6,077,316	(6,077,316)	-	-	-
Total general government expenditures	21,443,985	(5,773,443)	(83,989)	15,647	15,586,553
Excess of revenues over expenditures	(189,611)	5,773,443	83,989	(15,647)	5,652,174
Other financing sources (uses)					
Transfers in	6,653,798	-	(6,653,798)	-	-
Transfers out	(6,653,798)	-	6,653,798	-	-
Capital contributions	-	707,850	-	-	707,850
Conveyed land	-	(972,712)	-	-	(972,712)
Gain (loss) on disposal of assets	1,287	(20,900)	-	223,083	203,470
Loss on investments	(51,870)	-	-	-	(51,870)
Deferred outflows (inflows)	-	-	(1,066,317)	1,066,317	-
Total other financing sources (uses)	(50,583)	(285,762)	(1,066,317)	1,289,400	(113,262)
Net change in fund balance	(240,194)	5,487,681	(982,328)	1,273,753	5,538,912
Fund balance at beginning of year	41,373,360	208,083,458	(712,405)	-	248,744,413
Prior period adjustment	-	90,127	(1,893,375)	(742,375)	(2,545,623)
Fund balance at end of the year	\$ 41,133,166	\$ 213,661,266	\$ (3,588,108)	\$ 531,378	\$ 251,737,702

NOTE 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. At year end, the carrying amount of the District's deposits was \$700,082 and the bank balance was \$1,964,176. Of the bank balance, \$1,964,176 was covered by Federal depository insurance or by collateral held by the District's custodial bank which is pledged to a state trust fund that provides security in accordance with the Florida Security for Deposits Act, Chapter 280, for amounts held in excess of FDIC coverage.

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

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

Credit Risk: The District is a participant in the State of Florida Department of Financial Services Special Purpose Investment Account ("SPIA"). As a SPIA participant, the District invests in the Florida Treasury Investment Pool. The Florida Treasury Investment Pool is a pool of investments whereby the District owns a share of the pool, not the underlying securities. The Florida Treasury Investment Pool is rated by Standard and Poor's. The current rating is A+f. The unaudited fair value factor for September 30, 2015 of this pool was 1.0033. This fair value factor is also posted to the Florida State Treasury website at www.fltreasury.org.

Interest Rate Risk: The District manages its exposure to declines in fair values of investments by investing operating funds primarily in shorter-term securities, State of Florida Department of Financial Services Special Purpose Investment Account.

Custodial Credit Risk: Investments are subject to custodial credit risk if the securities are uninsured, not registered in the District's name, and are held by the party that either sells to or buys for the District. No investments held at year end were subject to custodial credit risk. The District owns shares of the Florida Treasury Investment Pool, and not the underlying investments. The District has not participated in a securities lending program in the fiscal year ending September 30, 2015.

As of September 30, 2015, the District had the following investments reported fair values:

	Fair Value
Florida Treasury Investment Pool	<u>\$ 48,347,388</u>

B. Unearned Revenue

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds was as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Grant drawdowns prior to meeting all eligibility requirements	<u>\$ -</u>	<u>\$ 7,778,639</u>

C. Receivables

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

	<u>General Fund</u>	<u>Water Management and Land Trust Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivables:				
Intergovernmental	<u>\$ 369,594</u>	<u>\$ 43,000</u>	<u>\$ 1,694,290</u>	<u>\$ 2,106,884</u>
Gross total receivables	<u>\$ 369,594</u>	<u>\$ 43,000</u>	<u>\$ 1,694,290</u>	<u>\$ 2,106,884</u>

D. Capital Assets

Capital asset activity for the year ended September 30, 2015, was as follows:

	Balance 09/30/14	Additions	Deletions	Prior Period Adjustment	Balance 09/30/15
Governmental activities:					
Capital assets, not being depreciated:					
Land-headquarters	\$ 37,685	\$ -	\$ -	\$ -	\$ 37,685
Land-water resource management	143,868,755	5,205,826	(288,881)	23,112	148,808,812
Capital easements - water resource management	59,395,783	725,409	(683,831)	-	59,437,361
Total capital assets, not being depreciated	<u>203,302,223</u>	<u>5,931,235</u>	<u>(972,712)</u>	<u>23,112</u>	<u>208,283,858</u>
Capital assets, being depreciated:					
Buildings and improvements	6,219,491	199,060	-	-	6,418,551
Office, lab and field equipment	590,826	486,275	(68,102)	(14,905)	994,094
Computer equipment	790,949	112,745	(85,917)	(79,108)	738,669
Mobile equipment	592,095	55,851	(52,674)	(32,035)	563,237
Total capital assets, being depreciated	<u>8,193,361</u>	<u>853,931</u>	<u>(206,693)</u>	<u>(126,048)</u>	<u>8,714,551</u>
Less accumulated depreciation for:					
Buildings	(1,886,005)	(132,983)	-	-	(2,018,988)
Office, lab and field equipment	(368,897)	(76,371)	66,653	31,282	(347,333)
Computer equipment	(616,087)	(71,407)	66,466	127,077	(493,951)
Mobile equipment	(541,137)	(23,112)	52,674	34,704	(476,871)
Total accumulated depreciation	<u>(3,412,126)</u>	<u>(303,873)</u>	<u>185,793</u>	<u>193,063</u>	<u>(3,337,143)</u>
Total capital assets being depreciated, net	<u>4,781,235</u>	<u>550,058</u>	<u>(20,900)</u>	<u>67,015</u>	<u>5,377,408</u>
	<u>\$ 208,083,458</u>	<u>\$ 6,481,293</u>	<u>\$ (993,612)</u>	<u>\$ 90,127</u>	<u>\$ 213,661,266</u>

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

Governmental Activities	
Water, resource, planning and monitoring	\$ 128,779
Acquisition, restoration and public works	40,889
Administration	87,155
Operation, maintenance of lands and works	37,784
Regulation	8,060
Outreach	1,206
Total depreciation expense	<u>\$ 303,873</u>

E. Interfund Balances and Activity

Interfund Receivables/Payables

	<u>Due to</u>	<u>Due From</u>
General Fund	\$ 20,599,614	\$ 374,333
Water Management and Land Trust Fund	-	918,384
Land Acquisition and Management Fund	-	2,153,785
Other Governmental Funds	374,334	17,527,446
	<u>\$ 20,973,948</u>	<u>\$ 20,973,948</u>

Transfers To/From Other Funds

Transfers to/from other funds at September 30, 2015 consist of the following:

From the General Fund to the Other Governmental Funds for expenditures related to project activities	\$ 3,643,089
From Other Governmental Funds to General Fund for unspent funds	2,120,723
From Land Acquisition and Management Fund to Water Management and Land Trust Fund for expenditures related to project activities and land conservation	858,357
From Water Management and Land Trust to General Fund for expenditures related to project activities and land conservation	31,629
	<u>\$ 6,653,798</u>

F. Leases

Operating Leases. The District leases equipment under noncancellable operating leases. Lease expenditures for the year ended September 30, 2015, amounted to \$6,751. The future minimum lease payments for leases are as follows:

<u>Year ending September 30,</u>	Amount
2016	\$ 5,607
2017	4,347
2018	3,622
	<u>\$ 13,576</u>

G. Long-term Liabilities

Changes in Long-term Liabilities: Long-term liability activity for the year ended September 30, 2015, was as follows:

	Balance 10/01/14	Additions	Reductions	Balance 09/30/15	Due Within One Year
Governmental activities:					
Compensated absences	\$ 330,166	\$ 638,464	\$ (651,395)	\$ 317,235	\$ 317,235
Other post-employment benefits	382,239	4,929	-	387,168	-
Net pension liability	-	2,883,705	-	2,883,705	444,437
	<u>\$ 712,405</u>	<u>\$ 3,527,098</u>	<u>\$ (651,395)</u>	<u>\$ 3,588,108</u>	<u>\$ 761,672</u>

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

H. Sale of Land – Deferred PILT Payments

In September 2014, the District and Taylor County entered into an agreement related to the transfer of a tract of land located in Taylor County. Under the terms of the agreement, Taylor County agreed to forego 10 annual PILT payments payable by the District in consideration for the land which was valued at \$223,083, effectively constituting an installment sale of the land to Taylor County. This transaction has resulted in deferred outflows in the amount of \$223,083, which will be amortized over the succeeding 10 years.

I. Prior Period Adjustment

The implementation of GASB 68 requires employers participating in cost-sharing defined benefit pension plans to report their proportionate share of the total net pension liability and deferred outflows/inflows of resources for the plan on their government-wide financial statements. This resulted in the following adjustments:

Deferred outflows	\$ 602,001
Deferred inflows	(1,344,376)
Net pension liability	(1,893,375)
Net position	2,635,750
	<u>\$ -</u>

The District performed a physical assessment of equipment and of the land additions in the current year and found unrecorded disposals and errors resulting in understatements for parcels purchased. This resulted in an upward adjustment in capital fixed assets of \$90,127 to correct these errors.

NOTE 4. OTHER INFORMATION

A. Risk Management

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

commercial insurance. Settlements have not exceeded insurance coverage for any of the past three fiscal years.

B. Contingent Liabilities

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

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

C. Deferred Compensation Plan

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

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

D. Related Party Balances and Transactions

One board member provides services to Suwannee River Water Management District. A description of the services provided as well as the amount paid and payable for the services is as follows:

<u>Description of Service</u>	<u>Expenses</u>
Contracted Services	<u>\$ 186,756</u>

One board member was approved to participate in the District Agriculture Cost Share Program receiving \$6,150. The program assists farmers in upgrading irrigations systems to more eco-friendly systems.

Three board members hold various environmental resource and water use permits.

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

A. Florida Retirement System

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

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

B. Pension Plan

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

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0%

(3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

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

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent 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 three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular—7.37% and 7.26%; Special Risk Administrative Support—42.07% and 32.95%; Special Risk—19.82% and 22.04%; Senior Management Service—21.14% and 21.43%; Elected Officers'—43.24% and 42.27%; and DROP participants—12.28% and 12.88%. These employer contribution rates include 1.26% and 1.66% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The District's contributions, including employee contributions, to the Pension Plan totaled \$322,994 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the District reported a liability of \$1,651,077 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.012782855 percent, which was an increase (decrease) of 0.000317882 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the District recognized pension expense of \$189,684. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 173,758	\$ 38,615
Changes in assumptions	109,588	-
Net difference between projected and actual earnings on Pension Plan investments	-	394,250
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	315,931	-
District Pension Plan contributions subsequent to the measurement date	70,779	-
Total	\$ 670,056	\$ 432,865

The deferred outflows of resources related to the Pension Plan, totaling \$70,779 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2016	\$ 145,373
2017	145,373
2018	145,373
2019	(216,653)
2020	(42,073)
Thereafter	(10,981)
	\$ 166,412

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate - Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad U.S. Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds/Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate (Property)	12.00%	7.11%	6.35%	13.00%
Total	100.00%			
Assumed Inflation - Mean		2.60%		2.00%

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

Discount Rate - The discount rate used to measure the total pension liability was 7.65%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.65%) or one percentage point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net pension liability	\$ 4,278,314	\$ 1,651,077	\$ (535,216)

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

Payables to the Pension Plan - At September 30, 2015, the District had \$33,176 payable for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

C. HIS Plan

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

Benefits Provided - For the fiscal year ended September 30, 2015, 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. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.26% and 1.66%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$48,263 for the fiscal year ended September 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2015, the District reported a liability of \$1,232,628 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.012086449 percent, which was an increase (decrease) of (0.00002904) percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the District recognized pension expense of \$86,768. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	96,976	-
Net difference between projected and actual earnings on HIS Plan investments	667	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	-	26,691
District HIS Plan contributions subsequent to the measurement date	15,799	-
Total	\$ 113,442	\$ 26,691

The deferred outflows of resources related to the HIS Plan, totaling \$15,799 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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30	Amount
2016	\$ 12,272
2017	12,272
2018	12,272
2019	12,173
2020	12,126
Thereafter	9,838
	\$ 70,952

Actuarial Assumptions - The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 %
Salary increases	3.25%, average, including inflation
Municipal bond rate	4.29 %

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 4.29%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 4.29%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.29%) or one percentage point higher (5.29%) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
District's proportionate share of the net pension liability	\$ 1,404,522	\$ 1,232,628	\$ 1,089,294

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

Payables to the Pension Plan - At September 30, 2015, the District had \$4,957 payable for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

D. Investment Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, Senior Management Service class 7.67% and District Elected Officers class 11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District had seven participants in the Investment Plan for the fiscal year ended September 30, 2015.

NOTE 6. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

Membership of each plan consisted of the following:

Date of Actuarial Valuation:	<u>9/30/2013</u>
Retirees and Beneficiaries Receiving Benefits	-
Active Plan Members	<u>59</u>
Total	<u><u>59</u></u>

Funding Policy

In prior years, the District has followed a pay-as-you-go funding policy, contributing only those amounts necessary to provide for its portion of current year benefit cost and expenses. The contribution requirements of plan members, if any, are established by the District. Eligible retirees

pay the full cost of blended rate premiums associated with the medical plan elected; no direct District subsidy is currently applicable. However, there are implicit costs of the medical plan for retirees, as their claims experience is higher than the blended rate premiums. State of Florida Law prohibits the District from separately rating retirees and active employees specifically for medical plan benefits. The District, therefore, assigns eligible active employees and eligible retirees equal, blended-rate premiums and makes available to both groups the same plan options. Although both groups are assigned the same blended rate premiums, generally accepted auditing principles (GAAP) requires the actuarial liabilities presented below to be calculated using age-adjusted premiums approximating claim costs for eligible retirees separate from active eligible members. The use of age-adjusted premiums results in the full expected retiree obligation recognized in this disclosure.

Annual OPEB Costs and Net OPEB Obligation

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

The following table shows the Net OPEB Obligation.

Net OPEB Obligation, Beginning of Year	\$ 382,239
Net OPEB Obligation, End of Year	<u>\$ 387,168</u>

Schedule of Employer Contributions

Year Ended September 30	Annual OPEB Cost	% Contributed	Net OPEB Obligation
2013	\$ 7,056	0%	\$ 375,117
2014	7,123	0%	382,239
2015	4,929	0%	387,168

NOTE 7. CONTINGENT LIABILITIES

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

REQUIRED SUPPLEMENTARY INFORMATION

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
Revenues				
Ad valorem taxes	\$ 5,581,386	\$ 5,581,386	\$ 5,436,890	\$ (144,496)
Intergovernmental revenue	-	1,273,360	2,633,542	1,360,182
Interest income	354,000	354,000	454,688	100,688
Other income	326,000	326,000	654,242	328,242
Total revenues	6,261,386	7,534,746	9,179,362	1,644,616
Expenditures				
General Government				
Salaries and benefits	3,541,104	3,541,103	2,956,372	584,731
Professional services	1,002,574	2,987,580	946,289	2,041,291
Operating expenditures	1,275,930	1,686,796	1,199,185	487,611
Capital outlay	138,000	1,111,980	758,668	353,312
Total general government expenditures	5,957,608	9,327,459	5,860,514	3,466,945
Excess (deficiency) of revenues over (under) expenditures	303,778	(1,792,713)	3,318,848	5,111,561
Other financing sources (uses)				
Transfers in	-	8,398,386	2,152,352	(6,246,034)
Transfers out	(6,983,565)	(6,605,673)	(3,643,089)	2,962,584
Gain on disposal of assets	-	-	1,287	1,287
Loss on investments	-	-	(51,870)	(51,870)
Total other financing sources (uses)	(6,983,565)	1,792,713	(1,541,320)	(3,334,033)
Net change in fund balance	(6,679,787)	-	1,777,528	1,777,528
Fund balance at beginning of year	26,446,086	26,446,086	26,446,086	-
Fund balance at end of the year	\$ 19,766,299	\$ 26,446,086	\$ 28,223,614	\$ 1,777,528

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
WATER MANAGEMENT AND LAND TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ 2,213,161	\$ 1,792,038	\$ (421,123)
Total revenues	-	2,213,161	1,792,038	(421,123)
Expenditures				
General Government				
Salaries and benefits	732,724	732,724	622,413	110,311
Professional services	1,917,449	2,644,172	1,977,378	666,794
Operating expenditures	25,750	25,750	6,379	19,371
Capital outlay	5,000	49,009	44,225	4,784
Total general government expenditures	2,680,923	3,451,655	2,650,395	801,260
Excess (deficiency) of revenues over (under) expenditures	(2,680,923)	(1,238,494)	(858,357)	380,137
Other financing sources (uses)				
Transfers in	-	1,238,494	858,357	(380,137)
Transfers out	-	-	(31,629)	(31,629)
	-	1,238,494	826,728	(411,766)
Net change in fund balance	(2,680,923)	-	(31,629)	(31,629)
Fund balance at beginning of year	31,629	31,629	31,629	-
Fund balance at end of the year	\$ (2,649,294)	\$ 31,629	\$ -	\$ (31,629)

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
LAND ACQUISITION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Fiscal Year Ended September 30, 2015

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ 6,851,565	\$ 5,113,747	\$ (1,737,818)
Interest income	-	-	67,879	67,879
Other income	-	45,000	5,150	(39,850)
Total revenues	-	6,896,565	5,186,776	(1,709,789)
Expenditures				
General Government				
Salaries and benefits	613,198	613,197	602,416	10,781
Professional services	1,066,400	1,109,187	820,926	288,261
Operating expenditures	407,209	409,421	404,798	4,623
Capital outlay	-	4,564,565	4,577,759	(13,194)
Total general government expenditures	2,086,807	6,696,370	6,405,899	290,471
Excess (deficiency) of revenues over (under) expenditures	(2,086,807)	200,195	(1,219,123)	(1,419,318)
Other financing sources (uses)				
Transfers in	-	104,576	-	(104,576)
Transfers out	-	(304,771)	(858,357)	(553,586)
Total other financing sources (uses)	-	(200,195)	(858,357)	(658,162)
Net change in fund balance	(2,086,807)	-	(2,077,480)	(2,077,480)
Fund balance at beginning of year	4,231,265	4,231,265	4,231,265	-
Fund balance at end of the year	\$ 2,144,458	\$ 4,231,265	\$ 2,153,785	\$ (2,077,480)

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTE TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES- BUDGET
AND ACTUAL- MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015**

I. Stewardship, Compliance and Accountability:

A. Budgetary Information

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

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

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

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

	2015	2014
District's proportion of the FRS net pension liability (asset)	0.012782855%	0.012464973%
District's proportionate share of the FRS net pension liability (asset)	\$ 1,651,077	\$ 1,744,026
District's proportion of the HIS net pension liability (asset)	0.012086449%	0.012115489%
District's proportionate share of the HIS net pension liability (asset)	1,232,628	1,088,649
District's proportionate share of the total net pension liability (asset)	\$ 2,883,705	\$ 2,832,675
District's covered-employee payroll	\$ 3,376,130	\$ 3,774,294
Districts' proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	85.41%	75.05%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

Note 1) The amounts presented for each year were determined as of the June 30 year end of the Florida Retirement System

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

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

	<u>2015</u>	<u>2014</u>
Contractually required FRS contribution	\$ 322,994	\$ 316,354
Contractually required HIS contribution	48,263	47,271
Total Contractually Required Contributions	<u>371,257</u>	<u>363,625</u>
Contributions in relation to the contractually required contribution	<u>(371,257)</u>	<u>(363,625)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 District's covered-employee payroll	 \$ 3,376,130	 \$ 3,774,294
 Contributions as a percentage of covered-employee payroll	 11.00%	 9.63%

*GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, only those years for which information is available is presented.

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
THE SUWANNEE RIVER WATER MANAGEMENT DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY AND REQUIRED CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM AND HEALTH INSURANCE SUBSIDY PROGRAM
For the Fiscal Year End September 30, 2015**

Net Pension Liability

The components of the collective net pension liability of the participating employers for each defined benefit plan for the measurement date of September 30, 2015, are shown below (in thousands):

	FRS	HIS
Total pension liability	\$ 161,370,735	\$ 10,249,201
Plan fiduciary net position	(148,454,394)	(50,774)
	\$ 12,916,341	\$ 10,198,427
 Plan fiduciary net position as a percentage of the total pension liability	92.00%	0.50%

The total pension liability for each plan was determined by the plans' actuary and reported in the plans' valuations dated July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements. Update procedures were not used.

The HIS actuarial valuation was prepared as of July 1, 2014, and update procedures were used to determine liabilities as of July 1, 2015. The fiduciary net position used by the actuary to determine the net pension liability (as shown above) was determined on the same basis used by the Plan. The fiduciary net position is reported in the financial statements and the net pension liability is disclosed in the notes to the financial statements.

Basis for Allocation

The employer's proportionate share reported in the pension allocation schedules was calculated using accrued retirement contributions related to the reporting periods included in the System's fiscal years ending June 30, 2013, 2014 and 2015, respectively, for employers that were members of the FRS and HIS during those fiscal years. For fiscal year 2015, in addition to contributions from employers the required accrued contributions for the Division (paid on behalf of the Division's employees who administer the Plans) were allocated to each employer on a proportionate basis. The Division administers the Plans, and therefore, cannot allocate a portion of the liability to itself. Although GASB 68 encourages the use of the employers' projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is acceptable. The aggregate employer contribution amounts for each fiscal year agree to the employer contribution amounts reported in the system's CAFR for that fiscal year.

The proportion calculated based on contributions for each of the fiscal years presented in the pension allocation schedules was applied to the net pension liability and other pension amounts

applicable for that fiscal year to determine each employer's proportionate share of the liability, deferred outflows of resources, deferred inflow of resources and associated pension expense.

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

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both Plans is assumed at 2.60%. Payroll growth, including inflation, for both Plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments is 7.65%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on the Generational RP-2000 with Projection Scale BB tables (refer to the valuation reports for more information – See Additional Financial and Actuarial Information).

The following changes in actuarial assumptions occurred in 2015:

- **FRS:** There were no changes in actuarial assumptions. The inflation rate assumption remained at 2.60%, the real payroll growth assumption remained at 0.65%, and the overall payroll growth rate assumption remained at 3.25%. The long-term expected rate of return remained at 7.65%
- **HIS:** The municipal bonds rate used to determine total pension liability was decreased from 4.29% to 3.80%.

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
OTHER POST-EMPLOYMENT BENEFITS (OPEB) RETIREMENT HEALTHCARE PLAN
SEPTEMBER 30, 2015**

The District obtains an actuarial report every two years. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the actuarial valuation follows:

Valuation date	September 30, 2013
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar payment
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.0%
Projected salary increases	2.8%
Cost-of-living adjustments	None
Healthcare inflation rates	5.0%

As of September 30, 2013, the most recent actuarial valuation date, the Plan was unfunded. The actuarial accrued liability for benefits was \$144,577, and the actuarial value of assets was \$-0-

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

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Cost (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL:as a % of Covered Payroll ((b-a)/c)
9/30/2010	\$ -	\$ 368,061	\$ 368,061	0.00%	\$3,923,652	9.00%
9/30/2013	-	144,577	144,577	0.00%	3,440,300	4.00%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended September 30	Annual OPEB COST	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 7,056	0%	\$ 375,117
2014	7,123	0%	382,239
2015	4,929	0%	387,168

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2015

Program Titles & Grant Numbers	CFDA/CFSA	Award Number	Award/Contract Amount	Revenue Recognized in Prior Years	Revenue Recognized in Current Year	Program Expenditures
Federal Awards						
Major Programs						
<i>U.S. Department of Defense, Office of the National Guard passed through the Florida Department of Environmental Protection</i>						
Military Construction - Rayonier Acquisition	12.400	W9133L-09-2-3072	\$ 4,176,764	\$ -	\$ 4,176,764	\$ 4,176,764
Total major programs			<u>4,176,764</u>	<u>-</u>	<u>4,176,764</u>	<u>4,176,764</u>
Non-major Programs						
<i>Federal Emergency Management Agency</i>						
Hazard Mitigation Grant	97.039	15HF-97-03-71-16-147	22,484	-	5,960	5,960
Hazard Mitigation Grant	97.039	15HF-97-03-71-16-145	184,875	-	149,295	149,295
			<u>207,359</u>	<u>-</u>	<u>155,255</u>	<u>155,255</u>
<i>U.S. Department of Homeland Security</i>						
Cooperating Technical Partners	97.045	EMA-2012-CA-5262	1,220,790	122,055	178,379	178,379
Cooperating Technical Partners	97.045	EMA-2013-CA-5353	465,000	40,848	227,219	227,219
Cooperating Technical Partners	97.045	EMA-2009-CA-5936	886,000	844,296	13,728	13,728
Cooperating Technical Partners	97.045	EMA-2010-CA-5083	1,412,500	1,374,944	16,474	16,474
Cooperating Technical Partners	97.045	EMA-2011-CA-5143	1,845,000	1,087,782	513,636	513,636
			<u>5,829,290</u>	<u>3,469,925</u>	<u>949,436</u>	<u>949,436</u>
Total non-major programs			<u>6,036,649</u>	<u>3,469,925</u>	<u>1,104,691</u>	<u>1,104,691</u>
Total Federal Programs			<u>\$ 10,213,413</u>	<u>\$ 3,469,925</u>	<u>\$ 5,281,455</u>	<u>\$ 5,281,455</u>
State Financial Assistance						
Major Programs						
<i>Department of Environmental Protection</i>						
Land Management Trust	N/A	N/A	\$ 5,315,829	\$ -	\$ 4,349,345	\$ 4,349,345
<i>Florida Springs Initiative Grant Program</i>						
Ichetucknee Springs and Middle Suwannee	37.052	S0675	5,448,000	359,935	499,760	499,760
Turtle Springs	37.052	N/A	576,700	-	576,700	576,700
Santa Fe River Basin Restoration	37.052	S0704	43,000	-	43,000	43,000
Agricultural Springs Protection Projects	37.052	S0796	3,660,000	-	51,395	51,395
Eagle Lake/Upper Suwannee River	37.052	S0786	3,070,000	-	1,253,781	1,253,781
Fanning Springs Water Quality Improvement	37.052	S0794	492,960	-	61,300	61,300
Levy Blue Spring Water Quality Improvement	37.052	S0792	195,000	-	195,000	195,000
Springs Quality and Quantity Monitoring	37.052	S0780	485,980	-	369,594	369,594
Soil Moisture and Lysimeter Study	37.052	S0804	226,000	-	154,460	154,460
			<u>14,197,640</u>	<u>359,935</u>	<u>3,204,990</u>	<u>3,204,990</u>
Total major programs			<u>19,513,469</u>	<u>359,935</u>	<u>7,554,335</u>	<u>7,554,335</u>

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2015

Program Titles & Grant Numbers	CFDA/CFSA	Award Number	Award/Contract Amount	Revenue Recognized in Prior Years	Revenue Recognized in Current Year	Program Expenditures
State Financial Assistance (continued)						
Non-major Programs						
<i>Department of Environmental Protection</i>						
Statewide Surface Water Restoration and Wastewater Projects	37.039	SRW93	\$ 2,350,000	\$ 2,291,067	\$ 58,933	\$ 58,933
Statewide Surface Water Restoration and Wastewater Projects	37.039	N/A	3,625,000	2,885,140	322,007	322,007
			<u>5,975,000</u>	<u>5,176,207</u>	<u>380,940</u>	<u>380,940</u>
Suwannee River Water Management District Environmental Resource Permitting	37.029	N/A	453,000	-	453,000	453,000
<i>Department of Agriculture and Consumer Services</i>						
Irrigation Retrofit	42.017	021983	40,200	-	36,484	36,484
<i>Department of Transportation</i>						
Mitigation Water Management Districts - Starke Bypass	55.031	N/A	710,000	-	105,840	105,840
<i>Fish and Wildlife Conservation Commission</i>						
Wildlife Management - Mallory Swamp	77.019	14209	45,000		5,100	5,100
Total non-major funds			<u>7,223,200</u>	<u>5,176,207</u>	<u>981,364</u>	<u>981,364</u>
Total State Financial Assistance			<u>26,736,669</u>	<u>5,536,142</u>	<u>8,535,699</u>	<u>8,535,699</u>
Total Federal and State Financial Assistance			<u>\$ 36,950,082</u>	<u>\$ 9,006,067</u>	<u>\$ 13,817,154</u>	<u>\$ 13,817,154</u>

See notes to Schedule of Expenditures of Federal Awards and State Financial Assistance.

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended September 30, 2015

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance includes the federal and state award activity of Suwannee River Water Management District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments and Non-Profit Organizations and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

OTHER SUPPLEMENTAL INFORMATION

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Lobbyist Registration Fund	Emergency Operations	Middle Suwannee Fund	Ichetucknee Springs Fund	Local Revenue Fund	Springs Appropriations
Assets						
Intergovernmental receivables	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,499,376
Due from other funds	14	-	938,561	3,949,744	-	-
Total assets	\$ 14	\$ -	\$ 938,561	\$ 3,949,744	\$ -	\$ 1,499,376
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,274,381
Unearned revenue	-	-	938,561	3,949,744	-	-
Due to other funds	-	-	-	-	-	224,995
Total liabilities	-	-	938,561	3,949,744	-	1,499,376
Fund balances						
Restricted	14	-	-	-	-	-
Total liabilities and fund balance	\$ 14	\$ -	\$ 938,561	\$ 3,949,744	\$ -	\$ 1,499,376

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Land Conservation Fund	FEMA Mapping Fund	FDOT ETDM Fund	Environmental Resources Permit Fund	Delineated Areas Fund
Assets					
Intergovernmental receivables	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	10,737,301	-	41,920	123,095	240
Total assets	\$ 10,737,301	\$ -	\$ 41,920	\$ 123,095	\$ 240
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	1,485,931	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	1,485,931	-	-	-	-
Fund balances					
Restricted	9,251,370	-	41,920	123,096	240
Total liabilities and fund balance	\$ 10,737,301	\$ -	\$ 41,920	\$ 123,096	\$ 240

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	Licenses and Permits Fund	DOT Mitigation Fund	SRP Water Use Fund	PCS Mitigation Fund	Surface Water Improvement Fund
Assets					
Intergovernmental receivables	\$ -	\$ 45,868	\$ -	\$ -	\$ -
Due from other funds	1,404	234,230	1,391,820	109,117	-
Total assets	\$ 1,404	\$ 280,098	\$ 1,391,820	\$ 109,117	\$ -
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	25,166	417,853	-	-
Due to other funds	-	-	-	-	-
Total liabilities	-	25,166	417,853	-	-
Fund balances					
Restricted	1,404	254,932	973,967	109,117	-
Total liabilities and fund balance	\$ 1,404	\$ 280,098	\$ 1,391,820	\$ 109,117	\$ -

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	FEMA Mapping Fund	FEMA Risk Mapping Fund	Santa Fe Nutrient Reduction Fund	District Agriculture Cost Share Fund	DACs Water Use Monitoring Fund
Assets					
Intergovernmental receivables	\$ 2,475	\$ 70,708	\$ -	\$ -	\$ -
Due from other funds	-	-	-	-	-
Total assets	\$ 2,475	\$ 70,708	\$ -	\$ -	\$ -
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-	-
Due to other funds	2,475	70,708	-	-	-
Total liabilities	2,475	70,708	-	-	-
Fund balances					
Restricted	-	-	-	-	-
Total liabilities and fund balance	\$ 2,475	\$ 70,708	\$ -	\$ -	\$ -

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
September 30, 2015

	District River Cost Share Fund	FEMA Risk Mapping Waccasassa Watershed Fund	FEMA Risk Mapping Suwannee County MAS 06 Fund	Reimbursable Grants	Total Nonmajor Governmental Funds
Assets					
Intergovernmental receivables	\$ -	\$ 7,250	\$ 68,613	\$ -	\$ 1,694,290
Due from other funds	-	-	-	-	17,527,446
Total assets	\$ -	\$ 7,250	\$ 68,613	\$ -	\$ 19,221,736
Liabilities					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,274,381
Unearned revenue	-	-	-	-	6,817,255
Due to other funds	-	7,250	68,613	293	374,334
Total liabilities	-	7,250	68,613	293	8,465,970
Fund balances					
Restricted	-	-	-	(293)	10,755,767
Total liabilities and fund balance	\$ -	\$ 7,250	\$ 68,613	\$ -	\$ 19,221,737

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Lobbyist Registration Fund	Emergency Operations	Middle Suwannee Fund	Ichetucknee Springs Fund	Local Revenue Fund	Springs Appropriations
Revenues						
Intergovernmental revenue	\$ 1,481	\$ -	\$ 371,073	\$ 128,687	\$ -	\$ 1,561,476
License and permit fees	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Other income	640	-	-	-	105,600	-
Total revenues	2,121	-	371,073	128,687	105,600	1,561,476
Expenditures						
General Government						
Water resource planning and monitoring	-	-	-	-	105,600	-
Acquisition, restoration and public works	-	-	371,073	128,687	-	1,571,252
Operation, maintenance of lands and works	-	3,204	-	-	-	-
Regulation	-	-	-	-	-	-
Administration	3,206	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total general government expenditures	3,206	3,204	371,073	128,687	105,600	1,571,252
Excess (deficiency) of revenues over (under) expenditures	(1,085)	(3,204)	-	-	-	(9,776)
Other financing sources (uses)						
Transfers in	1,119	3,204	-	-	-	9,776
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	1,119	3,204	-	-	-	9,776
Net change in fund balance	34	-	-	-	-	-
Fund balance at beginning of year	(20)	-	-	-	-	-
Fund balance at end of the year	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ -

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	Land Conservation Fund	FEMA Mapping Fund	FDOT ETDM Fund	Environmental Resources Permit Fund	Delineated Areas Fund	Licenses and Permits Fund
Revenues						
Intergovernmental revenue	\$ 629,889	\$ 13,729	\$ -	\$ 453,000	\$ 19,451	\$ 72,172
License and permit fees	-	-	-	67,490	-	77,907
Interest income	154,192	-	657	1,841	-	-
Other income	-	-	-	-	-	-
Total revenues	784,081	13,729	657	522,331	19,451	150,079
Expenditures						
General Government						
Water resource planning and monitoring	11,219	13,729	-	-	-	-
Acquisition, restoration and public works	98,243	-	1,007	-	-	-
Operation, maintenance of lands and works	-	-	-	-	-	-
Regulation	-	-	-	703,999	46,881	256,796
Administration	-	-	-	-	-	-
Capital outlay	616,603	-	-	51,037	-	-
Total general government expenditures	726,065	13,729	1,007	755,036	46,881	256,796
Excess (deficiency) of revenues over (under) expenditures	58,016	-	(350)	(232,705)	(27,430)	(106,717)
Other financing sources (uses)						
Transfers in	-	-	-	235,830	29,766	123,567
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	235,830	29,766	123,567
Net change in fund balance	58,016	-	(350)	3,125	2,336	16,850
Fund balance at beginning of year	9,193,354	-	42,270	119,971	(2,096)	(15,446)
Fund balance at end of the year	\$ 9,251,370	\$ -	\$ 41,920	\$ 123,096	\$ 240	\$ 1,404

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	DOT Mitigation Fund	SRP Water Use Fund	PCS Mitigation Fund	Surface Water Improvement Fund	FEMA Mapping Fund	FEMA Risk Mapping Fund	Santa Fe Nutrient Reduction Fund
Revenues							
Intergovernmental revenue	\$ 53,737	\$ 322,007	\$ -	\$ 58,933	\$ 16,474	\$ 513,636	\$ -
License and permit fees	-	-	-	-	-	-	-
Interest income	4,262	24,099	1,683	-	-	-	-
Other income	-	-	-	-	-	-	-
Total revenues	57,999	346,106	1,683	58,933	16,474	513,636	-
Expenditures							
General Government							
Water resource planning and monitoring	-	-	-	58,933	16,474	513,636	-
Acquisition, restoration and public works	25,449	346,106	-	-	-	-	-
Operation, maintenance of lands and works	-	-	-	-	-	-	-
Regulation	-	-	-	-	-	-	-
Administration	-	-	-	-	-	-	-
Capital outlay	29,024	-	-	-	-	-	-
Total general government expenditures	54,473	346,106	-	58,933	16,474	513,636	-
Excess (deficiency) of revenues over (under) expenditures	3,526	-	1,683	-	-	-	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	6,460
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	6,460
Net change in fund balance	3,526	-	1,683	-	-	-	6,460
Fund balance at beginning of year	251,406	973,967	107,434	-	-	-	(6,460)
Fund balance at end of the year	\$ 254,932	\$ 973,967	\$ 109,117	\$ -	\$ -	\$ -	\$ -

SUWANNEE RIVER WATER MANAGEMENT DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2015

	District Agriculture Cost Share Fund	DACS Water Use Monitoring Fund	District River Cost Share Fund	FEMA Risk Mapping Waccasassa Watershed Fund	FEMA Risk Mapping Suwannee County MAS 06 Fund	Reimbursable Grants	Total Nonmajor Governmental Funds
Revenues							
Intergovernmental revenue	\$ 36,484	\$ -	\$ -	\$ 178,379	\$ 227,219	\$ -	\$ 4,657,827
License and permit fees	-	-	-	-	-	-	145,397
Interest income	-	-	-	-	-	-	186,734
Other income	-	-	-	-	-	-	106,240
Total revenues	36,484	-	-	178,379	227,219	-	5,096,198
Expenditures							
General Government							
Water resource planning and monitoring	-	-	-	178,379	227,219	-	1,125,189
Acquisition, restoration and public works	384,068	-	765,060	-	-	293	3,691,238
Operation, maintenance of lands and works	-	-	-	-	-	-	3,204
Regulation	-	-	-	-	-	-	1,007,676
Administration	-	-	-	-	-	-	3,206
Capital outlay	-	-	-	-	-	-	696,664
Total general government expenditures	384,068	-	765,060	178,379	227,219	293	6,527,177
Excess (deficiency) of revenues over (under) expenditures	(347,584)	-	(765,060)	-	-	(293)	(1,430,979)
Other financing sources (uses)							
Transfers in	900,000	-	2,333,367	-	-	-	3,643,089
Transfers out	(552,416)	-	(1,568,307)	-	-	-	(2,120,723)
Total other financing sources (uses)	347,584	-	765,060	-	-	-	1,522,366
Net change in fund balance	-	-	-	-	-	(293)	91,387
Fund balance at beginning of year	-	-	-	-	-	-	10,664,380
Fund balance at end of the year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (293)	\$ 10,755,767

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Suwannee River Water Management District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise Suwannee River Water Management District's basic financial statements, and have issued our report thereon dated April 18, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Suwannee River Water Management 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 Suwannee River Water Management District's internal control. Accordingly, we do not express an opinion on the effectiveness of Suwannee River Water Management District's internal control.

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

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

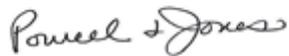
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Suwannee River Water Management District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

POWELL & JONES
Certified Public Accountants
April 18, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the Suwannee River Water Management District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Suwannee River Water Management District's major federal programs for the year ended September 30, 2015. Suwannee River Water Management District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Suwannee River Water Management District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Suwannee River Water Management District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Suwannee River Water Management District's compliance.

Opinion on Each Major Federal Program

In our opinion, Suwannee River Water Management District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

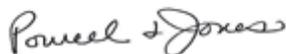
Report on Internal Control Over Compliance

Management of the Suwannee River Water Management District, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Suwannee River Water Management District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Suwannee River Water Management District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



POWELL & JONES
Certified Public Accountants
April 18, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL, OFFICE OF THE AUDITOR GENERAL

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

Report on Compliance for Each Major State Project

We have audited the compliance of Suwannee River Water Management District with the types of compliance requirements described in the State of Florida, Department of Financial Services State Projects Compliance and Supplement, that could have a direct and material effect on its major State project for the year ended September 30, 2015. Suwannee River Water Management District's major State project is identified in the summary of auditors' results section of the accompanying Schedule of Findings.

Management's Responsibility

Suwannee River Water Management District's management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major State projects.

Auditor's Responsibility

Our responsibility is to express an opinion on Suwannee River Water Management District's compliance for each major State Project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 State of Florida, Office of the Auditor General. Those standards and Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State project occurred. An audit includes examining, on a test basis, evidence about Suwannee River Water Management District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major State Project. However, our audit does not provide a legal determination of Suwannee River Water Management District's compliance.

Opinion on Each Major State Project

In our opinion, Suwannee River Water Management District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State project for the fiscal year ended September 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General.

Internal Control Over Compliance

Management of Suwannee River Water Management District is responsible for establishing and maintaining effective internal control over the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Suwannee River Water Management District's internal control over compliance with the types of requirements that could have a direct and material effect on a major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major State Project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the State of Florida, Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Suwannee River Water Management District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



POWELL & JONES
Certified Public Accountants
April 18, 2016

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS
For the Fiscal Year Ended September 30, 2015**

Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
● Material weaknesses identified?	No
● Reportable condition identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs</u>
12.400	Military Construction

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	No
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Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

**SUWANNEE RIVER WATER MANAGEMENT DISTRICT
SCHEDULE OF FINDINGS
For the Fiscal Year Ended September 30, 2015**

State Financial Assistance

Internal control over major projects:

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

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

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

<u>CSFA Number</u>	<u>Name of State Programs</u>
N/A	Land Management Trust
37.052	Florida Springs Initiative Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Financial Statement Findings

None

State Financial Assistance Findings and Questioned Costs

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2011-01 Significant Adjustments (third preceding year)

In the prior years, the auditor noted that material adjustments were required to prepare accurate financial statements and recommended that a more thorough year end closing process be implemented to ensure that all balances are reasonable and accurate.

Current Status – This finding was substantially corrected in the current year.

MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the Suwannee River Water Management District (the District), for the year ended September 30, 2015, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiencies. In addition to furnishing information required by Chapter 10.550, *Rules of the Auditor General*, and other compliance matters, the remaining sections of this report letter discuss these findings.

PRIOR YEAR FINDINGS

AUDITOR GENERAL OPERATIONAL AUDIT

The Auditor General of Florida completed an operational audit of the District for the period October, 2011 through February, 2013, and issued Auditor General Report 2014-129, dated March 2014. That report contained sixteen findings and recommendations.

The following is the current status on the implementation of the corrective actions for the unresolved findings:

PROCUREMENT OF GOODS AND SERVICES

Finding No. 9: Policies and procedures for purchasing cards needed to be enhanced to ensure that purchases made by supervisory personnel are properly reviewed and approved. **This finding was substantially corrected in the current year.**

CAPITAL ASSETS

Finding No. 13: The District did not maintain subsidiary records for land, land improvements, and easements totaling \$203,302,223. From our audit procedures of land parcels owned by the District, we found approximately six parcels totaling \$719,808 that were disposed of in the prior year that had not been deleted from the database or the general ledger control accounts. **This finding was substantially corrected in the current year.**

CURRENT YEAR FINDINGS

GRANT ADMINISTRATION

Finding No. 2015-1: From our audit of the various grant programs administered by the District, we found that the required quarterly progress reports were not submitted as specified in the grant agreements #S0796 and #S0804 with the Florida Department of Environmental Protection. Failure to comply with these reporting requirements could impact the District's assurance that invoices for reimbursement of expenditures will be paid. The District subsequently submitted the required progress reports for FDEP #S0796.

During our audit we reviewed grant agreement #S0786 with the Florida Department of Environmental Protection, executed in December, 2014, for the enhancement project facilitated with a Public-Private Partnership between District and PCS Phosphate (PCS). As of September 30, 2015, PCS had incurred \$1,253,781 in reimbursable expenditures and submitted related billings to the District. However, the formal agreement between District and PCS was not executed until October 13, 2015, ten weeks after the initial invoice was received from PCS. We recommend that the District enact a procedure whereby recipient grant expenditures are not incurred until the finalization of all executed related documents.

To improve overall grant administration and accountability, we recommend that District evaluate the feasibility of designating an appropriate employee for centralized management of the District's grants. Such an employee would be responsible for monitoring grant applications, interim reporting and coordination between the Finance Department and the various recipient District departments.

SRWMD RESPONSE

Quarterly Progress Reports for FDEP agreement #S0804 were subsequently completed and have been submitted to FDEP. The Finance and Accounting Policy will be updated to reflect that invoices for contractual services rendered will be reviewed and verified with respect to contractual funding requirements as well as authorization for services performed during the time period in compliance with the contract or grant. To improve administration and accountability for projects, contracts, and grants, a project management team has been established within the Office of the Executive Director and project management software has been acquired. The project management team is currently using the project management software to provide oversight and monitoring of about two-thirds of the District's projects, including grant projects, with the remaining projects to be phased in over the coming year. The District is currently evaluating the feasibility of designating an appropriate Finance Department employee for centralized financial management of the District's grants and coordination between the Finance Department and the various recipient District Departments, with a decision anticipated no later than September 30, 2016.

AUDITOR GENERAL COMPLIANCE MATTERS

Annual Local Government Financial Report - The Financial Report filed with the Department of Financial Services pursuant to Section 218.32(1)(a), *Florida Statutes*, is in agreement with the accompanying financial statements of the District, for the fiscal year ended September 30, 2015.

Financial Condition Assessment - As required by the *Rules of the Auditor General* (Sections 10.554(7)(c). and 10.556(7)), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part in representations made by management and the review of financial information they provided.

Financial Emergency Status - We determined that the District had not met any of the conditions described in Section 218.503(1), *Florida Statutes*, that might result in a financial emergency.

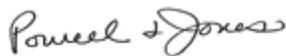
Requirements of Sections 215.985(11) and 373.536(4)(e) Florida Statutes - For the fiscal year ended September 30, 2015, the District complied with the following:

- a. We have determined that the District provided monthly financial statements to its governing board and posted the monthly financial statements on its website.
- b. We determined that the District provided a link on its website to the Florida Department of Financial Services' website to allow viewing of the District's annual financial report.
- c. We determined that the District posted its tentative and final budgets on its website.

Our audit did not disclose any further items that would be required to be reported under the *Rules of the Auditor General*, Chapter 10.554(1)(f).

CONCLUSION

Again, we very much enjoyed the challenges and experiences associated with this year's audit of the District. We look forward to working with you to ensure continued fiscal progress of the District's operations.



POWELL & JONES
Certified Public Accountants
April 18, 2016

INDEPENDENT ACCOUNTANT'S REPORT

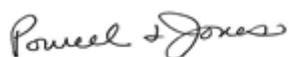
To the Honorable Board of Governors;
Suwannee River Water Management District

We have examined Suwannee River Water Management District's compliance with Section 218.415, *Florida Statutes*, regarding the investment of public funds during the year ended September 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2015.

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



POWELL & JONES
Certified Public Accountants
April 18, 2016

Communication with Those Charged with Governance

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

We have audited the financial statements of Suwannee River Water Management District for the year ended September 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Suwannee River Water Management District are described Note 1 to the financial statements. As described in Note 1 and Note 5 to the financial statements, the District changed accounting policies related to the recognition of their proportionate share of the net pension liability of the Florida Retirement System by adopting Statement of Governmental Accounting Standards (GASB statement) No. 68, Accounting and Financial Reporting for Pension Plans, in 2015. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the statement of net position. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 18, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Information in Documents Containing Audited Financial Statements

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

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

Very truly yours,



POWELL & JONES
Certified Public Accountants
April 18, 2016