

**Troup Indiantown Water  
Control District**

**ANNUAL FINANCIAL REPORT**

**September 30, 2018**

**Troup Indiantown Water Control District  
ANNUAL FINANCIAL REPORT**

**September 30, 2018**

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## REPORT OF INDEPENDENT AUDITORS

To the Board of Supervisors  
Troup Indiantown Water Control District  
Martin County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Troup Indiantown Water Control District as of and for the year ended September 30, 2018, and the related notes to 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 Accounting 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.

Fort Pierce / Stuart

To the Board of Supervisors  
Troup Indiantown Water Control District

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and General Fund of Troup Indiantown Water Control District, as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity 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 Discussion and Analysis 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. 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 Troup Indiantown Water Control District's internal control over financial reporting and compliance.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 23, 2019

**Troup Indiantown Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

Management's discussion and analysis of Troup Indiantown Water Control District's (the "District") financial performance provides an objective and easily readable analysis of the District's financial activities. The analysis provides summary financial information for the District and should be read in conjunction with the District's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The District's basic financial statements comprise three components; 1) *Government-wide financial statements*, 2) *Fund financial statements*, and 3) *Notes to financial statements*. The *Government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *Fund financial statements* present financial information for the District's major funds. The *Notes to financial statements* provide additional information concerning the District's finances.

The *Government-wide financial statements* are the **statement of net position** and the **statement of activities**. These statements use accounting methods similar to those used by private-sector companies. Emphasis is placed on the net position of governmental activities and the change in net position. Governmental activities are primarily supported by special assessments.

The **statement of net position** presents information on all assets and liabilities of the District, with the difference between assets and liabilities reported as net position. Net position is reported in three categories; 1) net investment in capital assets 2) restricted and 3) unrestricted. Assets, liabilities, and net position are reported for all Governmental activities.

The **statement of activities** presents information on all revenues and expenses of the District and the change in net position. Expenses are reported by major function and program revenues relating to those functions are reported, providing the net cost of all functions provided by the District. To assist in understanding the District's operations, expenses have been reported as governmental activities. Governmental activities financed by the District include general government and physical environment.

*Fund financial statements* present financial information for governmental funds. These statements provide financial information for the major funds of the District. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

**Troup Indiantown Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

*Fund financial statements* include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual** is provided for the District's General Fund. *Fund financial statements* provide more detailed information about the District's activities. Individual funds are established by the District to track revenues that are restricted to certain uses or to comply with legal requirements.

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 balances of spendable resources available at the end of the 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 District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide reconciliations to facilitate this comparison between governmental funds and government-wide activities.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, investments of the District, and capital assets are some of the items included in the *notes to financial statements*.

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2018.

- ◆ The District's total assets exceeded total liabilities by \$2,207,960 (net position). Unrestricted net position for Governmental Activities were \$1,227,810 and net investment in capital assets was \$980,150.
- ◆ Governmental activities revenues totaled \$489,323 while governmental activities expenses totaled \$541,011.

**Troup Indiantown Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District**

The following schedule provides a summary of the assets, liabilities and net position of the District and is presented by category for comparison purposes.

**Net Position**

	<b>Governmental Activities</b>	
	<b>2018</b>	<b>2017</b>
Current assets	\$ 1,552,380	\$ 1,485,343
Capital assets	980,150	1,085,735
Total Assets	<u>2,532,530</u>	<u>2,571,078</u>
Current liabilities	<u>324,570</u>	<u>311,430</u>
Net position - net investment in capital assets	980,150	1,085,735
Net position - unrestricted	<u>1,227,810</u>	<u>1,173,913</u>
Total Net Position	<u>\$ 2,207,960</u>	<u>\$ 2,259,648</u>

The increase in current assets is the result of revenues exceeding expenditures at the fund level in the current year.

The decrease in capital assets is primarily related to depreciation and the disposal of capital assets in the current year.

**Troup Indiantown Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The following schedule provides a summary of the changes in net position of the District and is presented by category for comparison purposes.

**Change in Net Position**

	<b>Governmental Activities</b>	
	<b><u>2018</u></b>	<b><u>2017</u></b>
Revenues		
Property taxes, general purpose	\$ 460,948	\$ 474,314
Investment earnings	18,729	9,418
Miscellaneous	9,646	2,001
Total Revenues	<u>489,323</u>	<u>485,733</u>
Expenses		
General government	103,602	109,515
Physical environment	437,409	476,195
Total Expenses	<u>541,011</u>	<u>585,710</u>
Change in Net Position	(51,688)	(99,977)
Net Position - Beginning of Year	<u>2,259,648</u>	<u>2,359,625</u>
Net Position - End of Year	<u><u>\$ 2,207,960</u></u>	<u><u>\$ 2,259,648</u></u>

The decrease in physical environment is mainly related to more equipment maintenance in the prior year.



**Troup Indiantown Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2018 and 2017.

Description	Governmental Activities	
	2018	2017
Land	\$ 11,462	\$ 11,462
Building and improvements	76,900	76,900
Infrastructure	1,020,009	1,237,723
Equipment	302,512	365,388
Less: accumulated depreciation	(430,733)	(605,738)
Total Capital Assets	<u>\$ 980,150</u>	<u>\$ 1,085,735</u>

During the year, depreciation totaled \$75,095. Current year additions to infrastructure totaled \$24,329 and \$304,919 of infrastructure and equipment was deleted along with \$250,100 in associated accumulated depreciation.

**General Fund Budgetary Highlights**

The September 30, 2018 budget was approved in June 2017. The budget was not amended in the current fiscal year. Budgeted expenses exceeded actual amounts because legal fees and engineering expenditures were lower than anticipated.

**Economic Factors and Next Year's Budget**

Troup Indiantown Water Control District does not anticipate any major improvement projects in fiscal year 2019.

**Request for Information**

The financial report is designed to provide a general overview of Troup Indiantown Water Control District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Troup Indiantown Water Control District, Caldwell Pacetti Edwards Schoech & Viator LLP, 1555 Palm Beach Lakes Boulevard, Suite 1200, West Palm Beach, Florida 33401.

**Troup Indiantown Water Control District**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets	
Cash and equivalents	\$ 75,741
Investments	1,476,639
Total Current Assets	<u>1,552,380</u>
Non-Current Assets	
Capital Assets, Not Being Depreciated	
Land	11,462
Capital Assets, Being Depreciated	
Building and improvements	76,900
Infrastructure	1,020,009
Equipment	302,512
Less: accumulated depreciation	<u>(430,733)</u>
Total Non-Current Assets	<u>980,150</u>
Total Assets	<u><u>2,532,530</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts payable	<u>324,570</u>
<b>NET POSITION</b>	
Net investment in capital assets	980,150
Unrestricted	1,227,810
Total Net Position	<u><u>\$ 2,207,960</u></u>

*See accompanying notes.*

**Troup Indiantown Water Control District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

		<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Governmental Activities</b>
<b><u>Functions/Programs</u></b>		
Governmental Activities		
General government	\$ 103,602	\$ (103,602)
Physical environment	437,409	(437,409)
Total Governmental Activities	<u>\$ 541,011</u>	<u>(541,011)</u>
<b>General revenues:</b>		
Taxes:		
Property taxes, levied for general purposes		460,948
Investment earnings		18,729
Miscellaneous		9,646
Total General Revenues		<u>489,323</u>
Change in Net Position		(51,688)
Net Position - October 1, 2017		<u>2,259,648</u>
Net Position - September 30, 2018		<u><u>\$ 2,207,960</u></u>

*See accompanying notes.*

**Troup Indiantown Water Control District**  
**BALANCE SHEET**  
**GENERAL FUND**  
**September 30, 2018**

**ASSETS**

Cash	\$ 75,741
Investments	<u>1,476,639</u>
Total Assets	<u><u>\$ 1,552,380</u></u>

**LIABILITIES AND FUND BALANCES**

Liabilities	
Accounts payable	<u>\$ 324,570</u>
Fund Balances	
Unassigned	<u>1,227,810</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,552,380</u></u>

*See accompanying notes.*

**Troup Indiantown Water Control District**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE**  
**TO NET POSITION OF GOVERNMENTAL ACTIVITIES**  
**September 30, 2018**

Total Governmental Fund Balances	\$1,227,810
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Amounts reported for governmental activities in the Statement of Net Position  
are different because:

Capital assets not being depreciated:

Land (\$11,462) used in governmental activities are not current financial resources and; therefore, are not reported at the governmental fund level.	11,462
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Capital assets being depreciated:

Building and improvements (\$76,900), infrastructure (\$1,020,009), equipment (\$302,512) net of accumulated depreciation (\$430,733) used in governmental activities are not current financial resources and; therefore, are not reported at the governmental fund level.	<u>968,688</u>
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Net Position of Governmental Activities	<u><u>\$2,207,960</u></u>
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*See accompanying notes.*

**Troup Indiantown Water Control District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GENERAL FUND**  
**For the Year Ended September 30, 2018**

Revenues	
Taxes	\$ 460,948
Investment earnings	18,729
Miscellaneous	<u>9,646</u>
Total Revenues	<u>489,323</u>
Expenditures	
Current	
General government	103,602
Physical environment	307,495
Capital outlay	<u>24,329</u>
Total Expenditures	<u>435,426</u>
Net change in fund balance	53,897
Fund Balance - October 1, 2017	<u>1,173,913</u>
Fund Balance - September 30, 2018	<u><u>\$ 1,227,810</u></u>

*See accompanying notes.*

**Troup Indiantown Water Control District**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GENERAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**September 30, 2018**

Net Change in Fund Balances - Total Governmental Funds	\$	53,897
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount depreciation (\$(75,095)) and loss on disposal of assets (\$(54,819)) exceeded capital outlay (\$24,329) in the current year.		(105,585)
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Change in Net Position of Governmental Activities	\$	(51,688)
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*See accompanying notes.*

**Troup Indiantown Water Control District**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES – BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**For the Year Ended September 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Revenues				
Taxes	\$ 444,057	\$ 444,057	\$ 460,948	\$ 16,891
Investment earnings	30,000	30,000	18,729	(11,271)
Miscellaneous	-	-	9,646	9,646
Total Revenues	<u>474,057</u>	<u>474,057</u>	<u>489,323</u>	<u>15,266</u>
Expenditures				
Current				
General government	98,200	98,200	103,602	(5,402)
Physical environment	323,600	323,600	307,495	16,105
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>24,329</u>	<u>25,671</u>
Total Expenditures	<u>471,800</u>	<u>471,800</u>	<u>435,426</u>	<u>36,374</u>
Net change in fund balances	2,257	2,257	53,897	51,640
Fund Balances - October 1, 2017	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,173,913</u>	<u>(1,026,087)</u>
Fund Balances - September 30, 2018	<u><u>\$2,202,257</u></u>	<u><u>\$2,202,257</u></u>	<u><u>\$ 1,227,810</u></u>	<u><u>\$ (974,447)</u></u>

See accompanying notes.



**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Troup Indiantown Water Control District, (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**1. Reporting Entity**

The District was established on January 18, 1962, pursuant to Chapter 63-819, Laws of Florida, to secure, operate, and maintain an adequate, dependable surface water management system within a portion of Martin County, Florida. On May 15, 2002, Chapter 63-819 was repealed and replaced by Chapter 2002-300, Laws of Florida. The District is authorized to issue bonds for the purpose, among others, of financing, funding, planning, establishing, acquiring, constructing or re-constructing, enlarging or extending, equipping, operating and maintaining water management or culverts, district roads, landscaping, and other basic infrastructure projects within the boundaries of the district. The District is governed by a five-member Board of Supervisors. The District operates within the criteria established by Chapter 298 of Florida Statutes.

As required by GAAP, these financial statements present the District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility including, but not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth by the Governmental Accounting Standards Board, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements**

Government-wide financial statements report all non-fiduciary information about the reporting government as a whole.

Governmental activities are normally supported by taxes and interest. Program revenues include charges for services, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financing source.

Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

**b. Fund Financial Statements**

The underlying accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually.

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds**

The District implemented the Governmental Accounting Standards Board Statement 54 – Fund Balance Reporting and Governmental Fund Type Definitions. The Statement requires the fund balance for governmental funds to be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The District has various policies governing the fund balance classifications.

**Nonspendable Fund Balance** – This classification consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

**Restricted Fund Balance** – This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

**Assigned Fund Balance** – This classification consists of the Board of Supervisors' intent to be used for specific purposes, but are neither restricted nor committed. The assigned fund balances can also be assigned by the District's management company.

**Unassigned Fund Balance** – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

**Fund Balance Spending Hierarchy** – For all governmental funds except special revenue funds, when restricted, committed, assigned, and unassigned fund balances are combined in a fund, qualified expenditures are paid first from restricted or committed fund balance, as appropriate, then assigned and finally unassigned fund balances.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Interest associated with the current fiscal period is considered to be an accrual item and so has been recognized as revenue of the current fiscal period.

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Governmental funds generally report assets that are available spendable resources in the near term and liabilities that are payable from “available spendable resources.” Unassigned fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as an other financing source rather than as a fund liability. Debt service expenditures are recorded only when payment is due.

**3. Basis of Presentation**

**a. Governmental Major Funds**

General Fund – The General Fund is the District’s primary operating fund. It accounts for all financial resources of the general government.

**b. Non-current Governmental Assets/Liabilities**

GASB Statement 34 requires that non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as general obligation bonds, due to developer and accrued compensated absences be reported in the governmental activities column in the government-wide Statement of Net Position.

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

Florida Statutes require state and local governmental units to deposit monies with financial institutions classified as "Qualified Public Depositories," a multiple financial institution pool whereby groups of securities pledged by the various financial institutions provide common collateral from their deposits of public funds. This pool is provided as additional insurance to the federal depository insurance and allows for additional assessments against the member institutions, providing full insurance for public deposits.

The District is authorized to invest in those financial instruments as established by Section 218.415, Florida Statutes. The authorized investments consist of:

1. Direct obligations of the United States Treasury;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperative Act of 1969;
3. Interest-bearing time deposits or savings accounts in authorized qualified public depositories;
4. Securities and Exchange Commission, registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

**b. Capital Assets**

Capital assets, which include property, plant and equipment, are reported in the applicable governmental activities column.

The District defines capital assets as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of one year. The valuation basis for all assets is historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity (Continued)**

**b. Capital Assets (Continued)**

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings and improvements	20 years
Infrastructures	20 years
Machinery and equipment	5 years

**c. Budgets**

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to Section 200.065 of the Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. A formal budget has been adopted for the general fund. As a result, deficits in the budget columns of the accompanying financial statements may occur.

**d. Pensions**

The District does not contribute to a pension plan.

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

“Total fund balances” of the District’s governmental funds, \$1,227,810, differs from “net position” of governmental activities, \$2,207,960, 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 fund balance sheet. The effect of the differences is illustrated below.

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

**1. Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position (Continued)**

Capital related items

When capital assets (property, plant and equipment that are to be used in governmental activities) are purchased or constructed, the cost of those assets is 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.

Capital assets	\$ 1,410,883
Accumulated depreciation	<u>(430,733)</u>
Total	<u><u>\$ 980,150</u></u>

**2. Explanation of Differences Between the Governmental Fund Operating Statements and the Statement of Activities**

The “net change in fund balances” for government funds, \$53,897, differs from the “change in net position” for governmental activities, \$(51,688), 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.

As a result, fund balances decrease by the amount of financial resources expended, whereas net position decrease by the amount of depreciation charged for the year.

Depreciation	\$ (75,095)
Loss on disposal of fixed assets	(54,819)
Capital outlay	<u>24,329</u>
Total	<u><u>\$ (105,585)</u></u>

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE C – CASH AND INVESTMENTS**

All deposits are held in qualified public depositories and are included on the accompanying balance sheet as cash and investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes regarding deposits and investments. As of September 30, 2018, the District's bank balance was \$76,413 and the carrying value was \$75,741. Exposure to custodial credit risk was as follows: The District maintains all deposits in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured by Federal Depositors insurance or collateralized under Chapter 280, Florida Statutes.

As of September 30, 2018, the District had the following investments and maturities:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
State Board of Administration		
Florida Prime	33 days*	\$ 916,035
Certificates of Deposit	2/2019	<u>560,604</u>
Total		<u><u>\$1,476,639</u></u>

\* Weighted average maturity

Investments

The District's investment policy allows management to invest funds in investments permitted under Section 218.415, Florida Statutes. Among other investments, the policy allows the District to invest in the State Board of Administration Local Government Surplus Trust Funds. Cash placed with the State Board of Administration represents the District's participation in the Local Government Surplus Trust Funds Investment Pool and is reported at fair value. As a pool participant the District invests in pools of investments in which shares are owned in the pool rather than the underlying investments. These funds are invested in the Florida Prime Fund.



**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE C – CASH AND INVESTMENTS (CONTINUED)**

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investments in treasury funds, commercial paper, and government loans are limited by state statutory requirements and bond compliance. The District has no investment policy that would further limit its investment choices. The District has monies invested with the Local Government Surplus Funds Trust Fund (Fund), at September 30, 2018. This fund met the requirements of a "2a-7 like pool" as defined in Government Accounting Standards Board, Statement 31.

Concentration of Credit Risk

The District places no limit on the amount it may invest in any one issuer. The investments in the State Board of Administration represent 62% of the District's total investments. The investments in Certificates of Deposit represent 38% of the District's total investments.

The types of deposits and investments and their level of risk exposure as of September 30, 2018 were typical of these items during the fiscal year then ended. The District considers any decline in fair value for certain investments to be temporary.

**NOTE D – TAX ASSESSMENT REVENUES**

Tax assessment revenues recognized for the 2017-2018 fiscal year were levied in October 2017. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

All unpaid taxes become delinquent as of April 1. Virtually all unpaid taxes are collected via the sale of tax certificates on or prior to, June 1; therefore, there were no material taxes receivable at fiscal year end.

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE E – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2018 was as follows:

	Balance October 1, 2017	Additions	Deletions	Balance September 30, 2018
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 11,462	\$ -	\$ -	\$ 11,462
Capital assets, being depreciated:				
Building and improvements	76,900	-	-	76,900
Infrastructure	1,237,723	24,329	(242,043)	1,020,009
Equipment	365,388	-	(62,876)	302,512
Total capital assets, being depreciated	1,680,011	24,329	(304,919)	1,399,421
Less accumulated depreciation for:				
Building and improvements	(29,676)	(3,845)	-	(33,521)
Infrastructure	(251,762)	(61,304)	(194,323)	(118,743)
Equipment	(324,300)	(9,946)	(55,777)	(278,469)
Total accumulated depreciation	(605,738)	(75,095)	(250,100)	(430,733)
Total capital assets depreciated, net	<u>\$ 1,085,735</u>	<u>\$ (50,766)</u>	<u>\$ (54,819)</u>	<u>\$ 980,150</u>

Depreciation of \$75,095 was charged to physical environment.

**NOTE F – RISK MANAGEMENT**

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

**NOTE G – SUBSEQUENT EVENT**

In November 2018, the District authorized the payment of \$25,000 to a board member owned company for goods and services.

**Troup Indiantown Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE H – CONTINGENT LIABILITY**

During fiscal year 2017, Martin County paid assessments made by Troup Indiantown Water Control District on South Florida Water Management District on their behalf for \$289,084. In addition, Troup Indiantown Water Control District received a payment from South Florida Water Management District in the amount of \$279,364 in lieu of assessments under an agreement established between the two parties. Troup Indiantown Water Control District included \$279,210 in accounts payable as of September 30, 2018. It is possible Martin County will seek the full reimbursement plus possible assessed interest and fees. The resulting potential unrecorded liability is the difference of \$9,874 plus possible assessed interest and fees. As of September 30, 2018, Martin County has made no action to seek reimbursement and there is no legal action threatened or pending.



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

To the Board of Supervisors  
Troup Indiantown Water Control District  
Martin County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Troup Indiantown Water Control District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated May 23, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Troup Indiantown Water Control District's internal control over financial reporting 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 Troup Indiantown Water Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of Troup Indiantown Water Control District's internal control over financial reporting.

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 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 over financial reporting 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.

To the Board of Supervisors  
Troup Indiantown Water Control District

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Troup Indiantown Water Control District's financial statements are free of 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.



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants  
Fort Pierce, Florida

May 23, 2019



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## **MANAGEMENT LETTER**

To the Board of Supervisors  
Troup Indiantown Water Control District  
Martin County, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Troup Indiantown Water Control District as of and for the year ended September 30, 2018, and have issued our report thereon dated May 23, 2019.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States; 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 Florida Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Auditor's Report on an examination conducted in accordance with *AICPA Professionals Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated May 23, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

### **Financial Condition and Management**

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

To the Board of Supervisors  
Troup Indiantown Water Control District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for Troup Indiantown Water Control District. It is management's responsibility to monitor the Troup Indiantown Water Control District's financial condition; our financial condition assessment was based in part on the representations made by management and the review of the financial information provided by the same as of September 30, 2018.

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

#### **Additional Matters**

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

#### **Purpose of this Letter**

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



Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 23, 2019



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**INDEPENDENT ACCOUNTANT'S REPORT/COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

To the Board of Supervisors  
Troup Indiantown Water Control District  
Martin County, Florida

We have examined Troup Indiantown Water Control District's compliance with Section 218.415, Florida Statutes during the year ended September 30, 2018. Management is responsible for Troup Indiantown Water Control District's compliance with those requirements. Our responsibility is to express an opinion on Troup Indiantown Water Control 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 Troup Indiantown Water Control 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 Troup Indiantown Water Control District's compliance with the specified requirements.

In our opinion, Troup Indiantown Water Control District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2018.

*Berger Toombs Elam  
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank  
Certified Public Accountants PL  
Fort Pierce, Florida

May 23, 2019