

DELTA FARMS WATER CONTROL DISTRICT

FINANCIAL STATEMENTS

September 30, 2019

(With Independent Auditors' Report Thereon)

DELTA FARMS WATER CONTROL DISTRICT

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September 30, 2019

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Independent Auditor's Report

To the Board of Supervisors
Delta Farms Water Control District
Vero Beach, Florida

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 Delta Farms Water Control District ("the District") as of and for the year ended September 30, 2019, 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 opinions 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 opinions.

Opinions

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 District as of September 30, 2019, and the respective changes in financial position thereof 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 information on pages 3 through 5 and 19 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 our report dated June 6, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CPA Associates, LLP

June 5, 2020
Vero Beach, Florida

DELTA FARMS WATER CONTROL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDING SEPTEMBER 30, 2019

As management of the Delta Farms Water Control District (the "District" or "DFWCD"), we offer readers of these financial statements the following analysis of the District's financial activities for the fiscal year that ended September 30, 2019. This overview is required by generally accepted accounting principles (GAAP) and by Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and local Governments (GASB 34)*.

FINANCIAL HIGHLIGHTS

The following major changes from the prior fiscal year are:

- Total assets increased by \$59,727, with an increase of \$60,303 in the District's Current Assets.
- Noncurrent assets decreased by \$587.
- The excess of revenues over expenditures was \$68,856, an increase from the excess revenues over expenditures of \$8,157 in the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

A brief review of the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Balance is:

STATEMENT OF NET POSITION

In comparison with the prior year we see the following changes in assets:

<u>Account</u>	<u>2019</u>	<u>Change from 2018</u>
Current assets	\$ 860,610	\$ 60,303
Net capital assets	1,695,493	(587)
Other assets	<u>276</u>	<u>11</u>
Total Assets	<u>\$ 2,556,379</u>	<u>\$ 59,727</u>

As for liabilities, we show the following changes:

<u>Account</u>	<u>2019</u>	<u>Change from 2018</u>
Current liabilities	\$ 21,473	\$ (9,129)

The change in net position from the prior year is as follows:

<u>Account</u>	<u>2019</u>	<u>Change from 2018</u>
Net position	\$ 2,534,906	\$ 68,856

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

This statement, which summarizes operating activity during the year, shows an increase in the fund balance. Last year, the District also had an increase in the fund balance.

<u>Account</u>	<u>2019</u>	<u>Change from 2018</u>
Total revenues	\$ 219,325	\$ 25,507
Total operating expenses	<u>149,882</u>	<u>35,779</u>
Change in fund balance	\$ <u>69,443</u>	\$ <u>61,286</u>

The revenues from gross assessments (levied on a per acre basis) remained the same from last year since the current fiscal year assessments were the same as prior year. There was a \$1,285 increase in the change in the net because of the difference in discounts taken by the landowners when paying these assessments.

Under expenditures, there is considerable stability in the District's yearly expenses. Any large variances from plan are usually confined to operating activities. For the current year, it was aquatic weed control and Right-of-Way maintenance. For 2018, it was repairs and maintenance to equipment, and Right-of-Way maintenance.

OPERATING HIGHLIGHTS

The adopted budget for the 2018-2019 Operational Expenses includes two primary categories - Operations and Administration.

The Operations category includes: Aquatic Weed Control, Canal Maintenance, Fuel, Repairs, Right-of-Way Maintenance, Supplies, and Water Quality Testing.

The Administration category includes: Administrative, Tax Collectors Commission, Collection Fee, Property Tax Discount, Engineering, Insurance, Legal and Accounting, Management, Miscellaneous and Office, and Service Fees.

In review of the operating category and associated costs for the year ending September 30, 2019, we offer the following assessments:

The Operations and Administration expenses appear to be lower than the proposed budget with only a few exceptions. No major issues were encountered this year other than aquatic weed control and Right-of-Way maintenance, including mowing.

The one operational expenditure that was significantly under budget this year was Fuel. Fuel expenses for the 2018-2019 year were down due to lower fuel prices. Fuel costs were \$20,353, and the budgeted amount was \$53,000.

The two operating costs that exceeded the proposed budget for 2018-2019, according to the financial statements, were aquatic weed control and Right-of-Way Maintenance, including mowing. Due to aggressive growth of aquatic weeds and vegetation in the Main Flow way and Reservoir areas, a special treatment was required to eliminate the unwanted growth. This special application of herbicide was an unbudgeted item. The approved budget for aquatic weed control was \$15,000 and generally includes only the treatment of the three main canals in the District (Canal A, B, and C). The actual expenses amount for the aquatic weed control was \$40,283. The approved budget for Right-of-Way Maintenance, which includes District mowing of right-of-ways, common areas, and levees, was \$22,500. The approved budget for Canal Maintenance, which includes pump station cleaning, was \$5,000. The actual expense amount for the Canal Maintenance was \$740, while the expense amount for Right-of-Way Maintenance was \$28,460. It appears that the Right-of-Way Maintenance category is slightly over budget, and that there may still be some minor reporting/categorizing issues with invoicing between Right-of-Way Maintenance and Canal Maintenance comparable to last year, due to the two separate

expense accounts being set up in a prior fiscal year. Even with the two operating categories exceeding their budgeted amounts, the District's total operating expenses were well below the budgeted total expense amounts. The total budgeted operating expenses for the fiscal year 2018-2019 were \$122,750. The total amount expensed for the year was \$100,613, or approximately 81.97%.

Based on our review of the financial statements, expense reports, and associated invoicing, there were not any other significant unbudgeted expenditures for the year ending September 30, 2019.

CHANGE IN NET POSITION

The total change in net position amounted to an increase of \$68,856. The amount of yearly increase or decrease generally reflects how the general fund is handled under GASB 34, and this increase was expected.

CAPITAL ASSETS

There were no capital asset additions and no deletions during the year. Physically, there were some repairs to the pumps, engines, and reservoir outfall structures, but these did not constitute capital additions.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATE

Budgeting and setting the coming year's assessment must be completed each year before May 30 for the subsequent fiscal year that starts on October 1. The supervisors adopted a budget for 2018-2019 that reflected anticipated operating expenses in line with recent experience. Assessments of \$88 per acre were adopted for 2018-19, and have remained the same at \$88 for 2019-20.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the operation of this F. S. 298 District. Questions concerning any of the information provided herein or requests for additional information should be addressed, in writing, to the Delta Farms Water Control District, P.O. Box 1266, Vero Beach, FL 32961.

DELTA FARMS WATER CONTROL DISTRICT

Statement of Net Position

September 30, 2019

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash (note 2)	\$ 545,089
Cash equivalents (note 2)	<u>315,521</u>
Total current assets	<u>860,610</u>
Noncurrent assets:	
Capital assets, net (note 4)	<u>1,695,493</u>
Total noncurrent assets	<u>1,695,493</u>
Other assets:	
Prepaid insurance	<u>276</u>
Total other assets	<u>276</u>
Total assets	<u>2,556,379</u>
LIABILITIES	
Current liabilities:	
Accounts payable	<u>21,473</u>
Total current liabilities	<u>21,473</u>
Total liabilities	<u>21,473</u>
Contingency (note 7)	
NET POSITION	
Net investment in capital assets	1,695,493
Unrestricted	<u>839,413</u>
Total net position	<u>2,534,906</u>
Total liabilities and net position	<u>\$ 2,556,379</u>

See accompanying notes to the basic financial statements

DELTA FARMS WATER CONTROL DISTRICT

Statement of Activities

For the year ended September 30, 2019

	Program Revenues			Net (Expenses) and Change in Net Position
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs				
Governmental Activities:				
General government	\$ 50,140	-	-	(50,140)
Repairs and maintenance	10,145	-	-	(10,145)
Professional services	46,815	-	-	(46,815)
Aquatic weed control	40,283	-	-	(40,283)
Water quality testing	632	-	-	(632)
Tax collection costs	2,454	-	-	(2,454)
Total governmental activities	\$ 150,469	-	-	(150,469)
Program revenues:				
				194,738
Special assessments, net of discounts				2,164
Interest income				1,422
Other income				21,001
Investment income				219,325
Total program revenues				68,856
Change in net position				2,466,050
Net position, beginning of year				\$ 2,534,906
Net position, end of year				

See accompanying notes to the basic financial statements

DELTA FARMS WATER CONTROL DISTRICT
Balance Sheet – Governmental Funds
September 30, 2019

Assets

Cash (note 2)	\$ 545,089
Cash equivalents (note 2)	315,521
Prepaid insurance	<u>276</u>
Total assets	<u><u>860,886</u></u>

Liabilities and fund balance

Liabilities:

Accounts payable	<u>21,473</u>
Total liabilities	<u>21,473</u>

Contingency (note 7)

Fund balance

Unassigned	<u>839,413</u>
Total fund balance	<u>839,413</u>

Total liabilities and fund balance	<u><u>\$ 860,886</u></u>
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See accompanying notes to the basic financial statements

DELTA FARMS WATER CONTROL DISTRICT
Reconciliation of the Balance Sheet to
the Statement of Net Position
September 30, 2019

Fund Balance – Total Governmental Funds (page 8) \$ 839,413

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.

Governmental capital assets	2,428,119
Less: Accumulated depreciation	<u>(732,626)</u>
	<u>1,695,493</u>

Net Position of Governmental Activities (page 7) \$ 2,534,906

See accompanying notes to the basic financial statements

DELTA FARMS WATER CONTROL DISTRICT
Statement of Revenues, Expenditures, And Changes In Fund Balance
Governmental Funds
Year ended September 30, 2019

REVENUES	
Special assessments, net	\$ 194,738
Interest earned	2,164
Other income	1,422
Investment earnings	<u>21,001</u>
Total operating revenues	<u>219,325</u>
EXPENDITURES	
Repairs	10,145
Fuel	20,353
Administration fees	4,927
Management fees (note 3)	18,162
Insurance	11,923
Aquatic weed control	40,283
Legal and accounting	7,005
Engineering	3,780
Tax collection fee	954
Tax collector commission	1,500
Canal and right-of way maintenance (note 3)	29,200
Water quality testing	632
Miscellaneous	<u>1,018</u>
Total operating expenditures	<u>149,882</u>
Excess of revenue over expenditures	<u>69,443</u>
Change in fund balance	69,443
Fund balance, beginning of year	<u>769,970</u>
Fund balance, end of year	<u>\$ 839,413</u>

See accompanying notes to the basic financial statements

DELTA FARMS WATER CONTROL DISTRICT
Notes To Financial Statements
Year Ended September 30, 2019

Note 1 – Summary Of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

General Information

The Delta Farms Water Control District (“the District”) is a special district as defined by the laws of Florida and is located in Indian River County, Florida. The District was formed under Florida Statutes Chapter 298.01 through a decree in the Circuit Court of the Ninth Judicial Circuit of Florida in and for Indian River County, Florida, in Chancery No. 7413, dated July 27, 1966, and consists of five landowners who receive the benefit of water management and are assessed for the maintenance and operation of the areas within the District boundaries. The District consists of approximately 2,269 acres of land in Indian River County.

The District is governed by a Board of Supervisors (composed of landowners in the District or their representatives elected for a three year term) that is authorized to maintain a proper system of drainage and water control for the owners.

The financial statements of 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.

Reporting Entity

As required by GAAP, these financial statements present the Delta Farms Water Control 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 of Supervisors exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based on the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, The Financial Reporting Entity, the District has identified no component units.

Government-Wide and Fund 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a

(continued)

DELTA FARMS WATER CONTROL DISTRICT
Notes To Financial Statements

Note 1 – Summary Of Accounting Policies (Continued)

specific function or segment. Program revenues include special assessments levied on landowners within the District.

Separate financial statements are provided for the governmental funds. The District's only fund, the general fund, is a governmental fund and is used to account for all the District's general government activities and is reported in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Special assessments are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. 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 District 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.

Special assessments associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Budgets and Budgetary Accounting

An annual budget is prepared for the General Fund and approved by the Board of Supervisors. The budget amounts presented in the Required Supplementary Information are as originally adopted by the District's Board of Supervisors. The budget is adopted on a basis consistent with generally accepted accounting principles. Budgetary control is established by the District through a non-appropriated budget for the General Fund.

Net Position

Equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of net capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds that are attributed to the acquisition, construction, or improvement of those assets.
- Restricted net position – Consists of net position with constraints placed on their use by revenue bond resolution. Restricted net position is restricted assets reduced by liabilities related to the restricted assets.
- Unrestricted – Consists of all other net position that do not meet the definition of the above two components.

(continued)

DELTA FARMS WATER CONTROL DISTRICT
Notes To Financial Statements

Note 1 – Summary Of Accounting Policies (Continued)

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. Management makes this decision on a transactional basis at the incurrence of the expenditure, depending on the intended use and legal requirements.

Governmental Fund Balances

In the governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – Amounts that cannot be spent either because they are in a nonspendable 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 the District, state or federal laws, or externally imposed conditions by grantors or creditors.
- Committed – Amounts that can be used only for specific purposes determined by a formal action by the District’s Board of Supervisors.
- Assigned – Amounts that are designated by the District for a particular purpose but are not spendable until a budget ordinance is passed or there is a majority vote approval (for capital projects or debt service) by District’s Board of Supervisors.
- Unassigned – All amounts not included in other spendable classifications.

For the classification of Governmental Fund balances, management considers an expenditure to be made from the most restrictive first when more than one classification is available.

General Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are stated at estimated fair value on the date received.

Public domain (infrastructure) capital assets are capitalized and consist of certain improvements other than buildings, drainage systems and watersheds.

Depreciation is calculated using the straight line method over the following estimated useful lives:

Pump Stations	10 years
Modular Building	10 years
Equipment	10 years

Special Assessments

The District’s taxpayer assessment revenue (non ad-valorem) is levied through Indian River County based on the approved budget submitted to the County by the District on or before September 1 of each tax year. The assessment is included in the County’s property tax levy which begins each November 1,

(continued)

DELTA FARMS WATER CONTROL DISTRICT
Notes To Financial Statements

Note 1 – Summary Of Accounting Policies (Continued)

and becomes a lien on the first day of the levy year and is due on or before March 31. A 4% discount is allowed if the assessments are paid in November, with the discount declining by 1% each month thereafter.

Economic Dependency

The landowners in the District are primarily citrus growers and, as such, the District is dependent on the financial condition of the citrus industry.

Note 2 – Deposits And Investments

Deposits

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 for 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 Florida Statute 218.415. The authorized investments consist of:

1. Direct obligations of the U. S. Treasury and instruments issued by Federal agencies;
2. The Local Government Surplus Funds Trust or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Florida Statute 163.01;
3. Interest-bearing time deposits or savings accounts in qualified public depositories;
4. Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

The objectives of the District’s investment policy in descending order of importance are: safety of capital, liquidity of funds, and investment income. The investment policy manages credit risk, interest rate risk, custodial credit risk, and concentration of credit risk as follows:

1. Credit risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Florida PRIME is rated AAAM by Standard & Poors, and the Florida Municipal Investment Trust (FMIT) is rated AA Af/S3 by Fitch.
2. Interest rate risk – As a means of limiting its exposure to fair value losses from rising interest rates, the District’s investment policy mandates structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations by investing primarily in

(continued)

DELTA FARMS WATER CONTROL DISTRICT
Notes To Financial Statements

Note 2 – Deposits And Investments (Continued)

shorter-term securities to meet projected cash flows. The weighted average days to maturity (WAM) of Florida PRIME at September 30, 2019 was 37 days, and FMIT was 3.59 years.

3. Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.
4. Concentration of credit risk – The District does not have a formal investment policy that limits the amount the District may invest in any one issuer.

The District’s deposit funds were held in bank accounts that are fully insured through the FDIC, or were collateralized through the multiple financial institution collateral pool established by Chapter 280, Florida Statutes. The District’s deposit funds, amounted to \$545,089 as of September 30, 2019. A Supervisor of the District is a Bank Director where the District’s bank accounts are held on deposit. The District has \$308,929, as of September 30, 2019, held in the Florida Municipal Investment Trust, an intergovernmental investment pool, which is administered by the Florida League of Cities, Inc. The District’s remaining funds of \$6,592 are held in the State Board of Administration (SBA) Local Government Surplus Funds Trust Fund Investment Pool (Pool).

New investments in Pool, now named Florida PRIME, are not subject to a redemption fee or withdrawal restrictions. Future withdrawals provisions from Florida PRIME will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the pool. As of September 30, 2019, Standard and Poor’s Ratings Services assigned an “AAAm” principal stability fund rating to Florida PRIME. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, the SBA has adopted operating procedures consistent with the requirements for a “2a-7 like” pool and the fair value of the pool is equal to the value of the pool shares for Florida PRIME. Such investments are stated at amortized cost, which is used as fair value for financial reporting. Funds invested with the SBA are not required to be categorized since the investments are not evidenced by securities that exist in physical or book entry form. As of September 30, 2019, the District had \$6,592 invested in Florida PRIME.

Deposits at September 30, 2019 consist of:

Unrestricted Funds	
Bank accounts	\$ 545,089
Intergovernmental investment pool	308,929
Local government surplus funds trust – Florida PRIME	<u>6,592</u>
Total unrestricted	<u>\$ 860,610</u>

Note 3 – Related Party Transactions

During the year ended September 30, 2019, the District expensed \$57,543 to entities owned by certain officers and supervisors. Of this amount, \$3,000 and \$54,543 were for management fees and operational expenses, respectively.

(continued)

DELTA FARMS WATER CONTROL DISTRICT
Notes To Financial Statements

Note 4 – Capital Assets

The following table summarizes changes in capital assets year ended September 30, 2019:

	<u>Balance</u> <u>9/30/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/19</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 850,393	-	-	850,393
Land improvements	<u>839,465</u>	<u>-</u>	<u>-</u>	<u>839,465</u>
Total capital assets, not being depreciated	1,689,858	-	-	1,689,858
Capital assets, being depreciated:				
Machinery and equipment	40,819	-	-	40,819
Pump stations	625,088	-	-	625,088
Building	1,029	-	-	1,029
Culverts, gates, pipes	<u>71,325</u>	<u>-</u>	<u>-</u>	<u>71,325</u>
Total capital assets, being depreciated	738,261	-	-	738,261
Less accumulated depreciation	<u>732,039</u>	<u>587</u>	<u>-</u>	<u>732,626</u>
Total capital assets, being depreciated, net	<u>6,222</u>	<u>(587)</u>	<u>-</u>	<u>5,635</u>
Governmental activities capital assets, net	<u>\$1,696,080</u>	<u>(587)</u>	<u>-</u>	<u>1,695,493</u>

Note 5 – Risk Management

The District is exposed to various risks of loss related to torts; damage to and theft, or destruction of property; errors and omissions; injuries to employees; and natural disasters. The District has obtained insurance coverage through an insurance agency, which provides the District with general liability and public officials' liability coverage.

Note 6 – Subsequent Events

Management has evaluated subsequent events through June 5, 2020, the date of which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.

Note 7 – Contingencies

Amounts received or receivable from federal grant agencies are subject to audit and adjustments by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. During fiscal year ended September 30, 2012, the District was notified by the Federal Emergency Management Agency (FEMA) that \$51,013 was overpaid to the District related to Tropical Storm Fay, but a conclusion has not been reached.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION
AND ANALYSIS

DELTA FARMS WATER CONTROL DISTRICT
 Combined Statement Of Revenues, Expenditures, And Changes
 In Fund Balance – Budget And Actual – General Fund
 Year ended September 30, 2019

	Original And Final <u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable) <u>Variance</u>
REVENUES			
GENERAL FUND			
Special assessments	\$ 198,176	198,176	-
Interest earned	-	2,164	2,164
Other income	-	1,422	1,422
Investment earnings	<u>-</u>	<u>21,001</u>	<u>21,001</u>
Total revenues	198,176	222,763	24,587
EXPENDITURES			
GENERAL FUND			
Current Operating			
Management fees (note 3)	22,000	18,162	3,838
Administrative	12,000	4,927	7,073
Repairs	25,000	10,145	14,855
Fuel	53,000	20,353	32,647
Aquatic weed control	15,000	40,283	(25,283)
Water quality testing	1,250	632	618
Insurance	12,000	11,923	77
Engineering	6,000	3,780	2,220
Right-of-way maintenance (note 3)	22,500	28,460	(5,960)
Canal maintenance	5,000	740	4,260
Property tax discounts	2,000	3,438	(1,438)
Legal and accounting	6,600	7,005	(405)
Miscellaneous	2,000	1,018	982
Tax collection fee	1,800	954	846
Tax collector commission	750	1,500	(750)
Supplies	1,000	-	1,000
Office	<u>250</u>	<u>-</u>	<u>250</u>
Total expenditures	<u>188,150</u>	<u>153,320</u>	<u>34,830</u>
Excess (deficiency) of revenues over (under) expenditures	10,026	69,443	59,417
Fund balance, beginning of year	<u>769,970</u>	<u>769,970</u>	<u>-</u>
Fund balance, end of year	<u>\$ 779,996</u>	<u>839,413</u>	<u>59,417</u>

See accompanying auditors' report and notes to the basic financial statements

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*

CPA Associates, LLP

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To the Board of Supervisors
Delta Farms Water Control District
Vero Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Delta Farms Water Control District (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 5, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CPA Associates, LLP

June 5, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN
ACCORDANCE WITH *AICPA PROFESSIONAL STANDARDS*, AT-C SECTION 315,
REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH
CHAPTER 10.550, *RULES OF THE STATE OF FLORIDA*
OFFICE OF THE AUDITOR GENERAL

CPA Associates, LLP

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To the Board of Supervisors
Delta Farms Water Control District
Vero Beach, Florida

We have examined Delta Farms Water Control District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, which addresses the types of authorized investments for units of local government, during the year ended September 30, 2019. Management of Delta Farms Water Control District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on Delta Farms Water Control District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on Delta Farms Water Control District's compliance with specified requirements.

In our opinion, Delta Farms Water Control District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

CPA Associates, LLP

June 5, 2020

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

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To the Board of Supervisors
Delta Farms Water Control District
Vero Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Delta Farms Water Control District, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 5, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Chapter 10.550, Rules of the 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 the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 5, 2020, 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. No findings and recommendations were made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Delta Farms Water Control District was established under the provisions of Florida Statutes, Chapter 298.01, through a

decree in the Circuit Court of the Ninth Judicial Circuit of Florida in and for Indian River County, Florida, in Chancery No. 7413, dated July 27, 1966.

Financial Condition and Management

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

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

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

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, 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.

CPA Associates, LLP

June 5, 2020