

**EVERGLADES AGRICULTURAL AREA
ENVIRONMENTAL PROTECTION DISTRICT**

FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

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INTRODUCTORY SECTION

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

Board of Supervisors At September 30, 2019

		<u>Term</u>
Malcolm S. Wade, Jr	- Chairman	07/17-07/21
William F. Tarr	- Secretary	07/17-07/21
Fritz Stein, III	- Member	07/19-07/23
Joe Hilliard, II	- Member	07/17-07/21
Paul Grose	- Member	07/19-07/23
Libby Pigman	- Ex Officio Member	
Charles F. Schoech	- Assistant Secretary	

Technical Advisor

Robert M. Brown
Nautilus Strategies
Palm City, Florida

Counsel to the District

Charles F. Schoech
Caldwell Pacetti Edwards Schoech & Viator LLP
Palm Beach, Florida

Financial Manager

Charles F. Haas
Certified Public Accountant
Palm Beach Gardens, Florida

FINANCIAL SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCOPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
JANET R. BARICEVICH, RETIRED, CPA
TERRY L. MORTON, JR., CPA
N. RONALD BENNETT, CVA, ABV, CFF, CPA
ALEXIA G. VARGA, CFE, CPA
EDWARD T. HOLT, JR., PFS, CPA
BRIAN J. BRESCHIA, CFP®, CPA

MARK J. BYMASTER, CFE, CPA
RYAN M. SHORE, CFP®, CPA
WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Everglades Agricultural Area Environmental Protection District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Everglades Agricultural Area Environmental Protection 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 of 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.

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Everglades Agricultural Area Environmental Protection District as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 and the budgetary comparison information on page 15 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 30, 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, 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 Everglades Agricultural Area Environmental Protection 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.

Nowlen, Holt & Mines, P.A.

West Palm Beach, Florida
June 30, 2020

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Everglades Agricultural Area Environmental Protection District (the District) would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2019.

Financial Highlights

- The assets of the District exceeded its liabilities at September 30, 2019 by \$1,168,362,
- The District's total net position increased by \$118,421,
- The District's total revenues were \$2,858,587 for the year ended September 30, 2019,
- Total expenses for all of the District's activities were \$2,740,166 for the year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Everglades Agricultural Area Environmental Protection District's basic financial statements. The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements of the District consist of three components:

1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question.

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

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

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

Fund Financial Statements

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

The District's basic services are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between government-wide activities (reported in the statement of net position and the statement of activities) and the governmental fund are reconciled on separate schedules.

Financial Analysis of the District

Assets exceeded liabilities by \$1,168,362 for the fiscal year ended September 30, 2019. The largest portion of the District's assets (73%) reflects cash and investments at the close of the year ended September 30, 2019.

The following table highlights the net position as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>	<u>% Change</u>
Cash and investments	\$ 1,168,722	\$ 1,260,905	\$ (92,183)	-7%
Other assets	435,140	251,196	183,944	73%
Total assets	<u>\$ 1,603,862</u>	<u>\$ 1,512,101</u>	<u>\$ 91,761</u>	<u>6%</u>
Current liabilities	\$ 435,500	\$ 462,160	\$ (26,660)	-6%
Total liabilities	<u>435,500</u>	<u>462,160</u>	<u>(26,660)</u>	<u>-6%</u>
Net position:				
Unrestricted	1,168,362	1,049,941	118,421	11%
Total net position	<u>\$ 1,168,362</u>	<u>\$ 1,049,941</u>	<u>\$ 118,421</u>	<u>11%</u>

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS

(Continued)

The following table highlights the changes in net position for the years ended September 30, 2019 and 2018:

	2019	2018	Increase (Decrease)	% Change
Revenues:				
Program revenues:				
General revenues	\$ 2,858,587	\$ 2,863,729	\$ (5,142)	0%
Total revenues	<u>2,858,587</u>	<u>2,863,729</u>	<u>(5,142)</u>	<u>0%</u>
Program expenses:				
Physical environment	2,740,166	2,682,178	57,988	2%
Total expenses	<u>2,740,166</u>	<u>2,682,178</u>	<u>57,988</u>	<u>2%</u>
Increase in net position	118,421	181,551	(63,130)	-35%
Net position, beginning of the year	1,049,941	868,390	181,551	21%
Net position, end of the year	<u>\$ 1,168,362</u>	<u>\$ 1,049,941</u>	<u>\$ 118,421</u>	<u>11%</u>

Budgetary Highlights

The District adopted the fiscal year 2018/2019 budget on May 11, 2018 with an assessment rate of \$5.00 per acre, the same rate as in the prior year. Total budgeted revenues were \$2,879,000 including assessment revenue net of the budgeted discount and tax collector’s fees of \$2,320,000. Total actual revenues were \$20,413 lower than budgeted revenues. This was mainly due to the receipt of assessment income less than the budget.

Total expenditures budgeted for the fiscal year ended September 30, 2019, were \$2,780,492. Total actual expenditures were \$40,326 less than budgeted expenditures.

Economic Factors and Next Year’s Budgets and Rates

The following highlights were considered in creating the 2019/2020 budget:

- The assessment rate remained at \$5.00 per acre
- Continue to fund multi- year research projects at current levels.
- Continue working with South Florida Water Management District on joint study programs relating to the long-term viability of storage treatment areas.
- Continue funding of programs for permit compliance and Best Management Practice research.

Contacting the District’s Financial Management

This financial report is designed to provide our readers with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District’s Financial Manager: Charles F. Haas, CPA, 9003 Gardens Glen Circle, Palm Beach Gardens, FL 33418.

BASIC FINANCIAL STATEMENTS

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

September 30, 2019

	<u>Governmental Fund</u>	Adjustments	<u>Statement of Net Position</u>
	<u>General Fund</u>		<u>Governmental Activities</u>
 <u>ASSETS</u>			
Assets:			
Cash and investments	\$ 1,168,722	\$ -	\$ 1,168,722
Receivables-due from other governments	427,390	-	427,390
Prepaid expenses	<u>7,750</u>	-	<u>7,750</u>
Total assets	<u>\$ 1,603,862</u>	<u>\$ -</u>	<u>\$ 1,603,862</u>
 <u>LIABILITIES</u>			
Liabilities:			
Accounts payable	<u>\$ 435,500</u>	<u>\$ -</u>	<u>\$ 435,500</u>
 <u>FUND BALANCES/NET POSITION</u>			
Unrestricted:			
Nonspendable:prepaid item	7,750	(7,750)	-
Assigned	200,000	(200,000)	-
Unassigned	<u>960,612</u>	<u>(960,612)</u>	-
Total fund balances	<u>1,168,362</u>	<u>(1,168,362)</u>	
Total liabilities and fund balances	<u>\$ 1,603,862</u>		
 Total unrestricted net position		 <u>\$ 1,168,362</u>	 <u>\$ 1,168,362</u>

See notes to the financial statements

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
Fiscal Year Ended September 30, 2019

	Governmental Fund		Statement of Activities
	General Fund	Adjustments	Governmental Activities
Revenues:			
Special assessments	\$ 2,295,596	\$ -	\$ 2,295,596
Grants	550,000	-	550,000
Interest	12,991	-	12,991
Total revenues	<u>2,858,587</u>	<u>-</u>	<u>2,858,587</u>
Expenditures:			
Current:			
Physical environment	2,740,166	-	2,740,166
Total expenditures	<u>2,740,166</u>	<u>-</u>	<u>2,740,166</u>
Excess of expenditures over revenues	118,421		118,421
Fund equity/Net position, beginning of year	<u>1,049,941</u>	-	<u>1,049,941</u>
Fund equity/Net position, end of year	<u>\$ 1,168,362</u>	<u>\$ -</u>	<u>\$ 1,168,362</u>

See notes to the financial statements

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Regulatory Requirements

The Everglades Agricultural Area Environmental Protection District (the District) was created pursuant to Chapter 89-423, Florida Statutes on July 5, 1989. The District's charter has been codified as Chapter 2002-378, Laws of Florida. The District was created and established for purposes of ensuring environmental protection by means of conducting scientific research on environmental matters related to air, water and land management practices and implementing the financing, construction and operation of works and facilities. The District includes approximately 417,000 assessed acres located within Palm Beach County, 58,500 assessed acres located within Hendry County, and 12,000 assessed acres located within Glades County, for a total of 487,500 assessed acres.

The District is administered by a six-member Board of Supervisors consisting of five voting members elected by the landowners and the director of South Florida Water Management District, or his designee, who serves as an ex officio non-voting member.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States (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 more significant of the District's accounting policies are described below.

Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements include the District (the primary government) and its component units. Component units are legally separate entities for which the District is financially accountable. The District is financially accountable if:

- a) the District appoints a voting majority of the organization's governing board and (1) the District is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District, or
- b) the organization is fiscally dependent on the District and (1) there is a potential for the organization to provide specific financial benefits to the District or (2) impose specific financial burdens on the District.

Organizations for which the District is not financially accountable are also included when doing so is necessary in order to prevent the District's financial statements from being misleading.

Based upon application of the above criteria, management of the District has determined that no component units exist which would require inclusion in this report. Further, the District is not aware of any entity that would consider the District to be a component unit.

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide/Governmental Fund Financial Statements

The District is a special-purpose government engaged in one primary government activity, the environmental protection of the Everglades.

Financial statements include a balance sheet and a Statement of Revenue, Expenditures and Changes in Fund Balance for the General Fund. The Government-wide financial statements consist of the Statement of Net Position and the Statement of Activities.

Measurement Focus and Basis of Presentation

Financial reporting is based upon the following in descending order of authority, officially established accounting principles – Governmental Accounting Standards Board (GASB), GASB Technical Bulletins, GASB Implementation Guides, and literature of the AICPA cleared by the GASB.

The Government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessment revenues 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 recognized as soon as they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 90 days of the end of the current fiscal year. However, grant revenues are considered to be available if they are collected within 180 days of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Non-ad valorem assessments (special assessments) and interest on investments are susceptible to accrual and so have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when received by the District.

The District reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget

The District uses procedures as follows in establishing the budgetary data reflected in the financial statements as follows:

- a) Prior to June 30, the District's Financial Manager submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them,
- b) Public hearings are conducted to obtain landowner comments,
- c) Prior to September 1, the budget is legally adopted by the Board of Supervisors,
- d) Budget changes must be approved by the Board of Supervisors. The legal level of control is at the fund level,
- e) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America,
- f) Unused appropriations for annually budgeted funds lapse at the end of the current year.

Cash and Investments

Cash balances are considered to be demand accounts and money market accounts.

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Net Position

Equity in the government-wide statement of net position is displayed in three categories: 1) net investment in capital assets, 2) restricted, 3) unrestricted. Net investment in capital assets consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by outside parties. Unrestricted net position consists of all net position that does not meet the definition of either of the other two components.

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

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

In the fund financial statements, governmental funds report non-spendable and restricted fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. Under GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, Fund balances are required to be reported according to the following classifications:

Non-spendable fund balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amounts of loans and notes receivable, as well as property acquired for resale.

Restricted fund balance – Amounts that can be spent only for a specific purpose stipulated by external resource providers such as creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enacted legislation.

Committed fund balance – Amounts that can be used only for the specific purpose determined by a formal action of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action that originally imposed the constraint.

Assigned fund balance – Includes spendable fund balance amounts, established by the Board of Supervisors, that is intended to be used for specific purposes that are neither restricted nor committed.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the government fund. Unassigned fund balances may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

It is the District’s policy to maintain a minimum of \$200,000 fund equity for working capital needs.

Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from estimates.

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 2 CASH AND INVESTMENTS

Cash

All of the District's bank deposits including money market accounts are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." (the "QPD"). Under the Act, every qualified public depository shall deposit with the Chief Financial Officer eligible collateral of the depository to be held subject to his order. The Chief Financial Officer by rule has established minimum required collateral pledging levels ranging from 25% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. At year end, the full amount of the District's bank balances was covered by federal depository insurance or by the QPD program. At September 30, 2019, the bank balance of the District's deposits totaled \$1,168,722 and the carrying amount was \$1,168,722.

Investments

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

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

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs. The District currently has no investments.

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 3 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District purchases commercial insurance for property, general liability, non-ownership automobile liability, and public official's liability. There were no changes in insurance coverage from the prior year and there were no claims against the policy over the past three years.

Florida Statutes limit the District's maximum loss for most liability claims to \$200,000 per person and \$300,000 per occurrence under the Doctrine of Sovereign Immunity. However, under certain circumstances, a plaintiff can seek to recover damages in excess of statutory limits by introducing a claims bill to the Florida Legislature. The limits addressed in Florida Statutes do not apply to claims filed in Federal courts.

NOTE 4 COMMITMENTS AND CONTINGENCIES

The District has entered into various agreements, not to exceed one year, to fund ongoing projects. The balances owed at September 30, 2019 are as follows:

	Total Amount Authorized	Costs Incurred	Amount Paid	Amount Due
DB Environmental - STA Performance Evaluation & Canal Biological Assessment	\$ 780,000	780,000	545,810	234,190
DB Environmental - Sulfur/Mercury Research STAs & Everglades	625,000	625,000	625,000	-
DB Environmental Phosphorus Loading & STA	65,000	65,000	54,000	11,000
DB Environmental Lake Okeechobee Restoration - Marsh Efflux Study	40,000	40,000	33,000	7,000
Juston Consult STA Modeling	140,000	139,995	139,995	-
Limno Tech Restoration - Mercury/Sulfur	25,000	4,180	4,180	-
Macvicar - CORPS RESTUDY/REDESIGN	250,000	250,000	229,167	20,833
Federico -CORPS RESTUDY/REDESIGN	250,000	250,000	229,167	20,833
IFAS-Floating Aquatic Plant Mngmt Farm Canals Study	352,392	352,392	258,680	93,712
Total	\$ 2,527,392	2,506,567	2,118,999	387,568

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

FISCAL YEAR ENDED SEPTEMBER 30, 2019

(Continued)

NOTE 5 SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus surfaced in Wuhan, China, and has spread around the world, with resulting business and social disruption. The coronavirus was declared Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the District could be significantly adversely affected. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others. As of the report date, operations of the District have not been adversely affected.

Management has performed an evaluation up to the date the financial statements were available to be issued, which was June 30, 2020, and has determined that there were no events that would require modification of the financial statements or disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

EVERGLADES AGRICULTURAL AREA ENVIRONMENTAL PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

Fiscal Year Ended September 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Non-ad valorem assessments	\$ 2,320,000	\$ 2,320,000	\$ 2,295,596	\$ (24,404)
Grants	550,000	550,000	550,000	-
Interest	9,000	9,000	12,991	3,991
Total revenues	<u>2,879,000</u>	<u>2,879,000</u>	<u>2,858,587</u>	<u>(20,413)</u>
Expenditures:				
Physical environment	<u>2,780,492</u>	<u>2,780,492</u>	<u>2,740,166</u>	<u>40,326</u>
Total expenditures	<u>2,780,492</u>	<u>2,780,492</u>	<u>2,740,166</u>	<u>40,326</u>
Excess of revenues over expenditures	\$ <u>98,508</u>	\$ <u>98,508</u>	118,421	\$ <u>19,913</u>
Fund balance, beginning of year			<u>1,049,941</u>	
Fund balance, end of year			\$ <u>1,168,362</u>	

Note 1 - Excess of expenditures over appropriations

Actual general fund expenditures did not exceed appropriations for the fiscal year.

COMPLIANCE SECTION



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
EDWARD T. HOLT, CPA
WILLIAM B. MINER, RETIRED
ROBERT W. HENDRIX, JR., CPA
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WEI PAN, CPA
WILLIAM C. KISKER, CPA
RICHARD E. BOTTS, CPA

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*

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
FAX (561) 996-6248

To the Board of Supervisors
Everglades Agricultural Area Environmental Protection District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund information of the Everglades Agricultural Area Environmental Protection 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 30, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
June 30, 2020



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WEST PALM BEACH OFFICE
NORTHBRIDGE CENTRE
515 N. FLAGLER DRIVE, SUITE 1700
POST OFFICE BOX 347
WEST PALM BEACH, FLORIDA 33402-0347
TELEPHONE (561) 659-3060
FAX (561) 835-0628
WWW.NHMCOPA.COM

EVERETT B. NOWLEN (1930-1984), CPA
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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Supervisors
Everglades Agricultural Area Environmental Protection District

Report on the Financial Statements

We have audited the basic financial statements of the Everglades Agricultural Area Environmental Protection District (the "District"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 30, 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 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 30, 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. There were no findings or recommendations in the prior year that required corrective actions.

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. This information is disclosed in Note 1 to the financial statements.

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
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Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. Our assessment was done as of the fiscal year end. The results of our procedures did not disclose any matters that are required to be reported.

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

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes.

Based on the application of criteria in publications cited in Section 10.553, Rules of the Auditor General, there are no special district component units of the District and the District is not a component to any other entity.

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.

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
June 30, 2020



NOWLEN, HOLT & MINER, P.A.

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors
Everglades Agricultural Area Environmental Protection District

BELLE GLADE OFFICE
333 S.E. 2nd STREET
POST OFFICE BOX 338
BELLE GLADE, FLORIDA 33430-0338
TELEPHONE (561) 996-5612
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We have examined the Everglades Agricultural Area Environmental Protection District's (the "District") compliance with Section 218.415, Florida Statutes during the year ended September 30, 2019. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the 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 judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with the specified requirements.

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2019.

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
June 30, 2020