

**Fort Pierce Farms
Water Control District**

FINANCIAL STATEMENTS

September 30, 2019

Fort Pierce Farms Water Control District

FINANCIAL STATEMENTS

September 30, 2019

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Berger, Toombs, Elam, Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

Report of Independent Auditors

To the Board of Supervisors
Fort Pierce Farms Water Control District
Fort Pierce, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Fort Pierce Farms Water Control District (the "District") as of and for the year ended September 30, 2019, and related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Fort Pierce / Stuart

To the Board of Supervisors
Ft. Pierce Farms Water Control District

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Fort Pierce Farms Water Control District as of September 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 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 and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fort Pierce Farms Water Control District's internal control over financial reporting and compliance.



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

February 12, 2020

**Fort Pierce Farms Water Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund financial statements include a **balance sheet** and a **statement of revenues, expenditures and changes in fund balances** for all governmental funds. A **statement of revenues, expenditures, and changes in fund balances – budget and actual**, is provided for the District's General Fund. Fund financial statements provide more detailed information about the District's activities.

The government-wide financial statements and the fund financial statements provide different pictures of the District. The government-wide financial statements provide an overall picture of the District's financial standing. These statements are comparable to private-sector companies and give a good understanding of the District's overall financial health and how the District paid for the various activities, or functions, provided by the District.

**Fort Pierce Farms Water Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

All assets of the District, including improvements other than buildings are reported in the **statement of net position**. The **statement of activities** includes depreciation on all long lived assets of the District. The fund financial statements provide a picture of the funds of the District. In the case of governmental activities, outlays for long lived assets are reported as expenditures. To provide a link from the fund financial statements to the government-wide financial statements, reconciliation is provided from the fund financial statements to the government-wide financial statements.

Notes to financial statements provide additional details concerning the financial activities and financial balances of the District.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2019.

- The District's total assets exceeded total liabilities by \$4,566,094 (net position). Unrestricted net position for Governmental Activities was \$694,912. Net investment in capital assets for Governmental Activities was \$3,871,182.
- Governmental activities revenues totaled \$338,056, while governmental activities expenses totaled \$710,286.

Financial Analysis of the District

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

	<u>Net Position</u>	
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Current assets	\$ 702,804	\$ 763,080
Capital assets, net	3,871,182	4,252,400
Total Assets	<u>4,573,986</u>	<u>5,015,480</u>
Current liabilities	<u>7,892</u>	<u>77,156</u>
Net position invested in capital assets	3,871,182	4,252,400
Net position - unrestricted	694,912	685,924
Total Net Position	<u>\$ 4,566,094</u>	<u>\$ 4,938,324</u>

The decrease in current assets and current liabilities was primarily related to timing of invoice payments.

The decrease in capital assets was due to depreciation in excess of capital additions in the current period.

**Fort Pierce Farms Water Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Financial Analysis of the District (Continued)

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

	<u>Changes in Net Position</u>	
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Program Revenues		
Charges for services	\$ 237,539	\$ 215,757
Operating grants & contracts	-	215,645
General Revenues		
Licenses and permits	29,118	19,664
Interest	350	304
Miscellaneous	71,049	37,462
Total Revenues	<u>338,056</u>	<u>488,832</u>
Expenses		
General government	58,464	47,434
Physical environment	651,822	641,896
Total Expenses	<u>710,286</u>	<u>689,330</u>
Change in Net Position	(372,230)	(200,498)
Net Position - Beginning of Year	<u>4,938,324</u>	<u>5,138,822</u>
Net Position - End of Year	<u><u>\$ 4,566,094</u></u>	<u><u>\$ 4,938,324</u></u>

The decrease in operating grants & contracts is primarily the result of a cost share agreement that the District entered into the prior year.

The increase in licenses and permits was a result of increased permitting on new and upcoming projects.

The increase in miscellaneous revenues is related to increased drainage service fees in the current year.

**Fort Pierce Farms Water Control District
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2019**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Capital Assets Activity

The following schedule provides a summary of the District's capital assets as of September 30, 2019 and 2018.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land improvements	\$ 2,585,097	\$ 2,585,097
Watershed improvements	7,038,344	7,038,344
Drainage improvements	932,289	889,439
Equipment	80,526	51,126
Less: accumulated depreciation	<u>(6,765,074)</u>	<u>(6,311,606)</u>
Total Capital Assets (Net)	<u>\$ 3,871,182</u>	<u>\$ 4,252,400</u>

During the year, there were capital additions to drainage improvements, \$42,850, and equipment, \$29,400, and depreciation expense was \$453,468.

General Fund Budgetary Highlights

The September 30, 2019 budget was amended to reflect actual expenditures.

Economic Factors and Next Year's Budget

Fort Pierce Farms Water Control District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2020.

Request for Information

The financial report is designed to provide a general overview of Fort Pierce Farms Water Control District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fort Pierce Farms Water Control District, 14666 Orange Avenue, Fort Pierce, Florida 34945.

Fort Pierce Farms Water Control District
STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities
Assets	
Current Assets	
Cash and equivalents	\$ 695,363
Accounts receivable	5,557
Prepaid expenses	1,884
Total Current Assets	702,804
Non-Current Assets	
Capital Assets, being depreciated	
Land improvements	2,585,097
Watershed improvements	7,038,344
Drainage improvements	932,289
Equipment	80,526
Less: accumulated depreciation	(6,765,074)
Total Non-Current Assets	3,871,182
Total Assets	4,573,986
Liabilities	
Current Liabilities	
Accounts payable	4,392
Deferred revenues	3,500
Total Liabilities	7,892
Net Position	
Net investment in capital assets	3,871,182
Unrestricted	694,912
Total Net Position	\$ 4,566,094

See accompanying notes to financial statements.

Fort Pierce Farms Water Control District
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenues and Changes in Net Position Governmental Activities</u>
Primary Government			
Governmental Activities			
General government	\$ (58,464)	\$ 54,075	\$ (4,389)
Physical environment	(651,822)	183,464	(468,358)
Total Governmental Activities	<u>\$ (710,286)</u>	<u>\$ 237,539</u>	<u>(472,747)</u>
General Revenues			
			29,118
			350
			71,049
			<u>100,517</u>
			(372,230)
			4,938,324
			<u>\$ 4,566,094</u>

See accompanying notes to financial statements.

Fort Pierce Farms Water Control District
BALANCE SHEET – GENERAL FUND
September 30, 2019

Assets	
Cash and equivalents	\$ 695,363
Accounts receivable	5,557
Prepaid expenses	<u>1,884</u>
Total Assets	<u><u>\$ 702,804</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 4,392
Deferred revenues	<u>3,500</u>
Total Liabilities	<u>7,892</u>
Fund Balances	
Nonspendable - prepaid expenses	1,884
Unassigned	<u>693,028</u>
Total Fund Balances	<u>694,912</u>
Total Liabilities and Fund Balances	<u><u>\$ 702,804</u></u>

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District
RECONCILIATION OF GENERAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
September 30, 2019**

Total Governmental Fund Balances \$ 694,912

Amounts reported for governmental activities in the Statement of Net
Position are different because:

Capital assets being depreciated (drainage improvements
(\$932,289), watershed improvements (\$7,038,344), land
improvements (\$2,585,097) and equipment (\$80,526) net of
accumulated depreciation (\$6,765,074)) used in governmental
activities are not current financial resources and therefore, are
not reported in the funds.

3,871,182

Net Position of Governmental Activities

\$ 4,566,094

See accompanying notes to financial statements.

Fort Pierce Farms Water Control District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – GENERAL FUND
For the Year Ended September 30, 2019

Revenues	
Special assessments	\$ 237,539
Licenses and permits	29,118
Interest	350
Miscellaneous revenues	71,049
Total Revenues	<u>338,056</u>
Expenditures	
Current	
General government	58,464
Physical environment	198,354
Capital outlay	72,250
Total Expenditures	<u>329,068</u>
Net Change in Fund Balances	8,988
Fund Balance - October 1, 2018	<u>685,924</u>
Fund Balance - September 30, 2019	<u><u>\$ 694,912</u></u>

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019**

Net Change in Fund Balances \$ 8,988

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

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated
over their estimated useful lives as depreciation. This is the
amount that depreciation (\$453,468) exceeded capital
outlay (\$72,250) in the current period.

(381,218)

Change in Net Position of Governmental Activities

\$ (372,230)

See accompanying notes to financial statements.

Fort Pierce Farms Water Control District
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 245,000	\$ 245,000	\$ 237,539	\$ (7,461)
Licenses and permits	4,000	4,000	29,118	25,118
Intergovernmental revenues	20,000	20,000	-	(20,000)
Interest	400	400	350	(50)
Miscellaneous revenues	40,000	40,000	71,049	31,049
Total Revenues	<u>309,400</u>	<u>309,400</u>	<u>338,056</u>	<u>28,656</u>
Expenditures				
Current				
General government	54,820	58,464	58,464	-
Physical environment	200,800	198,354	198,354	-
Capital outlay	-	72,250	72,250	-
Total Expenditures	<u>255,620</u>	<u>329,068</u>	<u>329,068</u>	<u>-</u>
Net Change in Fund Balances	53,780	(19,668)	8,988	28,656
Fund Balance - October 1, 2018	<u>-</u>	<u>19,668</u>	<u>685,924</u>	<u>666,256</u>
Fund Balance - September 30, 2019	<u>\$ 53,780</u>	<u>\$ -</u>	<u>\$ 694,912</u>	<u>\$ 694,912</u>

See accompanying notes to financial statements.

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

1. Reporting Entity

The Fort Pierce Farms Water Control District (the "District") is a special district as defined by the laws of Florida, and is located in St. Lucie County, Florida. The District was created by a Decree of the Circuit Court incorporating it dated July 10, 1919 and operates under Chapter 298, Florida Statutes, and consists of landowners who receive the benefit of water management and are assessed taxes for the maintenance and operation of the areas within District boundaries.

As required by GAAP, these financial statements present Fort Pierce 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 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 upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, the District has identified no component units.

2. Measurement Focus and Basis of Accounting

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

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

a. Government-wide Financial Statements

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

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

a. Government-wide Financial Statements (Continued)

Governmental activities are supported by special assessments, licenses and permits. Program revenues include payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program. Amounts paid to acquire capital assets are capitalized as assets, rather than reported as an expenditure. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as an other financial source.

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

b. Fund Financial Statements

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

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

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. 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 collected within the current period, or soon 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.

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Measurement Focus and Basis of Accounting (Continued)

b. Fund Financial Statements (Continued)

Governmental Funds (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Under the current financial resources measurement focus, only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered to be a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

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

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets.

3. Basis of Presentation

a. Governmental Major Funds

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

b. Non-current Governmental Assets/Liabilities

GASB Statement 34 requires that non-current governmental assets, such as buildings and improvements be reported in the governmental activities column in the government-wide Statement of Net Position.

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Assets, Liabilities, and Net Position or Equity

a. Cash and Investments

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

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

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

b. Capital Assets

Capital assets, which include improvements and equipment, are reported in the governmental activities column.

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

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

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

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

Improvements other than buildings	15-20 years
Equipment	10 years

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

c. Budgets

Budgets are prepared and adopted after public hearings for the general fund, pursuant to Chapter 190, Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. As a result, deficits in the budget columns of the accompanying financial statements may occur. A formal budget is adopted for the general fund.

d. Governmental Fund Balance

The District classifies fund balance according to GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Governmental fund balances are reported within fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purpose for which amounts in those funds can be spent. The classifications include non-spendable, restricted, committed, assigned and unassigned.

Non-Spendable Fund Balance – This classification is either not in spendable form or is legally or contractually required to remain intact.

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

Committed Fund Balance – This classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority.

Assigned Fund Balance – This classification is intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned Fund Balance – This classification is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. Unassigned fund balance is considered to be utilized first when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

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

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

“Total fund balances” of the District’s governmental funds, \$694,912, differs from “net position” of governmental activities, \$4,566,094, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

Capital related items

When capital assets (improvements that are to be used in governmental activities) are purchased or constructed, the cost of those assets is reported as expenditures in governmental funds. However, the Statement of Net position included those capital assets among the assets of the District as a whole.

Drainage improvements	\$	932,289
Watershed improvements		7,038,344
Land improvements		2,585,097
Equipment		80,526
Accumulated depreciation		<u>(6,765,074)</u>
Total		<u><u>\$ 3,871,182</u></u>

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

The “net change in fund balances” for government funds, \$8,988, differs from the “change in net position” for governmental activities, \$(372,230), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below.

Capital related items

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

Depreciation	\$	(453,468)
Capital outlay		<u>72,250</u>
Total		<u><u>\$ (381,218)</u></u>

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE C – CASH AND EQUIVALENTS

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes, regarding deposits and investments. As of September 30, 2019, the District's bank balance was \$702,367 and the carrying value was \$695,363. Exposure to custodial credit risk was as follows: Cash and equivalents are deposited in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured or collateralized under Chapter 280, Florida Statutes.

The District had no investments in the year ended September 30, 2019.

NOTE D – CAPITAL ASSETS

Capital Asset activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Land improvements	\$ 2,585,097	\$ -	\$ -	\$ 2,585,097
Watershed improvements	7,038,344	-	-	7,038,344
Drainage improvements	889,439	42,850	-	932,289
Equipment	51,126	29,400	-	80,526
Total Capital Assets	<u>10,564,006</u>	<u>72,250</u>	<u>-</u>	<u>10,636,256</u>
Less: accumulated depreciation for				
Land improvements	(1,001,726)	(129,255)	-	(1,130,981)
Watershed improvements	(4,735,147)	(301,267)	-	(5,036,414)
Drainage improvements	(574,629)	(17,711)	-	(592,340)
Equipment	(104)	(5,235)	-	(5,339)
Total Accumulated Depreciation	<u>(6,311,606)</u>	<u>(453,468)</u>	<u>-</u>	<u>(6,765,074)</u>
Total Capital Assets, net	<u>\$ 4,252,400</u>	<u>\$ (381,218)</u>	<u>\$ -</u>	<u>\$ 3,871,182</u>

Depreciation of \$453,468 was charged to physical environment.

Fort Pierce Farms Water Control District
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

NOTE E – SPECIAL ASSESSMENT REVENUES

Special assessment revenues recognized for the 2018-2019 fiscal year were levied in October 2018. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

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

NOTE F – RISK MANAGEMENT

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

NOTE G – RELATED PARTIES

One of the members of the Board of Supervisors is also the owner of a company which provides services to the District. During the year, payments to the company totaled \$12,824.



Berger, Toombs, Elam,
Gaines & Frank

Certified Public Accountants PL

600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

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

The Board of Supervisors
Fort Pierce Farms Water Control District
Fort Pierce, 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 Fort Pierce Farms Water Control District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated February 12, 2020.

Internal Control over Financial Reporting

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

The Board of Supervisors
Fort Pierce Farms Water Control District

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

Purpose of this Report

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



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

February 12, 2020



Berger, Toombs, Elam, Gaines & Frank

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600 Citrus Avenue
Suite 200
Fort Pierce, Florida 34950

772/461-6120 // 461-1155
FAX: 772/468-9278

MANAGEMENT LETTER

To the Board of Supervisors
Fort Pierce Farms Water Control District
Fort Pierce, Florida

Report on the Financial Statements

We have audited the financial statements of the Fort Pierce Farms Water Control District as of and for the year ended September 30, 2019, and have issued our report thereon dated February 12, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our 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 that report, which is dated February 12, 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 made in the preceding audit report.

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 Fort Pierce 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 conditions met. In connection with our audit, we determined that the Fort Pierce Farms Water Control District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

To the Board of Supervisors
Fort Pierce Farms Water Control District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2019 for Fort Pierce Farms Water Control District. It is management's responsibility to monitor the Fort Pierce Farms Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and of review of financial information provided by the 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 which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

*Berger Toombs Elam
Gaines & Frank*

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

February 12, 2020