

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA**

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Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Sunshine Water Control District
Coral Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Sunshine Water Control District, Coral Springs, Florida (the "District") as of and for the fiscal year ended September 30, 2020, 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 and each major fund of the District as of September 30, 2020, and the respective changes in financial position thereof for the fiscal 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance projects is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2021, 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.

B. & Associates

June 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Sunshine Water Control District, Coral Springs, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$16,721,684.
- The change in the District's total net position in comparison with the prior fiscal year was \$8,022,194, an increase. The key components of the District's net position and change in net position are reflected in the table in the following section.
- At September 30, 2020, the District's governmental funds reported combined ending fund balances of \$13,252,874, an increase of \$8,293,699 in comparison with the prior fiscal year. A portion of fund balance is restricted for debt service, assigned to working capital, disaster recovery, subsequent year's expenditures and capital reserves; and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management) and maintenance functions.

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

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

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

The District maintains two governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, all of which are considered major funds.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION SEPTEMBER 30,	
	2020	2019
Current and other assets	\$ 13,557,562	\$ 5,690,885
Capital assets, net of depreciation	14,657,223	14,885,225
Total assets	28,214,785	20,576,110
Deferred outflows of resources	848,106	890,508
Current liabilities	538,388	965,410
Long-term liabilities	11,802,819	11,801,718
Total liabilities	12,341,207	12,767,128
Net position		
Net investment in capital assets	3,702,510	3,083,507
Restricted	53,876	48,412
Unrestricted	12,965,298	5,567,571
Total net position	\$ 16,721,684	\$ 8,699,490

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure); less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase was due to the settlement of a lawsuit and FEMA grant receipts.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	2020	2019
Revenues:		
Program revenues		
Charges for services	\$ 4,108,582	\$ 4,000,763
Operating grants and contributions	-	4,997
Capital grants and contributions	2,801,802	867
General revenues		
Unrestricted investment earnings	17,710	23,690
Miscellaneous	3,768,181	11,491
Total revenues	<u>10,696,275</u>	<u>4,041,808</u>
Expenses:		
General government	684,448	801,709
Maintenance and operations	1,386,351	1,301,725
Bond issue costs	-	252,850
Interest	603,282	599,215
Total expenses	<u>2,674,081</u>	<u>2,955,499</u>
Change in net position	<u>8,022,194</u>	<u>1,086,309</u>
Net position - beginning	<u>8,699,490</u>	<u>7,613,181</u>
Net position - ending	<u>\$ 16,721,684</u>	<u>\$ 8,699,490</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2020 was \$2,674,081. The costs of the District's activities were primarily funded by program revenues. Program revenues, comprised primarily of assessments, grant funds from FEMA and a settlement with IBI, increased during the fiscal year. In total, expenses, including depreciation, decreased from the prior fiscal year, the majority of the decrease was the result of a decrease in litigation fees as compared to the prior fiscal year.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditure did not exceed appropriations during the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had \$20,054,469 invested in capital assets for its governmental activities. In the government-wide financial statements depreciation of \$5,397,246 has been taken, which resulted in a net book value of \$14,657,223. More detailed information about the District's capital assets is presented in the notes of the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Debt

At September 30, 2020, the District had \$11,685,000 Bonds outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year. In addition, it is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Sunshine Water Control District at 2300 Glades Road, Suite 410W, Boca Raton, Florida, 33431.

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

	Governmental Activities
ASSETS	
Cash	\$ 13,301,671
Investments	10,004
Assessments receivable	14,310
Restricted assets:	
Investments	231,577
Capital assets:	
Nondepreciable	6,679,037
Depreciable, net	<u>7,978,186</u>
Total assets	<u>28,214,785</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refundings	<u>848,106</u>
 LIABILITIES	
Accounts payable and accrued expenses	148,594
Accrued interest payable	233,700
Deposits payable	156,094
Non-current liabilities:	
Due in more than one year	<u>11,802,819</u>
Total liabilities	<u>12,341,207</u>
 NET POSITION	
Net investment in capital assets	3,702,510
Restricted for debt service	53,876
Unrestricted	<u>12,965,298</u>
Total net position	<u>\$ 16,721,684</u>

See notes to the financial statements

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 684,448	\$ -	\$ -	\$ -
Maintenance and operations	1,386,351	-	2,801,802	3,917,209
Interest on long-term debt	603,282	1,030	-	320,124
Total governmental activities	2,674,081	1,030	2,801,802	4,237,333
General revenues:				
Unrestricted investment income				16,680
Miscellaneous				3,768,181
Total general revenues				3,784,861
Change in net position				8,022,194
Net position - beginning				8,699,490
Net position - ending				\$ 16,721,684

See notes to the financial statements

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Major Fund		Total Governmental Funds
	General	Debt Service	
ASSETS			
Cash	\$ 13,301,671	\$ -	\$ 13,301,671
Investments	10,004	231,577	241,581
Assessments receivable	14,310	-	14,310
Due from other funds	-	55,999	55,999
Total assets	<u>\$ 13,325,985</u>	<u>\$ 287,576</u>	<u>\$ 13,613,561</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued expenses	\$ 148,594	\$ -	\$ 148,594
Deposits payable	156,094	-	156,094
Due to other funds	55,999	-	55,999
Total liabilities	<u>360,687</u>	<u>-</u>	<u>360,687</u>
FUND BALANCES			
Restricted for:			
Debt service	-	287,576	287,576
Assigned to:			
Subsequent years expenditures	2,039,000	-	2,039,000
Capital reserves	94,000	-	94,000
Working capital	834,232	-	834,232
Disaster recovery	3,000,000	-	3,000,000
Unassigned	6,998,066	-	6,998,066
Total fund balances	<u>12,965,298</u>	<u>287,576</u>	<u>13,252,874</u>
Total liabilities and fund balances	<u>\$ 13,325,985</u>	<u>\$ 287,576</u>	<u>\$ 13,613,561</u>

See notes to the financial statements

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020**

Fund balance - governmental funds \$ 13,252,874

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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	20,054,469	
Accumulated depreciation	<u>(5,397,246)</u>	14,657,223

Deferred amounts on refunding are shown on the government wide financial statements while these amounts are shown as an expenditure on the fund financial statements. 848,106

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable	(233,700)	
Bonds payable	<u>(11,685,000)</u>	(11,918,700)

Compensated absences due and payable after the next fiscal year are not reported as a liability on the governmental funds balance sheet. (117,819)

Net position of governmental activities	<u><u>\$ 16,721,684</u></u>
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See notes to the financial statements

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Major Fund		Total Governmental Funds
	General	Debt Service	
REVENUES			
Assessments	\$ 3,186,206	\$ 922,376	\$ 4,108,582
Federal grants	2,801,802	-	2,801,802
Investment income	16,680	1,030	17,710
Miscellaneous	3,768,181	-	3,768,181
Total revenues	<u>9,772,869</u>	<u>923,406</u>	<u>10,696,275</u>
EXPENDITURES			
Current:			
General government	666,011	18,437	684,448
Maintenance and operations	976,914	-	976,914
Debt service:			
Interest	-	560,880	560,880
Capital outlay	180,334	-	180,334
Total expenditures	<u>1,823,259</u>	<u>579,317</u>	<u>2,402,576</u>
Excess (deficiency) of revenues over (under) expenditures	7,949,610	344,089	8,293,699
OTHER FINANCING SOURCES (USES)			
Transfers in	338,625	-	338,625
Transfers out	-	(338,625)	(338,625)
Total other financing sources	<u>338,625</u>	<u>(338,625)</u>	<u>-</u>
Net change in fund balances	8,288,235	5,464	8,293,699
Fund balances - beginning	<u>4,677,063</u>	<u>282,112</u>	<u>4,959,175</u>
Fund balances - ending	<u>\$ 12,965,298</u>	<u>\$ 287,576</u>	<u>\$ 13,252,874</u>

See notes to the financial statements

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

Net change in fund balance - total governmental funds	\$ 8,293,699
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is eliminated and capitalized as capital assets.	180,334
Amortization of deferred amount on refundings is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(42,402)
The change in compensated absences between the current and prior fiscal year is reported in the statement of activities but is not reported as expenditures in governmental funds.	(1,101)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds. The details of the differences are as follows:	
Depreciation of capital assets	<u>(408,336)</u>
Change in net position of governmental activities	<u><u>\$ 8,022,194</u></u>

See notes to the financial statements

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Sunshine Water Control District ("District") was created on January 23, 1963 by Chapter 63-609, Laws of Florida, under the provisions of Chapter 298.36, Florida Statutes. The District was established for the purposes of constructing and maintaining systems of drainage, flood control and irrigation within the District in Coral Springs, Florida. The District is governed by the Board of Supervisors ("Board"), which is composed of three members. The Supervisors are elected by the owners of the property within the District. The Board of Supervisors exercise all powers granted to the District pursuant to Chapter 298.36, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District Board of Supervisors is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (operating-type special assessments for maintenance and debt service are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

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 related cash flows. Assessments are recognized as revenues in the year for which they are levied. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Assessments

Assessments are non-ad valorem assessments on all platted lots within the District. Assessments are levied each November 1 on property as of the previous January 1 to pay for the operations and maintenance of the District. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments are billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution.

Assessments and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period.

The District reports the following major governmental funds:

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.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for the annual payment of principal and interest on long-term debt.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

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:

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

The State Board of Administration's ("SBA") Local Government Surplus Funds Trust Fund ("Florida PRIME") is a "2a-7 like" pool. A "2a-7 like" pool is an external investment pool that is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The District has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured and any unspent Bond proceeds are required to be held in investments as specified in the Bond Indenture.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Prepaid Items

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

Capital Assets

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, fences, canals and dikes and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

Property, infrastructure and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5 - 25
Infrastructure	5 - 50

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Compensated Absences

It is the District's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government, except for one employee's sick time which was grandfathered in when the District reversed its policy regarding payment for accumulated sick pay benefits. Compensated absences are reported as accrued in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees which are included in wages payable, if any.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are reported as an expense in the year incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance 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.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the District Manager submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

Investments

The District's investments were held as follows at September 30, 2020:

	Amortized Cost	Credit Risk	Maturities
Treasury Money Market Fund	\$ 231,577	S&P AAAM	Weighted average of the fund portfolio: 48 days
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	10,004	S&P AAAM	Weighted average of the fund portfolio: 48 days
Total Investments	<u>\$ 241,581</u>		

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the preceding summary of investments.

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

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

However, the Bond Indenture limits the type of investments held using unspent proceeds.

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

External Investment Pool – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.” With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2020 were as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ -	\$ 55,999
Debt Service	55,999	-
Total	<u>\$ 55,999</u>	<u>\$ 55,999</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances due from the general fund to the debt service fund relates to assessment collections not yet transferred.

Interfund transfers for the fiscal year ended September 30, 2020 were as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Transfer out</u>
General	\$ 338,625	\$ -
Debt Service	-	338,625
Total	<u>\$ 338,625</u>	<u>\$ 338,625</u>

Transfers are used to move revenues from the fund where collection occurs to the fund where funds have been reallocated for use. In the case of the District, transfers from the debt service fund to the general fund were made for assessment collections.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 738,000	\$ -	\$ -	\$ 738,000
Infrastructure under construction	5,760,703	180,334	-	5,941,037
Total capital assets, not being depreciated	6,498,703	180,334	-	6,679,037
Capital assets, being depreciated				
Equipment	1,167,549	-	-	1,167,549
Infrastructure - water control and other	12,207,883	-	-	12,207,883
Total capital assets, being depreciated	13,375,432	-	-	13,375,432
Less accumulated depreciation for:				
Equipment	801,660	67,483	-	869,143
Infrastructure - water control and other	4,187,250	340,853	-	4,528,103
Total accumulated depreciation	4,988,910	408,336	-	5,397,246
Total capital assets, being depreciated, net	8,386,522	(408,336)	-	7,978,186
Governmental activities capital assets	\$ 14,885,225	\$ (228,002)	\$ -	\$ 14,657,223

In October 2010, the District approved its amended water control plan which includes an estimated 5 year Capital Improvement Plan at a cost of approximately \$19,807,000. The Capital Improvements Plan includes restoration of the canal system, repair/replacement/cleaning of culverts, replacement of both pump stations, interconnect between the east and west basins of the District, interconnect with neighboring water control districts, GIS/telemetry systems, and various other miscellaneous improvements. All of the improvements are designed to provide services and benefit to all developable lands in the District. Approximately \$11.2 million of the Capital Improvements is funded by Series 2011 Bonds (see Note 6 for details) and \$8.6 million will be funded with internally generated funds and designated capital reserves.

The District settled with Lanzo Construction Co (“Lanzo”) during the fiscal year ended September 30, 2016 for \$510,000. Lanzo was to dredge and clean certain water control canals in Broward within the District’s area. Lanzo claimed that the District deleted work items without notice, and failed to pay for additional work performed. During the fiscal year ended September 30, 2016 the District filed suit against IBI Group (“IBI”), Inc. IBI was the former engineers for District. The suit involves claims by the District against IBI for breach of contract, professional negligence, common law indemnity, contribution, and subrogation. The breach of contract and professional negligence claims arise from IBI’s involvement in the design of two major District facilities, Pump Station Number One and Pump Station Number Two. In summary, the District alleges defects in the design of the pump stations. The damages alleged exceed Three Million Dollars (\$3,000,000). During a prior year the District filed an amended complaint in the IBI litigation, adding counts for common law indemnity, contribution and subrogation because of IBI’s failure to properly manage Lanzo during the construction which was the subject of the prior noted litigation resulting in the above noted settlement amount of \$510,000. The suit filed against IBI was settled in the current fiscal year in the amount of \$3,750,000.

Depreciation expense was charged to the maintenance and operations function.

NOTE 7 – LONG-TERM LIABILITIES

Series 2018

On November 6, 2018, the District issued \$11,685,000 of Special Assessment Revenue Bonds, Series 2018 consisting of \$11,685,000 Term Bond Series 2018 due on May 1, 2041 with a fixed interest rate of 4.8%. The bonds were issued to refund Series 2011 Bonds. Interest is to be paid semiannually on each May 1 and November 1 commencing on May 1, 2019. Principal on the Bonds is to be paid serially commencing on May 1, 2023 and ending May 1, 2041.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

Series 2018 (Continued)

The Series 2018 Bonds are subject to redemption of the District prior to their maturity. The Series 2018 Bonds are subject to optional redemption and extraordinary mandatory redemption prior to their selected maturity in the manner determined by the Bond Registrar if certain events occurred as outlined in the Bond Indenture.

The Bond Indenture established a debt service reserve requirement as well as other restrictions and requirements relating principally to the use of proceeds to pay for the infrastructure improvements and the procedures to be followed by the District on assessments to property owners. The District agrees to levy special assessments in annual amounts adequate to provide payment of debt service and to meet the reserve requirements. The District is in compliance with the reserve requirement at September 30, 2020.

Long-term Debt activity

Changes in long-term liability activity for the fiscal year ended September 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2018	\$ 11,685,000	\$ -	\$ -	\$ 11,685,000	\$ -
Compensated absences	116,718	1,101	-	117,819	-
Total	<u>\$ 11,801,718</u>	<u>\$ 1,101</u>	<u>\$ -</u>	<u>\$ 11,802,819</u>	<u>\$ -</u>

At September 30, 2020, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2021	\$ -	\$ 531,668	\$ 531,668
2022	-	444,030	444,030
2023	430,000	444,030	874,030
2024	450,000	427,690	877,690
2025	465,000	410,590	875,590
2026-2030	2,600,000	1,774,600	4,374,600
2031-2035	3,130,000	1,241,840	4,371,840
2036-2040	3,765,000	600,400	4,365,400
2041	845,000	32,110	877,110
Total	<u>\$ 11,685,000</u>	<u>\$ 5,906,958</u>	<u>\$ 17,591,958</u>

NOTE 8 – PENSION PLAN

In October 2009, the District adopted a 401a Defined Contribution Plan as managed by ICMA-RC Services, LLC. The Plan covers all permanent full-time employees with vesting requirements varying between one and five years. The District's contribution to the plan is 10% of each eligible employee's regular pay. The total compensation for the qualified participants for the year was \$359,908, while the total payroll for the year was \$359,908. Total plan contributions for qualified participants were \$35,586.

The District also adopted a deferred compensation plan, which was created in accordance with Internal Revenue Code, Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The plans are administered through ICMA Retirement Corporation and the District has elected to serve as Trustee for each.

NOTE 9 – FEMA GRANT FUNDS

The District received approximately \$2.8 million dollars in grant funds from FEMA in the current fiscal year due to debris clean up expenses incurred due to Hurricane Irma.

NOTE 10 – MANAGEMENT COMPANY

The District has contracted with Wrathell, Hunt and Associates, LLC to perform management advisory services, which include financial and accounting services. Certain employees of the management company also serve as officers of the District. Under the agreement, the District compensates the management company for management, accounting, financial reporting, computer and other administrative costs.

NOTE 11 – 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 has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations.

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

	Budgeted Original	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Assessments	\$ 3,163,704	\$ 3,186,206	\$ 22,502
Federal grants	-	2,801,802	2,801,802
Interest	9,000	16,680	7,680
Miscellaneous	20,650	3,768,181	3,747,531
Total revenues	3,193,354	9,772,869	6,579,515
EXPENDITURES			
Current:			
General government	683,990	666,011	17,979
Maintenance and operations	1,677,937	976,914	701,023
Capital outlay	975,000	180,334	794,666
Total expenditures	3,336,927	1,823,259	1,513,668
Excess (deficiency) of revenues over (under) expenditures	(143,573)	7,949,610	8,093,183
OTHER FINANCING SOURCES (USES)			
Carry forward	(192,500)	-	192,500
Transfers In/Out	336,073	338,625	2,552
Total other financing sources (uses)	143,573	338,625	195,052
Net change in fund balance	\$ -	8,288,235	\$ 8,288,235
Fund balance - beginning		4,677,063	
Fund balance - ending		\$ 12,965,298	

See notes to required supplementary information

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.



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

To the Board of Supervisors
Sunshine Water Control District
Coral Springs, 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 and each major fund of Sunshine Water Control District, Coral Springs, Florida ("District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 28, 2021.

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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Bhav & Associates

June 28, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Sunshine Water Control District
Coral Spings, Florida

Report on Compliance for Each Major Federal Program

We have audited Sunshine Water Control District, Coral Springs, Florida (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal program for the fiscal year ended September 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs and major state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2020.

Report on Internal Control Over Compliance

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

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

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

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



June 28, 2021

SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Federal/State Agency Pass-through Entity Federal Award	CFDA/ Number	Agency or Pass-through Number	Expenditures
FEDERAL AWARDS PROGRAM			
Department of Homeland Security			
Florida Department of Emergency Management			
FEMA Disaster Debris Removal	97.036	N/A	\$ 2,801,802
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,801,802</u>

The accompanying notes are an integral part of this schedule.

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
NOTES TO SCHEDULE OF EXPENDITURES
FEDERAL AWARDS PROGRAM
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards program includes the federal grant activity of Sunshine Water Control District, Coral Springs, Florida (the "District") for the fiscal year ended September 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, cash flows or functional expenses of the District. Pass-through entity identifying numbers are presented where available.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Additionally, the District did not elect to use the 10 percent *de minimis* indirect cost rate.

NOTE C – FINDINGS OF NONCOMPLIANCE

There were no findings of noncompliance identified in connection with the 2020 Federal Single Audit.

**SUNSHINE WATER CONTROL DISTRICT
CORAL SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

A. SUMMARY OF AUDIT RESULTS

1. The auditor’s report expresses an unmodified opinion on the financial statements of Sunshine Water Control District, Coral Springs, Florida (the “District”).
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the independent auditor’s report on compliance for each major program and on internal control over compliance required by the Uniform Guidance.
5. The independent auditor’s report on compliance for each major federal program project for the District expresses an unmodified opinion.
6. There were no audit findings relative to each major federal program tested for the District.
7. The major federal programs were:

<u>Federal</u>	<u>CFDA#</u>
FEMA Passthrough Grant	
FEMA Disaster Debris Removal	97.036

8. The dollar threshold used to distinguish between Type A and Type B for federal award program was \$750,000 and \$300,000, respectively.
9. The District was not determined to be a low-risk auditee under the Uniform Guidance.

B. CURRENT YEAR FINDINGS AND RECOMMENDATION – FINANCIAL STATEMENT AUDIT

None

C. PRIOR YEAR FINDINGS

None

D. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS PROGRAM

None

E. OTHER ISSUES

No summary schedule of prior audit findings and corrective action plan is required because there were no prior audit findings related to federal programs.



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280
Boca Raton, Florida 33431
(561) 994-9299 • (800) 299-4728
Fax (561) 994-5823
www.graucpa.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Sunshine Water Control District
Coral Springs, Florida

We have examined Sunshine Water Control District, Coral Springs, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2020. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 in Section 218.415, Florida Statutes. 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 the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

This report 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, management, and the Board of Supervisors of Sunshine Water Control District, Coral Springs, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 28, 2021



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Sunshine Water Control District
Coral Springs, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Sunshine Water Control District, Coral Springs, Florida ("District"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 28, 2021.

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 Auditor'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 28, 2021, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Sunshine Water Control District, Coral Springs, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Sunshine Water Control District, Coral Springs, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

June 28, 2021

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2019.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2020.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2020.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2020. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.