

CAPTIVA EROSION PREVENTION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021

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CAPTIVA EROSION PREVENTION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Captiva Erosion Prevention District (the "District") as of and for the year ended September 30, 2021, 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 financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters***Required Supplementary Information***

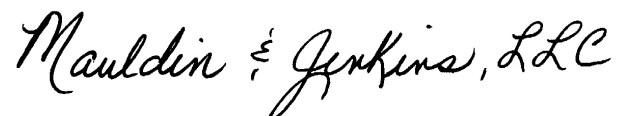
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (on pages 3 through 7) and the General Fund budgetary comparison schedule (on page 26) be presented to supplement the basic financial statements. Such information, although not 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 basic financial statements. The accompanying Capital Projects Fund budgetary comparison schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements of the District. The Capital Projects Fund budgetary comparison schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2022, 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.



Bradenton, Florida
March 4, 2022

CAPTIVA EROSION PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Captiva Erosion Prevention District's (the "District") financial statements is designed to introduce the basic financial statements and provides an analytical overview of the District's financial activities for the fiscal year ended September 30, 2021. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

DISTRICT HIGHLIGHTS

At the close of fiscal year 2020-2021, the District's assets exceed its liabilities, resulting in a net position of \$6,367,420. The District's net position decreased \$590,685 or 8.49%, in comparison to the prior year. Total revenues increased \$60,326 or 3.57%, in comparison to the prior year. Total expenses decreased \$1,498,508 or 39.04%, in comparison to the prior year.

Government-Wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities on pages 8 and 9) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The statement of net position (page 8) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (property, plant and equipment) are included in this statement and reported net of their accumulated depreciation.

The statement of activities (page 9) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements

The accounts of the District are organized on the basis of governmental funds, each of which is considered 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 or retained earnings, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements (found on pages 10 through 13) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

CAPTIVA EROSION PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 14. These notes are essential to a full understanding of data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements were designed so that the user could determine if the District is in a better or a worse financial condition from the prior year.

The following is a condensed summary of net position for the District:

Statement of Net Position
As of September 30, 2021 and 2020

	2021	2020
Current and other assets	\$ 22,973,018	\$ 4,391,306
Capital assets	7,383,536	2,664,126
Total assets	30,356,554	7,055,432
Other liabilities	5,989,134	97,327
Long-term liabilities	18,000,000	-
Total liabilities	23,989,134	97,327
Net position:		
Net investment in capital assets	1,579,367	2,664,126
Restricted	4,455,491	4,190,895
Unrestricted	332,562	103,084
Total net position	6,367,420	6,958,105
Total liabilities and net position	\$ 30,356,554	\$ 7,055,432

Current and other assets represent 75.68% of total assets. Current assets are comprised of cash and cash equivalents of \$359,308, restricted cash and cash equivalents of \$19,300,558, restricted investments of \$3,125,697, prepaid items of \$300 and due from other governments of \$187,155.

Capital assets represent 24.32% of total assets and are comprised of the cost, less accumulated depreciation of the cost, to renourish the Captiva Island Beach, the groin at Redfish Pass, and renourish a portion of Bowman's Beach on Sanibel Island. The increase in capital assets is due to the 2021-2022 beach renourishment project.

CAPTIVA EROSION PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following schedule reports the revenues, expenses and changes in net position for the District:

Statement of Activities
As of September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for services	\$ 814,227	\$ 467,896
Operating grants and contributions	212,852	529,360
Capital grants and contributions	37,986	-
General revenues		
Property taxes	638,074	618,610
Special assessments	9,387	38,320
Other	37,147	35,161
Total revenues	<u>1,749,673</u>	<u>1,689,347</u>
Operating expenses		
General government	1,835,096	3,288,128
Physical environment	489,580	543,007
Interest	15,682	7,731
Total operating expenses	<u>2,340,358</u>	<u>3,838,866</u>
Change in net position	(590,685)	(2,149,519)
Net position, beginning	6,958,105	9,107,624
Net position, ending	<u>\$ 6,367,420</u>	<u>\$ 6,958,105</u>

Total revenues increased \$60,326 or 3.57%, in comparison to the prior year. The increase is due to increased parking rates and revenues and continued strong tourism on Captiva. Total expenses decreased \$1,498,508 or 39.04%, mostly due to less capital asset depreciation, in comparison to the prior year.

Property values within the District increased \$26,107,700 or 1.77%, in comparison to the prior year. Cumulatively over the past five years, properties within the District have increased \$146,075,354 or 10.80%.

The following schedule compares the growth in property value and the change in millage rates for the past years ending September 30:

Year	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Millage Rate	0.2808	0.2720	0.2984	0.4291	0.4395
Property Value	<u>\$ 1,352,048,774</u>	<u>\$ 1,389,997,597</u>	<u>\$ 1,452,993,741</u>	<u>\$ 1,472,016,428</u>	<u>\$ 1,498,124,128</u>

CAPTIVA EROSION PREVENTION DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS

Budget versus actual comparisons are reported on pages 26 through 28. Major variances from budgeted amounts in the General Fund include higher than expected consulting and office expenditures.

Major variances from budgeted amounts in the Capital Projects Fund include lower than estimated state and local grant revenues and higher than estimated parking revenues. Additional explanation of budget to actual variances for the Capital Projects Fund are listed below.

Grant Revenue: The District received local TDC grants. The grant was for Beach Park Maintenance and was completed by the end of the fiscal year. The District budgeted for anticipated reimbursements for the 2021-2022 renourishment project. The project was delayed which pushed grant revenues to the 2021-2022 fiscal year.

Parking Revenues: Rates were increased, and beach and parking lot demand continue to be strong on the island.

Renourishment Project: Due to the project starting in September, approximately \$6,000,000 of project costs were listed as accounts payable for the 2020-2021 fiscal year. Expense variations are largely related to accruing these expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Depreciable assets included equipment, infrastructure and construction in progress. The following is a schedule of the District's capital assets, net of accumulated depreciation:

Capital Assets		
As of September 30, 2021 and 2020		
	<u>2021</u>	<u>2020</u>
Construction in progress – projects	\$ 6,296,043	\$ -
Infrastructure	1,081,304	2,657,399
Equipment	6,189	6,727
Total capital assets	<u>\$ 7,383,536</u>	<u>\$ 2,664,126</u>

Additional information on the District's capital assets can be found in Note 3 on page 21.

CAPTIVA EROSION PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

Debt of the District includes a note payable to a financial institution obtained for the purpose of funding the 2021-2022 beach renourishment project. The District will begin making interest payments in May 2022 and principal payments in May 2023.

Debt Outstanding
As of September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Note payable	\$ 18,000,000	\$ -
Total debt	<u>\$ 18,000,000</u>	<u>\$ -</u>

Additional information on the District's debt can be found in Note 4 on pages 21 and 22.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETED RATES

The following were factors considered during the preparation of next year's budget (2021-2022):

- Property values continue to increase on the island.
- Operating millage remains at .4395 mills for the 2021 tax year.
- Replenishing reserves for future unexpected occurrences.
- Completion of the 2021-2022 beach renourishment project.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability. Questions regarding any information provided here within should be directed to: Captiva Erosion Prevention District, P.O. Box 365, Captiva Island, Florida, 33924-0365 or by phone (239) 472-2472.

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CAPTIVA EROSION PREVENTION DISTRICT

STATEMENT OF NET POSITION SEPTEMBER 30, 2021

	Governmental Activities
	<u> </u>
Assets	
Cash and cash equivalents	\$ 359,308
Restricted cash and cash equivalents	19,300,558
Investments, restricted	3,125,697
Due from other governments	187,155
Prepaid items	300
Capital assets	
Non-depreciable	6,296,043
Depreciable, net	<u>1,087,493</u>
Total assets	<u><u>\$ 30,356,554</u></u>
Liabilities	
Accounts payable	\$ 5,973,452
Accrued interest payable	15,682
Noncurrent liabilities	
Due in more than one year	<u>18,000,000</u>
Total liabilities	<u>23,989,134</u>
Net position	
Net Investment in capital assets	1,579,367
Restricted for	
Capital projects	4,455,491
Unrestricted	<u>332,562</u>
Total net position	<u>6,367,420</u>
Total liabilities and net position	<u><u>\$ 30,356,554</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAPTIVA EROSION PREVENTION DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Functions/programs					
Governmental activities					
General government	\$ 1,835,096	\$ -	\$ -	\$ -	\$ (1,835,096)
Physical environment	489,580	814,227	212,852	37,986	575,485
Interest on long-term debt	15,682	-	-	-	(15,682)
Total governmental activities	\$ 2,340,358	\$ 814,227	\$ 212,852	\$ 37,986	(1,275,293)
General revenues					
					638,074
					9,387
					15,678
					21,469
					684,608
					Change in net position
					(590,685)
					Net position, beginning of year
					6,958,105
					Net position, end of year
					\$ 6,367,420

The accompanying notes to financial statements are an integral part of this statement.

CAPTIVA EROSION PREVENTION DISTRICT

**BALANCE SHEET –
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 359,308	\$ -	\$ 359,308
Restricted cash and cash equivalents	-	19,300,558	19,300,558
Investments, restricted	-	3,125,697	3,125,697
Due from other governments	-	187,155	187,155
Prepaid items	-	300	300
Total assets	<u>\$ 359,308</u>	<u>\$ 22,613,710</u>	<u>\$ 22,973,018</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 11,364	\$ 5,962,088	\$ 5,973,452
Total liabilities	<u>11,364</u>	<u>5,962,088</u>	<u>5,973,452</u>
Deferred inflows of resources			
Unavailable revenue	<u>-</u>	<u>37,986</u>	<u>37,986</u>
Fund balances			
Nonspendable	-	300	300
Restricted	-	16,613,336	16,613,336
Unassigned	<u>347,944</u>	<u>-</u>	<u>347,944</u>
Total fund balances	<u>347,944</u>	<u>16,613,636</u>	<u>16,961,580</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 359,308</u>	<u>\$ 22,613,710</u>	<u>\$ 22,973,018</u>

The accompanying notes to financial statements are an integral part of this statement.

CAPTIVA EROSION PREVENTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

Fund balances, total governmental funds	\$ 16,961,580
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
Governmental capital assets	45,932,724
Accumulated depreciation	(38,549,188)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
	37,986
Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.	
Accrued interest payable	(15,682)
Note payable	<u>(18,000,000)</u>
Net position of governmental activities	<u><u>\$ 6,367,420</u></u>

The accompanying notes to financial statements are an integral part of this statement.

CAPTIVA EROSION PREVENTION DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes	\$ 638,074	\$ -	\$ 638,074
Intergovernmental revenues			
Grant income, local	-	212,852	212,852
Special assessments	-	201,329	201,329
Charges for services, parking revenues	-	814,227	814,227
Investment earnings	160	15,518	15,678
Miscellaneous revenues	21,291	178	21,469
Total revenues	<u>659,525</u>	<u>1,244,104</u>	<u>1,903,629</u>
Expenditures			
Current			
General government			
Operating expenditures	286,287	-	286,287
Physical environment			
Operating expenditures	-	6,790,799	6,790,799
Total expenditures	<u>286,287</u>	<u>6,790,799</u>	<u>7,077,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>373,238</u>	<u>(5,546,695)</u>	<u>(5,173,457)</u>
Other financing sources (uses)			
Proceeds from the sale of capital assets	-	33,000	33,000
Notes issued	-	18,000,000	18,000,000
Transfers in	-	128,078	128,078
Transfers out	(128,078)	-	(128,078)
Total other financing sources (uses)	<u>(128,078)</u>	<u>18,161,078</u>	<u>18,033,000</u>
Change in fund balances	245,160	12,614,383	12,859,543
Fund balances, beginning of year	<u>102,784</u>	<u>3,999,253</u>	<u>4,102,037</u>
Fund balances, end of year	<u>\$ 347,944</u>	<u>\$ 16,613,636</u>	<u>\$ 16,961,580</u>

The accompanying notes to financial statements are an integral part of this statement.

CAPTIVA EROSION PREVENTION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances – total governmental funds \$ 12,859,543

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 these assets is depreciated over the estimated life of the assets.

Capital outlay	\$ 6,301,219	
Less current year depreciation	<u>(1,534,252)</u>	4,766,967

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins and donations) is to decrease net position.

Net book value of capital assets disposed	(47,557)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grant revenue	37,986
Special assessments	(191,942)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

(18,000,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in accrued interest	<u>(15,682)</u>
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Change in net position of governmental activities **\$ (590,685)**

The accompanying notes to financial statements are an integral part of this statement.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization:

The Captiva Erosion Prevention District (the "District") was established as a beach and shore preservation district on Captiva Island, Florida in 1959 by an act of the Florida Legislature. The District was reestablished on July 6, 1981 (LOF 81-413), by a Special Act of the Legislature of the State of Florida (House Bill 760). The District Enabling Act has been amended periodically since formation, most recently on May 22, 2000, by House Bill 927, Chapter 2000-399. The most recent bill validated the District as a beach and shore preservation authority under the provisions of Chapter 161.32 of the Florida Statutes. The District's programs shall include construction and maintenance of any seawalls, groins, breakwaters, bulkheads, fills and other works, structures, and equipment or other facilities used for beach renourishment or erosion control.

The District boundary includes all of Captiva Island, Florida. A five member elected Board of Commissioners governs the District. The Board is elected by the voters of the District and serves staggered four year terms.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

Significant Accounting Policies:

Reporting Entity:

The District adheres to GASB Statement Number 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. This statement requires the basic financial statements of the District (the primary government) to include any component units. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 61, the District has no component units.

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 activities of the primary government. The District has only governmental activities, which are supported primarily by taxes and special assessments and are reported in the General Fund and Capital Projects Fund.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The government reports the following major governmental funds:

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

The *Capital Projects Fund* is used to account for major infrastructure projects related to beach maintenance and renourishment.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents:

Cash includes petty cash and amounts on deposit in banks. All funds on deposit are insured and fully collateralized as required by Chapter 280 of the Florida Statutes.

Investments:

The District adheres to the requirements of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in which all investments are required to be reported at fair value.

Capital Assets:

Capital assets, which include infrastructure, construction in progress, equipment, and machinery, are reported in the government-wide statement of net position at cost. Capital assets are defined by the District as assets with an initial, individual cost of \$500 and an estimated useful life in excess of one year. Expenditures for maintenance, repairs and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as property additions. Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation is eliminated from the accounts and gain or loss is recognized.

Depreciation commences when a project is ready for its intended use or when equipment is placed in service, and is computed using the straight-line method over the following estimated useful lives of assets:

Infrastructure (beach renourishment projects)	7 to 30 years
Machinery and equipment	3 to 10 years

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that may affect the reported amounts of certain assets and liabilities and disclosures of contingencies at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting:

The District adopts an annual budget for the General Fund and the Capital Projects Fund. The budget is formally reviewed and approved by the District's Board of Commissioners. Budgets are prepared on the accrual basis. Neither the District's statute nor any debt covenants require the District to report budgetary information in its financial statements.

The District follows these procedures in establishing budgetary data for the General Fund and the Capital Projects Fund:

1. During the summer of each year, the District Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity:

Fund equity at the governmental fund financial reporting level is classified as “fund balance”. Fund equity for all other reporting is classified as “net position”.

Fund Balance: Generally, fund balance represents the difference between the assets and liabilities under the current financial resources measurement focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- *Nonspendable:* Fund balances are reported as nonspendable when amounts cannot be spent because they are either: (a) not in spendable form (i.e., items that are not expected to be converted to cash), or (b) legally or contractually required to be maintained intact.
- *Restricted:* Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- *Committed:* Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners through the adoption of a resolution. Only the Board of Commissioners may modify or rescind the commitment.
- *Assigned:* Fund balances are reported as assigned when amounts are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Currently, the Board of Commissioners is authorized to assign fund balances.
- *Unassigned:* Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The District reports positive unassigned fund balance only in the General Fund. Negative unassigned fund balances may be reported in other funds should the District establish other funds at a later time.

Flow Assumptions: When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the District’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the District’s policy to use fund balance in the following order: (1) committed, (2) assigned, and (3) unassigned.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources:

The District has implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*. These standards establish accounting and financial reporting for deferred outflows/inflows of resources and the concept of net position as the residual of all other elements presented in a statement of net position.

In addition to assets, the statement of net 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) until then. The District did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of net 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 future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of this item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from special assessments and these amounts are deferred and will be recognized as an inflow of resources in the period in which the amounts become available.

Encumbrances:

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because, at present, it is not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

Interfund Transactions:

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” in the fund financial statements. These transactions arise to cover temporary (three months or less) cash needs.

Interfund transfers consist of funds reallocated from the General Fund to the Capital Projects Fund on a permanent basis.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS

The District's deposit policy allows deposits to be held in demand deposit or money market accounts. The District maintains its cash balances at the Bank of The Islands, which is insured by the FDIC for up to \$250,000. As of September 30, 2021, all of the District's deposits with banks were held in a qualified public depository pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository's collateral pledging level. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

At September 30, 2021, the District's total cash balances were \$19,659,866. Of this amount, \$19,300,558 was held in the District's Capital Project Fund and was classified as restricted.

The District holds a Certificate of Deposit in the amount of \$256,205, which matured on November 18, 2021 at a local financial institution. The District also holds several U.S. Treasury Bills in the total amount of \$918,694. These Treasury Bills are all rated Aaa by Moody's credit rating service and have a maturity of less than two years. The District also holds a Money Market account in the amount of \$1,950,798 with the same local financial institution. All investments held in the Capital Projects Fund are restricted.

The District categorizes its fair value measurements within fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs for similar assets and Level 3 inputs are significant unobservable inputs. The District's investments in Treasury Bills are considered to be Level 1 hierarchy investments.

These investments were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida. The Local Government Surplus Fund Investment Pool Trust Fund is not categorized by risk assessment as it is not evidenced by securities that exist in physical or book entry form.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2021 is as follows:

	<u>Balance October 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance September 30</u>
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 6,296,043	\$ -	\$ 6,296,043
Total capital assets, not being depreciated	<u>-</u>	<u>6,296,043</u>	<u>-</u>	<u>6,296,043</u>
Capital assets, being depreciated				
Infrastructure	39,635,547	-	(55,950)	39,579,597
Equipment	55,622	5,176	(3,714)	57,084
Total capital assets, being depreciated	<u>39,691,169</u>	<u>5,176</u>	<u>(59,664)</u>	<u>39,636,681</u>
Less accumulated depreciation for				
Infrastructure	(36,978,148)	(1,528,538)	8,393	(38,498,293)
Equipment	(48,895)	(5,714)	3,714	(50,895)
Total accumulated depreciation	<u>(37,027,043)</u>	<u>(1,534,252)</u>	<u>12,107</u>	<u>(38,549,188)</u>
Total capital assets, being depreciated, net	<u>2,664,126</u>	<u>(1,529,076)</u>	<u>(47,557)</u>	<u>1,087,493</u>
Total capital assets, net	<u>\$ 2,664,126</u>	<u>\$ 4,766,967</u>	<u>\$ (47,557)</u>	<u>\$ 7,383,536</u>

Depreciation expense for the year ended September 30, 2021 was \$1,534,252, and was charged to general governmental expenses.

NOTE 4. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Note payable	\$ -	\$ 18,000,000	\$ -	\$ 18,000,000	\$ -
Total governmental activities	<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ -</u>	<u>\$ 18,000,000</u>	<u>\$ -</u>

Note Payable:

During the year ended September 30, 2021, the District obtained an \$18,000,000 promissory note payable to a financial institution for the purpose of funding the 2021-2022 beach renourishment project. The note is due in annual installments through May 2029, plus interest at 2.12%. This note is collateralized by a special assessment being levied to District property owners beginning in November 2022.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (CONTINUED)

The annual debt service payments required on outstanding debt at September 30, 2021, are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 238,369	\$ 238,369
2023	2,412,459	381,600	2,794,059
2024	2,463,603	330,456	2,794,059
2025	2,515,813	278,228	2,794,041
2026	2,569,166	224,892	2,794,058
2027 - 2029	8,038,959	343,236	8,382,195
	<u>\$ 18,000,000</u>	<u>\$ 1,796,781</u>	<u>\$ 19,796,781</u>

Compensated Absences Payable:

The District's policy regarding vacation time is that it must be utilized within the year it is earned with no option for carryforward. Sick leave can be accrued without limit. As of September 30, 2021, there were no amounts owed employees and thus no amounts are recorded within these financial statements.

NOTE 5. SPECIAL ASSESSMENTS

In July 2014, the District Board adopted a non-ad valorem special assessment to be levied against each property owner within the District in order to pay for the 2013-2014 beach maintenance renourishment project and outstanding debt related to the project. The non-grant funded portion of the project was paid via in-house cash and related long-term debt.

All proceeds from the collection of the special assessments are restricted to fund the cost of the specific construction project and the related debt.

The 2013-2014 beach renourishment project commenced sand placement on October 7, 2013, with completion on December 16, 2013 for Captiva and December 26, 2013 for Sanibel. Approximately six miles of shoreline were renourished with 783,369 and 80,823 cubic yards of sand to Captiva and Sanibel Islands, respectively. The project also included dune rehabilitation and the planting of new vegetation. The total cost of the project capitalized by the District was approximately \$20.3 million. Grant funding was provided by the Florida Department of Environmental Protection (approximately \$4.5 million) and Lee County (Approximately \$7 million). The remaining costs of the project (\$7,685,599) were financed by the special assessment imposed on the property owners of Captiva in the amount of \$5,685,599, as well as \$2,000,000 from District reserves.

As of September 30, 2021, the 2013-2014 special assessment was fully collected. The District Board is expected to finalize the 2021-2022 special assessment in fiscal year 2022.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2021, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate.

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 93 days following certification of assessment roll
Taxes due and payable (levy date)	November, with various discount provisions through March 31
Property taxes payable - maximum discount (4%)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2021, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$.4395 per \$1,000 (0.4395 mills) of the 2020 net taxable value of real property located within the District.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7. COMMITMENTS AND CONTINGENCIES

The District has received grants which are subject to special compliance requirements by the grantor agency. The grantor agency may at times disallow expenditure amounts associated with a contract based on the outcome of an audit. These amounts would constitute a contingent liability of the District. The District has not, as of September 30, 2021, been notified of any existing contingent liabilities related to prior grants or the grants currently in process. The management of the District does not believe contingent liabilities, if any exist, to be material.

NOTE 8. 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; injuries to employees; and natural disasters. The District participates in the public entity risk pool administered by the Florida League of Cities, Inc. for workers' compensation, general/professional liability and property insurance. The District pays an annual premium to the Florida League of Cities, Inc. for this insurance program. Participation in this risk pool is non-assessable. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The District retains the risk of loss up to a deductible amount (ranging from \$0 to \$500) with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$1,500,000 per occurrence for general/professional liability, and property and \$1,000,000 per accident for workers' compensation.

The District has also obtained a Directors and Officer's insurance policy. The District retains the risk of loss up to a deductible amount of \$10,000 with aggregate limits of liability of \$10,000,000 for the policy year. The policy has been renewed for the year ending September 30, 2021.

NOTE 9. OPERATING LEASE

In December 2012, the District entered into an operating lease agreement for office space on Captiva Island. This lease expired on November 1, 2017, and was renewed through November 2021. The base annual rental is \$16,637, or \$1,386 per month, plus common area maintenance (CAM) charges. Rent expense for the year ended September 30, 2021 was \$27,702.

Total future minimum lease payments required under the lease is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2022	<u>\$ 4,188</u>
	<u>\$ 4,188</u>

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 10. SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 4, 2022, the date which the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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CAPTIVA EROSION PREVENTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property taxes	\$ 662,958	\$ 662,958	\$ 638,074	\$ (24,884)
Investment earnings	1,500	1,500	160	(1,340)
Miscellaneous revenues	3,750	3,750	21,291	17,541
Total revenues	<u>668,208</u>	<u>668,208</u>	<u>659,525</u>	<u>(8,683)</u>
Expenditures				
Current				
General government				
Operating expenditures				
Advertising	3,000	3,000	7,778	(4,778)
Bank service charges	300	300	1,479	(1,179)
Board meeting	1,000	1,000	443	557
Copier lease	900	900	1,146	(246)
Dues and subscriptions	4,500	4,500	1,997	2,503
General insurance	4,500	4,500	7,462	(2,962)
Newsletter	1,800	1,800	7,108	(5,308)
Office	4,500	4,500	17,241	(12,741)
Postage	1,000	1,000	-	1,000
Rent	14,000	14,000	14,985	(985)
Repairs	1,500	1,500	296	1,204
Telephone	2,000	2,000	2,440	(440)
Travel and per diem	7,500	7,500	5,102	2,398
Utilities	2,000	2,000	2,936	(936)
Website maintenance	6,000	6,000	5,625	375
Gross wages	110,000	110,000	112,896	(2,896)
Payroll taxes	10,500	10,500	10,152	348
Consulting	-	-	28,370	(28,370)
Professional fees	36,000	36,000	41,377	(5,377)
Property appraiser fees	4,000	4,000	4,681	(681)
Tax collector commissions	10,000	10,000	12,773	(2,773)
Total expenditures	<u>225,000</u>	<u>225,000</u>	<u>286,287</u>	<u>(61,287)</u>
Excess of revenues over expenditures	<u>443,208</u>	<u>443,208</u>	<u>373,238</u>	<u>(69,970)</u>
Other financing uses				
Transfers out	<u>(84,450)</u>	<u>(84,450)</u>	<u>(128,078)</u>	<u>(43,628)</u>
Total other financing uses	<u>(84,450)</u>	<u>(84,450)</u>	<u>(128,078)</u>	<u>(43,628)</u>
Change in fund balance	358,758	358,758	245,160	(113,598)
Fund balance, beginning of year	102,784	102,784	102,784	-
Fund balance, end of year	<u>\$ 461,542</u>	<u>\$ 461,542</u>	<u>\$ 347,944</u>	<u>\$ (113,598)</u>

The accompanying notes to financial statements are an integral part of this statement.

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OTHER SUPPLEMENTARY INFORMATION

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CAPTIVA EROSION PREVENTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues				
Grant income, state	\$ 56,000	\$ 56,000	\$ -	\$ (56,000)
Grant income, local	868,426	868,426	212,852	(655,574)
Special assessments	305,000	305,000	201,329	(103,671)
Charges for services, parking revenues	500,000	500,000	814,227	314,227
Investment earnings	25,000	25,000	15,518	(9,482)
Miscellaneous revenues	-	-	178	178
Total revenues	<u>1,754,426</u>	<u>1,754,426</u>	<u>1,244,104</u>	<u>(510,322)</u>
Expenditures				
Current				
Physical environment				
Operating expenditures				
Advertising	3,000	3,000	3,145	(145)
Annual membership and fees	-	-	6,500	(6,500)
Bank service fee	300	300	26,697	(26,397)
Board Meetings	1,000	1,000	-	1,000
Conference Expense	1,500	1,500	-	1,500
Copier Lease	900	900	-	900
Cost of assessment collections	1,000	1,000	486	514
Credit card fees	9,000	9,000	22,961	(13,961)
Dues and Subscriptions	4,500	4,500	-	4,500
General Insurance	4,500	4,500	-	4,500
Insurance	-	-	3,964	(3,964)
Newsletter	1,800	1,800	-	1,800
Office expense	4,500	4,500	6,399	(1,899)
Parking lot expenses	56,000	56,000	4,140	51,860
Parking maintenance	34,000	34,000	37,605	(3,605)
Permit modification	50,000	50,000	-	50,000
Physical monitoring	-	-	254,470	(254,470)
Portable toilets	8,000	8,000	60,304	(52,304)
Postage	1,000	1,000	-	1,000
Professional fees	-	-	38,167	(38,167)
Project consultant	-	-	132,589	(132,589)
Project manual	-	-	5,058	(5,058)
Project payroll expense	156,500	156,500	143,580	12,920
Redfish pass study	230,000	230,000	-	230,000
Repairs	1,500	1,500	-	1,500
Sales tax expense	19,200	19,200	51,587	(32,387)
Small Equipment Purchases	1,500	1,500	-	1,500
Storage of Records	2,000	2,000	-	2,000
Telephone	2,000	2,000	-	2,000
Travel and Per Diem	6,000	6,000	-	6,000
Utilities	2,000	2,000	-	2,000
Website/Computer Maintenance	6,000	6,000	-	6,000
Renourishment projects				
Engineer report/storm damage	-	-	218,676	(218,676)
Project benefit analysis	-	-	13,000	(13,000)
2021/2022 Renourishment	585,000	585,000	5,689,027	(5,104,027)
Grant reimbursement	-	-	57,275	(57,275)
Rent	12,000	12,000	12,717	(717)
Records storage	-	-	716	(716)
Website development	-	-	75	(75)

CAPTIVA EROSION PREVENTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Expenditures (Continued)				
Capital outlay	5,000	5,000	1,661	3,339
Total expenditures	<u>1,209,700</u>	<u>1,209,700</u>	<u>6,790,799</u>	<u>(5,581,099)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>544,726</u>	<u>544,726</u>	<u>(5,546,695)</u>	<u>(6,091,421)</u>
Other financing sources				
Notes issued	-	-	18,000,000	18,000,000
Proceeds from the sale of capital assets	-	-	33,000	33,000
Transfers in	86,650	86,650	128,078	41,428
Total other financing sources	<u>86,650</u>	<u>86,650</u>	<u>18,161,078</u>	<u>18,074,428</u>
Change in fund balance	631,376	631,376	12,614,383	11,983,007
Fund balance, beginning of year	3,999,253	3,999,253	3,999,253	-
Fund balance, end of year	<u>\$ 4,630,629</u>	<u>\$ 4,630,629</u>	<u>\$ 16,613,636</u>	<u>\$ 11,983,007</u>

The accompanying notes to financial statements are an integral part of this statement.

OTHER INDEPENDENT AUDITOR'S REPORTS

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

Board of Commissioners
Captiva Erosion Prevention District
Captiva, 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 the Captiva Erosion Prevention District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 4, 2022.

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) as a basis for designing 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 grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Bradenton, Florida

March 4, 2022

CAPTIVA EROSION PREVENTION DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

SECTION I
SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

Yes No

Significant deficiency identified not considered
to be material weaknesses?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Federal and State Single Audits were not required to be performed in the current year due to expenditures not exceeding the \$750,000 threshold.

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Not applicable.

SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

Report on the Financial Statements

We have audited the financial statements of the Captiva Erosion Prevention District (the "District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 4, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Schedule of Findings and Responses; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 4, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No audit findings were noted in the District's September 30, 2020 audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Captiva Erosion Prevention District is an independent special district in Lee County, created by an act of the Florida Legislature in 1959. The District has no component units.

Financial Condition and Management

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

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

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.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the Captiva Erosion Prevention District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 5.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$229,186.
- d. All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$33,310.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$5,689,027 for the 2021/2022 Beach Renourishment Project.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as see page 26.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported:

- a. The mileage rate or rates imposed by the District was 0.4395.
- b. The total amount of ad valorem taxes collected by or on behalf of the District was \$638,074.
- c. The total amount of outstanding bonds issued by the District was \$0.

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 Commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Bradenton, Florida
March 4, 2022



INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

We have examined the Captiva Erosion Prevention District's (the "District") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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 above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
March 4, 2022

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