

DISSTON ISLAND CONSERVANCY DISTRICT
FINANCIAL STATEMENTS WITH INDEPENDENT
AUDITOR'S REPORT THEREON
FISCAL YEAR ENDED SEPTEMBER 30, 2021



DISSTON ISLAND CONSERVANCY DISTRICT
SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

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Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Disston Island Conservancy District as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Disston Island Conservancy 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 the major fund of the Disston Island Conservancy District, as of September 30, 2021, and the respective changes in financial position and the budgetary comparison 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 4 through 9 and the budgetary comparison information on pages 33 through 34 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 an opinion on the financial statements that collectively comprise the Disston Island Conservancy District's basic financial statements. The other information section is presented for compliance with Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6-8, Rules of the Auditor General, and is not a required part of the basic financial statements.

The other information section 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2022, on our consideration of the Disston Island Conservancy 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 Disston Island Conservancy 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 Disston Island Conservancy District's control over financial reporting and compliance.

Nowlen, Holt & Mimes, P.A.

West Palm Beach, Florida
August 11, 2022

MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of Disston Island Conservancy District (“District”) provides a narrative overview of the District’s financial activities for the fiscal year ended September 30, 2021. 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.

The District is governed by a three member Board of Supervisors. The Board members are elected by the landowners of the District for three year terms. The District has entered into an informal interlocal agreement with two other districts to provide for the administration of the District’s operation under the control of the Board of Supervisors

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2021, by \$1,260,405. Of this amount, \$328,675 (unrestricted net position) may be used to meet the District’s ongoing operations.
- The District’s total net position decreased by \$27,842.
- The District’s total revenue (on an accrual basis) was \$534,081 for the year ended September 30, 2021.
- Total expenses (on an accrual basis) for all of the District’s activities were \$561,923 for the year.

District Highlights

- The District is currently in the maintenance mode of operations for its water control facilities

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District’s 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.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Government-Wide Financial Statements (Continued)

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 District'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, revenue 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 special assessment revenues. The District does not have any business-type activities.

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.

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 outflows 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 financial 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. (See pages 13 and 15)

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds (Continued)

The District maintains one governmental fund 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 which is a major fund.

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. (See page 33)

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

Assets exceeded liabilities by \$1,260,405 for the fiscal year ended September 30, 2021. The assets include investments and capital assets which are approximately 26.4% and 72.1% of the District's total assets, respectively, and are to be used to meet the financial obligations for the District's ongoing operations, except for capital assets. Capital assets are used to provide services to the District's citizens and are not available for future spending.

The following table provides a summary of the net position as of September 30, 2021 and 2020:

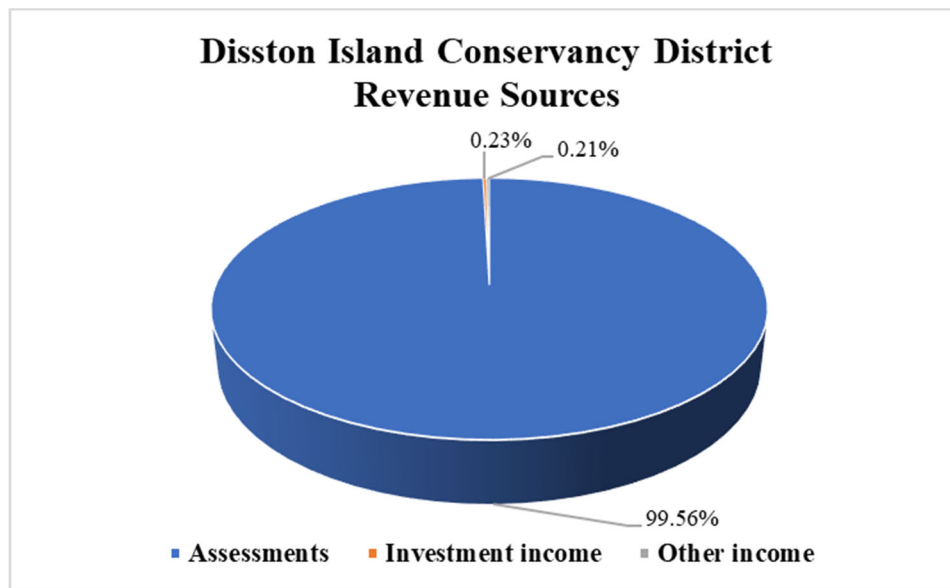
| | <u>2021</u> | <u>2020</u> |
|-------------------------------|---------------------|---------------------|
| Assets | | |
| Current and other assets | \$ 360,388 | \$ 525,482 |
| Capital assets, net | 931,730 | 786,844 |
| Total assets | <u>1,292,118</u> | <u>1,312,326</u> |
| Liabilities | | |
| Current and other liabilities | <u>31,713</u> | <u>24,079</u> |
| Total liabilities | <u>31,713</u> | <u>24,079</u> |
| Net position | | |
| Investment in capital assets | 931,730 | 786,844 |
| Unrestricted | 328,675 | 501,403 |
| Total net position | <u>\$ 1,260,405</u> | <u>\$ 1,288,247</u> |

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table provides a summary of the changes in net position for the fiscal years ended September 30, 2021 and 2020:

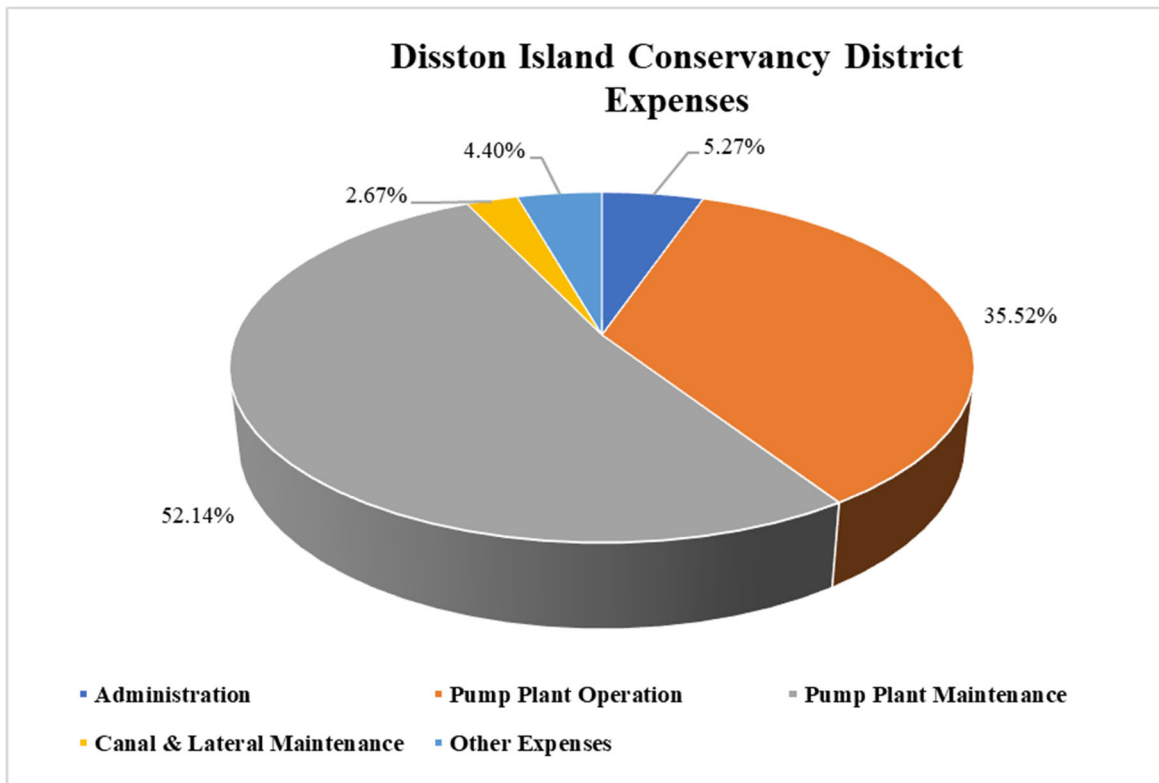
| | <u>2021</u> | <u>2020</u> |
|--------------------------|---------------------|---------------------|
| Revenues | | |
| Program revenues | | |
| Charges for services | \$ 531,724 | \$ 530,995 |
| General revenues | | |
| Investment income | 1,251 | 2,823 |
| Other income | 1,106 | |
| Total revenues | <u>534,081</u> | <u>533,818</u> |
| Expenses | | |
| Physical environment | <u>561,923</u> | <u>375,667</u> |
| Total expenses | <u>561,923</u> | <u>375,667</u> |
| Change in net position | (27,842) | 158,151 |
| Net position - beginning | <u>1,288,247</u> | <u>1,130,096</u> |
| Net position - ending | <u>\$ 1,260,405</u> | <u>\$ 1,288,247</u> |

The chart below presents the revenues by sources for the governmental activities.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The chart below presents the expenses for the governmental activities.



CAPITAL ASSETS

The District’s investment in capital assets for its governmental activities as of September 30, 2021, amounted to \$931,730 (net of accumulated depreciation). There were no capital additions or disposals during 2021. The following table summarizes the District’s capital assets as of September 30, 2021 and 2020:

| | <u>2021</u> | <u>2020</u> |
|-------------------------|-------------------|-------------------|
| Machinery and equipment | \$ 931,730 | \$ 786,844 |
| | <u>\$ 931,730</u> | <u>\$ 786,844</u> |

BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2020/2021 budget with the same assessment rates as fiscal year 2019/2020. Total expenditures budgeted for the fiscal year ended September 30, 2021, were \$531,019 Total assessment revenue budgeted was \$527,607.

BUDGETARY HIGHLIGHTS (Continued)

Total actual expenditures were \$92 less than budgeted expenditures and total actual revenues were \$26,804 more than the budgeted revenue. Additional budget comparison information is presented on page 33.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The following highlights were considered in creating the 2021/2022 budget:

- The assessment rate remained at \$30 per acre.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Betty Camplin, the District's Bookkeeper, P.O. Box 1685, Clewiston, Florida 33440, Telephone No. (863) 228-0400.

Disston Island Conservancy District
Statement of Net Position
September 30, 2021

| | Governmental Activities |
|-----------------------------------|----------------------------|
| Assets | |
| Cash | \$ 1,674 |
| Investments | 341,634 |
| Prepays | 5,855 |
| Inventory | 11,225 |
| Capital assets | |
| Depreciable (net of depreciation) | 931,730 |
| Total assets | 1,292,118 |
| Liabilities | |
| Current liabilities | |
| Accounts payable | 31,048 |
| Accrued liabilities | 665 |
| Total liabilities | 31,713 |
| Net Position | |
| Investment in capital assets | 931,730 |
| Unrestricted | 328,675 |
| Total net position | \$ 1,260,405 |

See notes to the financial statements

Disston Island Conservancy District
Statement of Activities
For the Year Ended September 30, 2021

| Function / Program Activities | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---------------------------------|------------|----------------------------|--|--|---|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | Total Governmental Activities |
| Governmental activities | | | | | |
| Physical environment | \$ 561,923 | \$ 531,724 | \$ - | \$ - | \$ (30,199) |
| Total governmental activities | \$ 561,923 | \$ 531,724 | \$ - | \$ - | (30,199) |
| General revenues | | | | | |
| Interest income - unrestricted | | | | | 1,251 |
| Miscellaneous | | | | | 1,106 |
| Total general revenues | | | | | 2,357 |
| Change in net position | | | | | (27,842) |
| Net position, beginning of year | | | | | 1,288,247 |
| Net position, end of year | | | | | \$ 1,260,405 |

See notes to the financial statements

Disston Island Conservancy District
Balance Sheet
Governmental Funds
September 30, 2021

| | General Fund |
|---|-----------------|
| Assets | |
| Cash | \$ 1,674 |
| Investments | 341,634 |
| Prepaid items | 5,855 |
| Inventory | 11,225 |
| Total assets | \$ 360,388 |
| Liabilities | |
| Accounts payable | \$ 31,048 |
| Accrued liabilities | 665 |
| Total liabilities | 31,713 |
| Fund Balances | |
| Nonspendable | 17,080 |
| Unassigned | 311,595 |
| Total fund balances | 328,675 |
| Total liabilities and fund balances | \$ 360,388 |

See notes to the financial statements

Disston Island Conservancy District
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
September 30, 2021

| | | |
|--|--------------------|----------------------------|
| Fund balances total governmental funds | | \$ 328,675 |
| 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 governmental funds. | | |
| Governmental capital assets | \$ 2,095,160 | |
| Less accumulated depreciation | <u>(1,163,430)</u> | <u>931,730</u> |
| Net position of governmental activities | | <u><u>\$ 1,260,405</u></u> |

See notes to the financial statements

Disston Island Conservancy District
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Year Ended September 30, 2021

| | <u>General Fund</u> |
|--------------------------------------|--------------------------|
| Revenues | |
| Assessments, net of discounts | \$ 531,724 |
| Interest income | 1,251 |
| Miscellaneous income | 1,106 |
| Total revenues | <u>534,081</u> |
| Expenditures | |
| Current | |
| Physical environment | 476,927 |
| Capital outlay | 54,000 |
| Total expenditures | <u>530,927</u> |
| Net change in fund balances | 3,154 |
| Fund balances, beginning of year | <u>325,521</u> |
| Fund balances, end of year | <u><u>\$ 328,675</u></u> |

See notes to the financial statements

Disston Island Conservancy District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balances of the Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2021

| | | |
|--|----|-------|
| Net change in fund balances - total governmental funds | \$ | 3,154 |
|--|----|-------|

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 capital assets is allocated over their estimated useful lives and reported as depreciation expense.

| | | | |
|---------------------------------|-----------------|--|---------|
| Expenditures for capital assets | \$ 226,893 | | |
| Less: current year depreciation | <u>(82,007)</u> | | 144,886 |

Governmental funds report revenues when earned and available. However, in the Statement of Activities, revenues are recognized when earned, regardless of availability.

| | | |
|-------------------------------|--|------------------|
| Change in unavailable revenue | | <u>(175,882)</u> |
|-------------------------------|--|------------------|

| | | |
|------------------------|----|------------------------|
| Change in net position | \$ | <u><u>(27,842)</u></u> |
|------------------------|----|------------------------|

See notes to the financial statements

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Disston Island Conservancy District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

Reporting Entity

Disston Island Conservancy District was created by Florida Statutes, Chapter 9977, Acts of 1923. The operations of the District are fundamentally governed by special acts pertaining to the District, which have been codified by Chapter 2000-447, Laws of Florida, Acts of 2000.

The District is an independent special district created pursuant to the method authorized in Chapter 298 of the Florida Statutes. A three-member Board of Supervisors elected by the landowners of the District governs the District. The Board appoints a District Manager to administer the policies emanating from its statutory powers and authority.

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.

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

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

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

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

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

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 the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes, special assessments, and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for support. The District has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements are provided for governmental funds. The District has no fund types other than governmental funds. Major individual governmental funds are reported in separate columns in the fund financial statements.

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 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 recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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 afterwards to pay liabilities of the current period. The District considers revenues collected within 60 days of the year end to be available to pay liabilities of the current period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures relating to compensated absences and claims and judgments are recorded only when payment is due.

Assessments, charges for services, intergovernmental revenues, and investment income are all considered to be susceptible to accrual and 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.

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

The District reports the General Fund as a major governmental fund. The General Fund is the general operating fund of the District. It is used to account for all financial resources and is the only fund of the District.

Cash and Cash Equivalents

Cash and cash equivalents include amounts on deposit in non-interest bearing demand accounts.

Investments

Investments are stated at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. For some assets and liabilities, observable market transactions or market information might be available; for others, it might not be available. However, the objective of fair value measurement in both cases is the same, that is, to determine the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. Fair value is an exit price at the measurement date from the perspective of a market participant that controls the asset or is obligated for the liability. The District

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

categorizes investments reported at fair value in accordance with the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

Accounts Receivable

Accounts receivable of the General Fund consists of billed and unbilled receivables. During the current fiscal year all receivables were determined to be uncollectible and were written off. As of September 30, 2021, the District does not have any receivable.

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. In the governmental funds, prepaid items are recorded using the consumption method and are offset by the nonspendable fund balance component which indicates they do not constitute available spendable resources, even though they are a component of current assets.

Inventories

Inventories consist of expendable fuel held for the District's use and are carried at cost using the first-in, first-out method. The District accounts for inventories using the consumption method, under which expenditures are recognized only when inventory items are used. Reported inventory is equally offset by nonspendable fund balance which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

Capital Assets

Capital assets are defined by the District as assets with an estimated useful life in excess of two years and a value at the date of acquisition in excess of \$750. Capital assets are reported in the government-wide Statement of Net Position and include plant, property, equipment, and infrastructure assets (i.e., roads, bridges, canals, and pumping stations). Purchased capital assets are recorded at cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. Depreciation is computed using the straight-line method over the estimated useful lives for all reported capital assets, except land and construction in progress.

The District was classified as a Phase 3 government for the implementation of GASB Statement No. 34 and elected to not report general infrastructure assets retrospectively.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

The estimated useful lives are as follows:

| | |
|-------------------------|---------------|
| Buildings | 15 - 30 years |
| Machinery and equipment | 5 - 10 years |
| Improvements | 10 - 20 years |
| General infrastructure | 10 - 50 years |

Unearned Revenue

The government reports unearned revenue on its government wide Statement of Net Position and governmental funds balance sheet. Unearned revenue arises when resources are obtained prior to revenue recognition. In subsequent periods, when revenue recognition criteria are met the unearned revenue is removed and revenue is recognized.

Unavailable Revenue

The government reports unavailable revenue on its governmental funds balance sheet for resource inflows that do not qualify for recognition as revenue in a governmental fund because they are not yet considered available.

Deferred Outflows of Resources

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position applicable to future periods and will not be recognized as expenditures until the future period(s). The District has no items that qualify for reporting in this category.

Deferred Inflows of Resources

The government-wide Statement of Net Position and the Governmental Funds Balance Sheet will sometimes include a separate section for deferred inflows of resources. This financial statement element represents the acquisition of net position applicable to future periods and will not be recognized as revenue until the future period(s). The District has no items that qualify for reporting in this category.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances

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 balance is reported under the following categories:

1. Nonspendable fund balances – Includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale. However, if the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned, then they should be included in the appropriate fund balance classification (restricted, committed, or assigned), rather than the nonspendable fund balance. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.
2. Restricted fund balance – Includes amounts that are restricted to specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed fund balance – Includes amounts that can be used only for specific purposes pursuant to constraints imposed by an ordinance, the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action employed to previously commit those amounts.
4. Assigned fund balance – Includes amounts intended to be used by the District for specific purposes, but are neither restricted nor committed. In accordance with the District’s fund balance policy, assignments may be made by formal action of the District Board or authority may be delegated to the District Manager.
5. Unassigned fund balance – Includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is the District's policy to reduce restricted amounts first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the District's policy to reduce committed amounts first, followed by assigned amounts, then unassigned amounts.

Net Position

Net position is the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets plus deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net position is displayed in the following three components:

1. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by any outstanding liabilities that are attributable to the acquisition, construction or improvement of those assets, excluding unexpended proceeds.
2. Restricted net position – Consists of net position with constraints placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation.
3. Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Budgetary Data

Formal budgetary integration is employed as a management control device during the year for the General Fund. All budgets are legally enacted. Budgets are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by appropriate action.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assessments

The assessment levy of the District is established by the Board of Supervisors, and becomes an enforceable lien on the property on January 1 of the following year. The District levied an assessment rate of \$30 per acre for the fiscal year ended September 30, 2021.

All assessments are due and payable on November 1 of each year or as soon thereafter as the tax roll is delivered to the county tax collector. Liens are placed on property as of January 1. All unpaid assessments become delinquent on April 1 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. The assessments paid in March are without discount.

On or prior to June 1 following the assessment year, certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest of 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates become the property of the District, earning interest at a rate of 18% per year.

Use of Estimates

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

Implementation of Accounting Pronouncements

The District implemented the following Governmental Accounting Standards Board Statements during the current fiscal year.

GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Implementation of Accounting Pronouncements (Continued)

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The District implemented the provisions of this statement related to GASB Statements No. 14 and No. 84 in the current fiscal year.

Recently Issued Accounting Pronouncements

A brief description of new accounting pronouncements that might have a significant impact on the District's financial statements is presented below. Management is currently evaluating the impact of adoption of these statements in the District's financial statements.

In May 2017 the GASB issued Statement No. 87, *Leases*. This Statement will increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting that is based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the fiscal year ending September 30, 2022.

In June 2018 the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement will enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for the fiscal year ending September 30, 2022.

In May 2019 the GASB issued Statement No. 91, *Conduit Debt Obligation*. This Statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement is effective for the fiscal year ending September 30, 2023.

In January 2020 the GASB issued Statement No. 92, *Omnibus 2020*. This Statement will enhance comparability in accounting and financial reporting and improve the consistency of authoritative

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements. This Statement addresses a variety of topics. The requirements of this Statement related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The remaining requirements are effective for the fiscal year ending September 30, 2022.

In March 2020 the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature by addressing the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR) for agreements in which variable payments made or received depend on an IBOR. The requirements of this Statement related to the removal of LIBOR as an appropriate benchmark interest rate are effective for the fiscal year ending September 30, 2022. The remaining requirements are effective for the fiscal year ending September 30, 2022.

In March 2020 the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This Statement is effective for the fiscal year ending September 30, 2023.

In May 2020 the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement is effective for the fiscal year ending September 30, 2023.

In June 2020 the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The requirements of this Statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The City implemented the sections of this statement related to GASB Statements No. 14 and No. 84 during the current fiscal year. The sections of the statement related to Section 457 deferred compensation plans is effective for the fiscal year ending September 30, 2022.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements are effective for fiscal years ending September 30, 2023, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years ending September 30, 2024, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years ending September 30, 2024, and all reporting periods thereafter. Earlier application is encouraged

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)

issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The requirements of this Statement are effective for fiscal years ending September 30, 2025, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 2 – BUDGETARY INFORMATION

Budget Policy and Practice

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

1. The Chairman submits to the Board of Supervisors a proposed operating budget for the upcoming fiscal year. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. Subsequent to the public meeting, the Board legally adopts the budget.
4. Appropriations are legally controlled at the fund level and expenditures may not legally exceed budgeted appropriations at that level
5. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
6. Total budgeted amounts reflect all amendments approved by the Board of Supervisors.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits

Deposits are either covered by insurance provided by the Federal Depository Insurance Corporation or are held in banking institutions approved by the Treasurer of the State of Florida. Under Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or other banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. The District's deposits at year end are considered insured for custodial credit risk purposes. As of September 30, 2021, the bank balance of the District's deposits was \$358,056 and the carrying amount was \$343,272.

Investments

The District has not adopted a written investment policy. Florida Statutes authorize units of local government electing not to adopt a written investment policy to invest in the following instruments:

- a. The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- 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.

GASB Statement No. 72, *Fair Value Measurement and Application*, requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs. The hierarchy is based on valuation inputs used to measure the fair value as follows:

- | | |
|----------|--|
| Level 1: | Inputs are directly observable, quoted prices in active markets for identical assets or liabilities. |
| Level 2: | Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. |
| Level 3: | Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable. |

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments include amounts held in the Florida PRIME external investment pool. The District reports its investment in Florida PRIME at amortized cost in accordance with GASB Statement No. 79, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Investments in Florida PRIME are exempt from the GASB 72 fair value hierarchy disclosures.

The State Board of Administration (SBA) administers the Florida PRIME investment pool, which is governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME. The investment in the Florida PRIME is not insured by FDIC or any other governmental agency.

GASB 79 requires that if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements.

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.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100 percent of their account value in the Florida PRIME.

As of September 30, 2021, the District held the following investments:

| | |
|--|------------------|
| Deposits in interest-bearing bank accounts | \$341,598 |
| Florida PRIME investment pool | <u>36</u> |
| | <u>\$341,634</u> |

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. The District’s investment policies limit its investments to high quality investments to control credit risk. As of September 30, 2021, the Florida PRIME investment pool was rated AAAM by Standard and Poor’s.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. As of September 30, 2021, the weighted average maturity of the Florida PRIME investment pool was 53 days.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 4 – CAPITAL ASSETS

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

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--------------------------------|------------------------------|-------------------|------------------|---------------------------|
| Assets Being Depreciated | | | | |
| Machinery & equipment | \$ 1,868,267 | \$ 226,893 | \$ | \$ 2,095,160 |
| Total Assets Being Depreciated | <u>1,868,267</u> | <u>226,893</u> | <u></u> | <u>2,095,160</u> |
| Total Assets | <u>1,868,267</u> | <u>226,893</u> | <u></u> | <u>2,095,160</u> |
| Accumulated Depreciation | | | | |
| Machinery & equipment | (1,081,423) | (82,007) | | (1,163,430) |
| Total Accumulated Depreciation | <u>(1,081,423)</u> | <u>(82,007)</u> | <u></u> | <u>(1,163,430)</u> |
| Assets Being Depreciated - Net | <u>786,844</u> | <u>144,886</u> | <u></u> | <u>931,730</u> |
| Total Capital Assets - Net | <u>\$ 786,844</u> | <u>\$ 144,886</u> | <u>\$</u> | <u>\$ 931,730</u> |

Depreciation expense was charged to functions and programs of the primary government as follows:

Governmental activities:

| | |
|----------------------|-----------|
| Physical environment | \$ 82,007 |
|----------------------|-----------|

NOTE 5 – 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; natural disasters; and workers' compensation. The District is a member of the insurance program sponsored by the Florida League of Cities. The program purchases specific coverages from third party carriers. Members of the program pay for their portion of the coverage and are not assessable for unanticipated losses incurred by the program. The maximum liability coverage is \$2,000,000. Retention of risks is limited to those risks that are uninsurable and deductibles. The District has not significantly reduced insurance coverage from the prior year, and there were no settled claims which exceeded insurance coverage during the past three fiscal years.

DISSTON ISLAND CONSERVANCY DISTRICT
Notes to the Financial Statements
September 30, 2021

NOTE 5 – RISK MANAGEMENT (Continued)

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

Disston Island Conservancy District
Required Supplementary Information (RSI)
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2021

| | Original Adopted Budget | Final Revised Budget | Actual | Variance With Final Budget Positive (Negative) |
|--|----------------------------|-------------------------|-------------------|---|
| Revenues | | | | |
| Assessments | \$ 527,607 | \$ 527,607 | \$ 552,037 | \$ 24,430 |
| Tax discount | (22,330) | (20,330) | (20,313) | 17 |
| Interest income | | | 1,251 | 1,251 |
| Miscellaneous revenues | - | - | 1,106 | 1,106 |
| Total revenues | <u>505,277</u> | <u>507,277</u> | <u>534,081</u> | <u>26,804</u> |
| Expenditures | | | | |
| Salaries | 7,416 | 7,416 | 7,416 | |
| Legal Fees | 7,500 | 5,500 | 5,100 | 400 |
| Engineering Fees | 2,500 | 2,800 | 2,410 | 390 |
| Audit Fees | 4,950 | 4,950 | 4,700 | 250 |
| Storage Tank Fees | 75 | 75 | | 75 |
| Other Fees & Loan Fees | 750 | 325 | 243 | 82 |
| Legal Notices | 348 | 348 | 153 | 195 |
| Office Supplies | 720 | 720 | 147 | 573 |
| Insurance | 3,675 | 3,675 | 6,297 | (2,622) |
| Special District Fees | 175 | 175 | 175 | |
| Rent | 1,200 | 1,765 | 1,760 | 5 |
| Web Page | 1,000 | 1,200 | 1,200 | |
| Pump Plant Operation Fuel & Power | 215,000 | 197,110 | 199,559 | (2,449) |
| Pump Plant Maintenance Materials & Supplies | 205,000 | 218,725 | 210,884 | 7,841 |
| Canal & Lateral Maintenance Materials & Supplies | 18,600 | 12,600 | 12,000 | 600 |
| Assessing/Commissions Fees | 21,000 | 9,000 | 8,107 | 893 |
| Collection Fees | 8,000 | 10,025 | 10,016 | 9 |
| Payroll Taxes | 1,110 | 610 | 613 | (3) |
| Works of the District - Amendment Plan | 5,000 | | | |
| Capital Expenditures | 1,250 | 54,000 | 54,000 | |
| Miscellaneous Expenses | | | 6,072 | (6,072) |
| Licenses & Permits | | | 75 | (75) |
| Total expenditures | <u>505,269</u> | <u>531,019</u> | <u>530,927</u> | <u>92</u> |
| Net change in fund balance | <u>\$ 8</u> | <u>\$ (23,742)</u> | 3,154 | <u>\$ 26,896</u> |
| Fund balance, beginning of year | | | <u>325,521</u> | |
| Fund balance, end of year | | | <u>\$ 328,675</u> | |

See notes to the budgetary comparison schedule

Disston Island Conservancy District District
Notes to the Budgetary Comparison Schedule
Required Supplementary Information (RSI)
General Fund
September 30, 2021

Note 1 - Basis of Accounting

A budgetary comparison schedule is presented for the General Fund, as required by generally accepted accounting principles. The budgetary process is described in Note 2 to the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles.

Note 2 - Stewardship, Compliance, and Accountability

Formal budgetary integration is employed within the accounting system as a management control device. Appropriations are legally controlled at the fund level, and expenditures may not legally exceed budgeted appropriations at that level. For the year ended September 30, 2021, General Fund expenditures did not exceed appropriations.

Disston Island Conservancy District
Other Information-Information Required by Section 218.39(3)(c), Florida Statutes
and Section 10.554(1)(i)6, Rules of the Auditor General
For the Year Ended September 30, 2021
Unaudited

As required by Section 218.39(3)(c), Florida Statutes and Section 10.554(1)(i)6-8, Rules of the Auditor General, the District reported:

| Required Information | Reported |
|---|-----------------|
| The total number of district employees compensated in the last pay period of the District's fiscal year 2021: | 1 |
| The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year 2021: | 0 |
| All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency for fiscal year 2021: | \$ 7,416 |
| All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency for fiscal year 2021: | \$ - |
| Each construction project with a total cost of at least \$65,000 approved by the District that was scheduled to begin on or after October 1 of the fiscal year 2021, together with the total expenditures for such project: | N/A |
| A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year 2021 being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes: | See Page 33 |
| The rate or rates of non-ad valorem special assessments imposed by the District for fiscal year 2021: | \$30/Acre |
| The total amount of special assessments collected by or on behalf of the District for fiscal year 2021: | \$ 531,724 |
| The total amount of outstanding bonds issued by the district and the terms of such bonds: | N/A |



NOWLEN, HOLT & MINER, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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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*

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Board of Supervisors
Disston Island Conservancy District
Clewiston, 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 the major fund of the Disston Island Conservancy District, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Disston Island Conservancy District's basic financial statements and have issued our report thereon dated August 11, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Disston Island Conservancy District's internal control over financial reporting (internal control) as a basis for designing 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 Disston Island Conservancy District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Disston Island Conservancy 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 Disston Island Conservancy 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described below.

Finding 2021-1

Condition: We noted that the audit report and the Annual Financial Report filed with the Florida Department of Financial Services for the fiscal year ended September 30, 2021, were not filed timely.

Criteria: Florida Statutes require audit reports for local governmental entities and the Annual Financial Report to be filed within nine months of the fiscal year end. The Town's reports were due June 30, 2022.

Effect: Failure to file audit reports timely subjects the Town to the risk of losing state shared revenues.

Recommendation: We recommend that the Town review the financial reporting process and make any changes required to facilitate the timely preparation of financial reports.

Management Response:

In prior years, the District's annual audit and annual financial report were completed in a timely manner. During the fiscal year ended September 30, 2021, the District's independent auditor made a business decision to stop providing auditing services, and the District was required to select another independent auditor to conduct the annual financial audit. The District followed the requirements of Chapter 218.391, Florida Statutes in selecting a new auditor. The District publicly announced a request for proposals and provided interested firms with a request for proposal. Unfortunately, the District received only one proposal for auditing services as a result of the process. The Board of Supervisors decided to reject the proposal and repeat the process. The District received only a single proposal as a result of the second publicly announced request for proposals. Again, the Board of Supervisors decided to reject the proposal and repeat the process for a third time. The District received more proposals during the third iteration and was finally able to select a new auditor. Unfortunately, it was late March of 2022 before the District entered into a written contract with the new auditor. Due to prior commitments, the new auditor was unable to complete the audit for the fiscal year ended September 30, 2021 by the deadline of June 30, 2022. The District expects the annual audits for future fiscal years to be completed in a timely manner.

District's Response to Findings

The Disston Island Conservancy District's response to the findings identified in our audit is described above. The Disston Island Conservancy District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Nowlen, Holt & Mimer, P.A.

West Palm Beach, Florida
August 11, 2022



NOWLEN, HOLT & MINER, P.A.

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MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

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Board of Supervisors
Disston Island Conservancy District
Clewiston, Florida

Report on the Financial Statements

We have audited the financial statements of the Disston Island Conservancy District, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated August 11, 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 the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated August 11, 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 findings and recommendations were made in the preceding financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this Management Letter, unless disclosed in the notes to the financial statements. This information was disclosed in Note 1 to the financial statements. There are no component units included in the Disston Island Conservancy District's financial statements.

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 Disston Island Conservancy 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 Disston Island Conservancy District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

Special District Component Units

Section 10.554(1)(i)5.c, Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6-8, Rules of the Auditor General, the Disston Island Conservancy District reported the required information in the other information section on page 35.

Single Audits

The Disston Island Conservancy District expended less than \$750,000 of federal awards and less than \$750,000 of state financial assistance for the fiscal year ended September 30, 2021 and was not required to have a federal single audit or a state single audit.

Purpose of this Letter

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
August 11, 2022



NOWLEN, HOLT & MINER, P.A.

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**INDEPENDENT ACCOUNTANT’S REPORT
ON COMPLIANCE WITH SECTION 218.415,
FLORIDA STATUTES**

Board of Supervisors
Disston Island Conservancy District
Clewiston, Florida

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We have examined the Disston Island Conservancy District’s compliance with Section 218.415, Florida Statutes during the year ended September 30, 2021. Management of the Disston Island Conservancy District is responsible for the Disston Island Conservancy District’s compliance with the specified requirements. Our responsibility is to express an opinion on the Disston Island Conservancy District’s compliance with the specified requirements based on our examination.

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

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the Disston Island Conservancy District’s compliance with the specified requirements.

In our opinion, the Disston Island Conservancy District complied, in all material respects, with Section 218.415, Florida Statutes for the year ended September 30, 2021.

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

Nowlen, Holt & Miner, P.A.

West Palm Beach, Florida
August 11, 2022