



PALM BEACH AGGREGATES, LLC

Florida Single Audit Reporting

Year Ended December 31, 2021

(With Independent Auditors' Report Thereon)

PALM BEACH AGGREGATES, LLC

Florida Single Audit Reporting

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 – 2
Schedule of Expenditures of State Financial Assistance	3
Notes to Schedule of Expenditures of State Financial Assistance	4
Independent Auditors' Report on Compliance for the Major State Project and on Internal Control over Compliance Required by the Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i>	5 – 7
Schedule of Findings and Questioned Costs	8

Independent Auditors' Report

The Members
Palm Beach Aggregates, LLC:

Report on Schedule of Expenditures of State Financial Assistance

Opinion

We have audited the schedule of expenditures of state financial assistance of Palm Beach Aggregates, LLC for the year ended December 31, 2021, and the related notes to schedule of expenditures of state financial assistance.

In our opinion, the accompanying schedule of expenditures of state financial assistance presents fairly, in all material respects, the expenditures of state financial assistance funding of the Company for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the audit requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

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

Auditor's Responsibility for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

(Continued)



In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

JACOBY AND HANLEY, PLLC

April 28, 2022

PALM BEACH AGGREGATES, LLC

Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2021

<u>State Agency State Project</u>	<u>CSFA No.</u>	<u>Grant No.</u>	<u>Total Expenditures</u>
State of Florida Department of Environmental Protection: C-51 Reservoir Project Loan – Water Protection and Sustainability Trust Fund*	37.095	RL-502500	\$ <u>17,091,435</u>
Total expenditures of State Projects – Florida Department of Environmental Protection			\$ <u>17,091,435</u>

* - denotes major program

See accompanying notes to schedule of expenditures of state project.

PALM BEACH AGGREGATES, LLC

Notes to Schedule of Expenditures of State Financial Assistance

Year ended December 31, 2021

(1) *Basis of Presentation*

The accompanying schedule of expenditures of state project (the Schedule) includes the state project loan activity of Palm Beach Aggregates, LLC and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the program-specific requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida*. Therefore, the amounts presented in this Schedule are not intended to and do not present either the financial position or the results of operations of the Company.

(2) *Summary of Significant Accounting Policies*

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

(3) *Reconciliation of Funding and Expenditures*

As of December 31, 2021, the Company had incurred \$17,091,435 of expenditures under the state project, of which \$12,749,422 had been funded and \$4,342,013 had been submitted for funding and received in 2022.

(4) *Contingency*

The Company has received state project funding for specific purposes that are subject to audit by the grantor agency. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable state regulations, including the expenditure of resources for allowable purposes. Any disallowance resulting from a grantor audit may become a liability of the Company. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the grants and contract agreements, applicable state laws, and other applicable regulations.

**Independent Auditors' Report on Compliance for the Major State Project
and on Internal Control over Compliance Required by
Chapter 10.650, Rules of the Auditor General of the State of Florida**

The Board of Directors
Palm Beach Aggregates, LLC:

Report on Compliance for the Major State Project

Opinion on the Major State Project

We have audited Palm Beach Aggregates, LLC's (the Company) compliance with the types of compliance requirements identified as subject to audit in the Florida Department of Financial Services' State Projects Compliance Supplement that could have a direct and material effect on the Company's major state project for the year ended December 31, 2021. The Company's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended December 31, 2021.

Basis for Opinion on the Major State Project

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), and the audit requirements of Chapter 10.650, *Rules of the Auditor General of the State of Florida* (Chapter 10.650). Our responsibilities under those standards and Chapter 10.650 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major state project. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Company's state project.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Company's compliance with the requirements of the major state project as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Chapter 10.650, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Company's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Chapter 10.650, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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



Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

JACOBY AND HANDELY, PLLC

April 28, 2022

PALM BEACH AGGREGATES, LLC

Schedule of Findings and Questioned Costs

Year ended December 31, 2021

Section I – Summary of Auditors’ Results

Schedule of Expenditures of State Financial Assistance:

Type of auditors’ report issued	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to the schedule noted?	No

State Financial Assistance:

Identification of major state project – State of Florida Department of Environmental Protection,
C-51 Reservoir Project Loan – CSFA No. 37.095

Internal control over major state project: Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditors’ report issued on compliance for major state project?	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General of the State of Florida</i> ?	No
Dollar threshold used to distinguish between Type A and Type B Awards	\$ 750,000

Section II – Schedule of Expenditures of State Financial Assistance Findings

There were no findings related to the schedule which are required to be reported in accordance with *Government Auditing Standards*.

Section III – State Financial Assistance Findings and Questioned Costs

There were no findings related to the state project which are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

Section IV – Summary of Prior Year Audit Findings Relating to State Project

There were no prior year audit findings related to the state project which are required to be reported in accordance with Chapter 10.650, *Rules of the Auditor General of the State of Florida*.

Section III – Management Letter Relating to State Project

N/A - There were no matters relating to the state project that were required to be reported in a management letter.