

**Fort Pierce Farms  
Water Control District**

**FINANCIAL STATEMENTS**

September 30, 2018

**Fort Pierce Farms Water Control District**

**FINANCIAL STATEMENTS**

**September 30, 2018**

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## **Report of Independent Auditors**

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

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of Ft. Pierce Farms Water Control District (the "District") as of and for the year ended September 30, 2018, and related notes to financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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

## **Opinion**

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the General Fund of Ft. Pierce Farms Water Control District as of September 30, 2018, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated February 13, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ft. Pierce Farms Water Control District's internal control over financial reporting and compliance.

*Berger Toombs Elam  
Gaines & Frank*

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

February 13, 2019

**Fort Pierce Farms Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

**Fort Pierce Farms Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

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

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

**Financial Highlights**

The following are the highlights of financial activity for the year ended September 30, 2018.

- The District's total assets exceeded total liabilities by \$4,938,324 (net position). Unrestricted net position for Governmental Activities was \$685,924. Net investment in capital assets for Governmental Activities was \$4,252,400.
- Governmental activities revenues totaled \$488,832, while governmental activities expenses totaled \$689,330.

**Financial Analysis of the District**

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

	<b><u>Net Position</u></b>	
	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Current assets	\$ 763,080	\$ 722,539
Capital assets, net	4,252,400 *	4,437,624
Total Assets	<u>5,015,480</u>	<u>5,160,163</u>
Current liabilities	<u>77,156</u>	<u>21,341</u>
Net position invested in capital assets	4,252,400 *	4,437,624
Net position - unrestricted	685,924	701,198
Total Net Position	<u>\$ 4,938,324 *</u>	<u>\$ 5,138,822</u>

\* Restated

The increase in current assets was primarily related to timing of paying invoices.

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

**Fort Pierce Farms Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Financial Analysis of the District (Continued)**

The increase in current liabilities was primarily due to timing of invoices.

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

	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Program Revenues		
Charges for services	\$ 215,757	\$ 213,936
Operating grants & contracts	215,645	100,000
General Revenues		
Licenses and permits	19,664	12,111
Interest	304	279
Miscellaneous	37,462	37,753
Total Revenues	<u>488,832</u>	<u>364,079</u>
Expenses		
General government	47,434	40,213
Physical environment	641,896 *	589,779
Total Expenses	<u>689,330</u>	<u>629,992</u>
Change in Net Position	(200,498)	(265,913)
Net Position - Beginning of Year	* <u>5,138,822</u>	<u>5,404,735</u>
Net Position - End of Year	<u>\$ 4,938,324</u> *	<u>\$ 5,138,822</u>

\* Restated

The increase in operating grants & contracts and physical environment is primarily the result of a cost share agreement that the District entered in the prior year.

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

**Fort Pierce Farms Water Control District  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2018**

**OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)**

**Capital Assets Activity**

The following schedule provides a summary of the District's capital assets as of September 30, 2018 and 2017.

<u>Description</u>	<u>Governmental Activities</u>	
	<u>2018</u>	<u>2017</u>
Construction in progress	\$ - *	\$ 120,496
Land improvements	2,585,097	2,585,097
Watershed improvements	7,038,344	7,038,344
Drainage improvements	889,439	563,774
Equipment	51,126	-
Less: accumulated depreciation	<u>(6,311,606)</u>	<u>(5,870,087)</u>
Total Capital Assets (Net)	<u>\$ 4,252,400 *</u>	<u>\$ 4,437,624</u>

\* Restated

During the year, additions were to drainage improvements, \$325,665, and equipment, \$51,126, \$120,496 was transferred from construction in progress and depreciation expense was \$441,519.

**General Fund Budgetary Highlights**

The September 30, 2018 budget was amended to reflect actual expenditures.

**Economic Factors and Next Year's Budget**

Fort Pierce Farms Water Control District does not expect any economic factors to have any significant effect on the financial position or results of operations of the District in fiscal year 2019.

**Request for Information**

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



**Fort Pierce Farms Water Control District**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets	
Cash and equivalents	\$ 759,844
Accounts receivable	1,404
Prepaid expenses	1,832
Total Current Assets	763,080
Non-Current Assets	
Capital Assets, being depreciated	
Land improvements	2,585,097
Watershed improvements	7,038,344
Drainage improvements	889,439
Equipment	51,126
Less: accumulated depreciation	(6,311,606)
Total Non-Current Assets	4,252,400
Total Assets	5,015,480
<b>Liabilities</b>	
Current Liabilities	
Accounts payable	73,656
Deferred revenues	3,500
Total Liabilities	77,156
<b>Net Position</b>	
Net Investment in Capital Assets	4,252,400
Unrestricted	685,924
Total Net Position	\$ 4,938,324

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2018**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contracts</u>	<u>Governmental Activities</u>
<b>Primary Government</b>				
Governmental Activities				
General government	\$ (47,434)	\$ 41,298	\$ -	\$ (6,136)
Physical environment	(641,896)	174,459	215,645	(251,792)
Total Governmental Activities	<u>\$ (689,330)</u>	<u>\$ 215,757</u>	<u>\$ 215,645</u>	<u>(257,928)</u>
<b>General Revenues</b>				
Licenses and permits				19,664
Interest				304
Miscellaneous				37,462
Total General Revenues				<u>57,430</u>
				Change in Net Position (200,498)
				Net Position - October 1, 2017 5,138,822
				<u>\$ 4,938,324</u>

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District**  
**BALANCE SHEET – GENERAL FUND**  
**September 30, 2018**

Assets	
Cash and equivalents	\$ 759,844
Accounts receivable	1,404
Prepaid expenses	<u>1,832</u>
Total Assets	<u>\$ 763,080</u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 73,656
Deferred revenues	<u>3,500</u>
Total Liabilities	<u>77,156</u>
Fund Balances	
Nonspendable - prepaid expenses	1,832
Unassigned	<u>684,092</u>
Total Fund Balances	<u>685,924</u>
Total Liabilities and Fund Balances	<u>\$ 763,080</u>

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District  
RECONCILIATION OF GENERAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
September 30, 2018**

Total Governmental Fund Balances \$ 685,924

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

Capital assets being depreciated (Drainage improvements  
(\$889,439), Watershed improvements (\$7,038,344), Land  
improvements (\$2,585,097) and equipment (\$51,126) net of  
accumulated depreciation (\$6,311,606)) used in governmental  
activities are not current financial resources and therefore, are  
not reported in the funds.

4,252,400

Net Position of Governmental Activities

\$ 4,938,324

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – GENERAL FUND**  
**For the Year Ended September 30, 2018**

Revenues	
Special assessments	\$ 215,757
Licenses and permits	19,664
Intergovernmental revenues	215,645
Interest	304
Miscellaneous revenues	<u>37,462</u>
Total Revenues	<u>488,832</u>
 Expenditures	
Current	
General government	47,434
Physical environment	200,377
Capital outlay	<u>256,295</u>
Total Expenditures	<u>504,106</u>
 Net Change in Fund Balances	 (15,274)
 Fund Balance - October 1, 2017	 <u>701,198</u>
 Fund Balance - September 30, 2018	 <u><u>\$ 685,924</u></u>

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE OF  
THE GENERAL FUND TO THE STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2018**

Net Change in Fund Balances \$ (15,274)

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

Governmental funds report capital outlays as expenditures. However,  
in the Statement of Activities, the cost of those assets is allocated  
over their estimated useful lives as depreciation. This is the  
amount that depreciation (\$(441,519)) exceeded capital  
outlay (\$256,295) in the current period.

(185,224)

Change in Net Position of Governmental Activities \$ (200,498)

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For the Year Ended September 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	\$ 220,143	\$ 220,143	\$ 215,757	\$ (4,386)
Licenses and permits	20,000	20,000	19,664	(336)
Intergovernmental revenues	-	-	215,645	215,645
Interest	400	400	304	(96)
Miscellaneous revenues	40,000	40,000	37,462	(2,538)
Total Revenues	<u>280,543</u>	<u>280,543</u>	<u>488,832</u>	<u>208,289</u>
Expenditures				
Current				
General government	43,730	47,434	47,434	-
Physical environment	219,100	200,377	200,377	-
Capital Outlay	-	256,295	256,295	-
Total Expenditures	<u>262,830</u>	<u>504,106</u>	<u>504,106</u>	<u>-</u>
Net Change in Fund Balances	17,713	(223,563)	(15,274)	208,289
Fund Balance - October 1, 2017	<u>-</u>	<u>241,276</u>	<u>701,198</u>	<u>459,922</u>
Fund Balance - September 30, 2018	<u>\$ 17,713</u>	<u>\$ 17,713</u>	<u>\$ 685,924</u>	<u>\$ 668,211</u>

See accompanying notes to financial statements.

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1. Reporting Entity**

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

As required by GAAP, these financial statements present Fort Pierce Farms Water Control District (the primary government) as a stand-alone government. The reporting entity for the District includes all functions of government in which the District's Board exercises oversight responsibility. Oversight responsibility includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, significant ability to influence operations and accountability for fiscal matters.

Based upon the application of the above-mentioned criteria as set forth in Governmental Accounting Standards Board Statement Number 14, the District has identified no component units.

**2. Measurement Focus and Basis of Accounting**

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

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

**a. Government-wide Financial Statements**

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



**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**a. Government-wide Financial Statements (Continued)**

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

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

**b. Fund Financial Statements**

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

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

**Governmental Funds**

When both restricted and unrestricted resources are combined in a fund, qualified expenses are considered to be paid first from restricted resources, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period, or soon thereafter, to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2. Measurement Focus and Basis of Accounting (Continued)**

**b. Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

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

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

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

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

**3. Basis of Presentation**

**a. Governmental Major Funds**

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

**b. Non-current Governmental Assets/Liabilities**

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

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**4. Assets, Liabilities, and Net Position or Equity**

**a. Cash and Investments**

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

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

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

**b. Capital Assets**

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

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

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

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

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

Improvements other than buildings	15-20 years
Equipment	10 years

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**c. Budgets**

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

**d. Governmental Fund Balance**

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

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

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

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

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

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

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2018

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

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

“Total fund balances” of the District’s governmental funds, \$685,924, differs from “net position” of governmental activities, \$4,938,324, reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheet. The effect of the differences is illustrated below.

**Capital related items**

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

Drainage improvements	\$ 889,439
Watershed improvements	7,038,344
Land improvements	2,585,097
Equipment	51,126
Accumulated depreciation	<u>(6,311,606)</u>
Total	<u>\$ 4,252,400</u>

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

The “net change in fund balances” for government funds, \$(15,274), differs from the “change in net position” for governmental activities, \$(200,498), reported in the Statement of Activities. The differences arise primarily from the long-term economic focus of the Statement of Activities versus the current financial resources focus of the governmental funds. The effect of the differences are illustrated below.

**Capital related items**

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

Depreciation	\$ (441,519)
Capital outlay	<u>256,295</u>
Total	<u>\$ (185,224)</u>

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE C – CASH AND EQUIVALENTS**

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

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk; however, they follow the provisions of Chapter 280, Florida Statutes, regarding deposits and investments. As of September 30, 2018, the District's bank balance was \$765,807 and the carrying value was \$759,844. Exposure to custodial credit risk was as follows: Cash and equivalents are deposited in a qualified public depository in accordance with the provisions of Chapter 280, Florida Statutes, which means that all deposits are fully insured or collateralized under Chapter 280, Florida Statutes.

The District had no investments in the year ended September 30, 2018.

**NOTE D – CAPITAL ASSETS**

Capital Asset activity for the year ended September 30, 2018 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental Activities:</u>				
Construction in progress	* \$ 120,496	\$ -	\$ (120,496)	\$ -
Land improvements	2,585,097	-	-	2,585,097
Watershed improvements	7,038,344	-	-	7,038,344
Drainage improvements	563,774	325,665	-	889,439
Equipment	-	51,126	-	51,126
Total Capital Assets	* <u>10,307,711</u>	<u>376,791</u>	<u>(120,496)</u>	<u>10,564,006</u>
Less: accumulated depreciation for				
Land improvements	(872,471)	(129,255)	-	(1,001,726)
Watershed improvements	(4,433,880)	(301,267)	-	(4,735,147)
Drainage improvements	(563,736)	(10,893)	-	(574,629)
Equipment	-	(104)	-	(104)
Total Accumulated Depreciation	<u>(5,870,087)</u>	<u>(441,519)</u>	<u>-</u>	<u>(6,311,606)</u>
Total Capital Assets, net	* <u>\$ 4,437,624</u>	<u>\$ (64,728)</u>	<u>\$ (120,496)</u>	<u>\$ 4,252,400</u>

\* Restated

Depreciation of \$441,519 was charged to physical environment.

**Fort Pierce Farms Water Control District**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE E – SPECIAL ASSESSMENT REVENUES**

Special assessment revenues recognized for the 2017-2018 fiscal year were levied in October 2016. All taxes are due and payable on November 1 or as soon as the assessment roll is certified and delivered to the Tax Collector. Per Section 197.162, Florida Statutes, discounts are allowed for early payment at the rate of 4% in November, 3% in December, 2% in January, and 1% in February. Taxes paid in March are without discount.

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

**NOTE F – RISK MANAGEMENT**

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

**NOTE G – RELATED PARTIES**

One of the members of the Board of Supervisors is also the owner of a company which provides services to the District. During the year, payments to the company totaled \$13,666.

**NOTE H – RESTATEMENT OF NET POSITION**

Beginning net position was restated to properly recognize construction in progress at October 1, 2017:

Net Position October 1, 2017	\$5,018,326
Construction in progress	<u>120,496</u>
Net Position October 1, 2017, Restated	<u>\$5,138,822</u>



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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**

The Board of Supervisors  
Fort Pierce Farms Water Control District  
Fort Pierce, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fort Pierce Farms Water Control District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated February 13, 2019.

**Internal Control over Financial Reporting**

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

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



The Board of Supervisors  
Fort Pierce Farms Water Control District

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



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

February 13, 2019



# Berger, Toombs, Elam, Gaines & Frank

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## **MANAGEMENT LETTER**

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

### **Report on the Financial Statements**

We have audited the financial statements of the Fort Pierce Farms Water Control District as of and for the year ended September 30, 2018, and have issued our report thereon dated February 13, 2019.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and our Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in that report, which is dated February 13, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding audit report.

### **Financial Condition and Management**

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

To the Board of Supervisors  
Fort Pierce Farms Water Control District

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2017 for Fort Pierce Farms Water Control District. It is management's responsibility to monitor the Fort Pierce Farms Water Control District's financial condition, and our financial condition assessment was based in part on representations made by management and of review of financial information provided by the same.

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

#### **Additional Matters**

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

#### **Purpose of this Letter**

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

*Berger Toombs Elam  
Gaines + Frank*

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

February 13, 2019