

CAPTIVA EROSION PREVENTION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023

This page intentionally left blank.

CAPTIVA EROSION PREVENTION DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

TABLE OF CONTENTS

Page

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis.....	4-8

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:	
Statement of Net Position.....	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	14
Notes to Financial Statements	15-26

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	27
--	----

OTHER INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Projects Fund	28
--	----

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	29 and 30
Schedule of Expenditures of Federal Awards.....	31
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	32-34
Schedule of Findings and Questioned Costs.....	35 and 36
Independent Auditor's Management Letter	37-39
Independent Accountant's Report – Investment Compliance.....	40

This page intentionally left blank.

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Captiva Erosion Prevention District (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 financial statements, 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 financial statements.
- 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 the District'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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.

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 8) and the General Fund budgetary comparison schedule (on page 27) 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Capital Projects Fund budgetary comparison schedule but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bradenton, Florida
May 24, 2024

This page intentionally left blank.

CAPTIVA EROSION PREVENTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Captiva Erosion Prevention District's (the "District") financial statements is designed to introduce the basic financial statements and provides an analytical overview of the District's financial activities for the fiscal year ended September 30, 2023. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

DISTRICT HIGHLIGHTS

At the close of fiscal year 2022-2023, the District's assets exceed its liabilities, resulting in a net position of \$10,459,926. The District's net position increased \$10,849,244, in comparison to the prior year. Total revenues increased \$8,163,001 or 142%, in comparison to the prior year. Total expenses decreased \$9,442,981 or 76%, in comparison to the prior year.

Government-Wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities on pages 9 and 10) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The statement of net position (page 9) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (property, plant and equipment) are included in this statement and reported net of their accumulated depreciation.

The statement of activities (page 10) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements

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

Governmental fund financial statements (found on pages 11 through 14) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

CAPTIVA EROSION PREVENTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 15. These notes are essential to a full understanding of data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

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

Statement of Net Position As of September 30, 2023 and 2022

	2023	2022
Current and other assets	\$ 18,106,692	\$ 7,873,935
Capital assets	8,376,890	10,032,890
Total assets	<u>26,483,582</u>	<u>17,906,825</u>
Other liabilities	371,311	215,671
Long-term liabilities	15,652,345	18,080,472
Total liabilities	<u>16,023,656</u>	<u>18,296,143</u>
Net position:		
Net investment in capital assets	(7,275,455)	(8,047,582)
Restricted	17,229,542	7,533,403
Unrestricted	505,839	124,861
Total net position	<u>10,459,926</u>	<u>(389,318)</u>
Total liabilities and net position	<u>\$ 26,483,582</u>	<u>\$ 17,906,825</u>

Current and other assets represent 68.37% of total assets. Current assets are comprised of cash and cash equivalents of \$611,008, restricted cash and cash equivalents of \$4,485,058, restricted investments of \$8,686,166, prepaid items of \$300, accounts receivable of \$4,288,102 and due from other governments of \$36,058.

Capital assets represent 31.63% of total assets and are comprised of the cost, less accumulated depreciation of the cost, to renourish the Captiva Island Beach, the groin at Redfish Pass, and renourish a portion of Bowman's Beach on Sanibel Island. The decrease in capital assets is due to depreciation.

CAPTIVA EROSION PREVENTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Statement of Activities As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for services	\$ 192,328	\$ 655,168
Operating grants and contributions	6,054,781	159,655
Capital grants and contributions	-	4,219,999
General revenues		
Property taxes	653,620	651,887
Special assessments	6,913,334	-
Other	97,289	61,642
Total revenues	<u>13,911,352</u>	<u>5,748,351</u>
Operating expenses		
General government	1,916,773	11,497,723
Physical environment	782,106	620,185
Interest	363,229	387,181
Total operating expenses	<u>3,062,108</u>	<u>12,505,089</u>
Change in net position	10,849,244	(6,756,738)
Net position (deficit), beginning	(389,318)	6,367,420
Net position (deficit), ending	<u>\$ 10,459,926</u>	<u>\$ (389,318)</u>

Total revenues increased \$8,163,001 or 142%, in comparison to the prior year. The increase is due to grants and special assessments related to the beach renourishment project. Total expenses decreased \$9,442,981 or 76%, due to the loss on partial disposal of the beach renourishment project due to Hurricane Ian, in the prior year.

Property values within the District increased \$184,476,781 or 11.96%, in comparison to the prior year. Cumulatively over the past five years, properties within the District have increased \$274,308,719 or 18.88%.

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

Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Millage Rate	0.2984	0.4291	0.4395	0.4395	0.3919
Property Value	\$ 1,452,993,741	\$ 1,472,016,428	\$ 1,498,124,128	\$ 1,542,825,679	\$ 1,727,302,460

CAPTIVA EROSION PREVENTION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUDGETARY HIGHLIGHTS

Budget versus actual comparisons are reported on pages 27 and 28. Major variances from budgeted amounts in the General Fund include higher than expected lease expenditures related to GASB 87 and higher than expected advertising expenditures related to newspaper ads for budget and special assessment meetings.

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

Grant Revenue: The District budgeted to receive reimbursement grants from local, state, and federal agencies related to the 2021-2022 beach renourishment project in the 2021-2022 fiscal year. These funds were not received until the 2022-2023 fiscal year.

Parking Revenues: Parking revenues were lower than expected due to the parking lots being closed longer than anticipated for the beach renourishment project and Hurricane Ian.

Special Assessments: The District received more special assessment revenue than expected due to more tax payers paying their assessment in full than anticipated.

Investment Earnings: Investment earnings were higher than expected due to interest rates rising, leading the to the District moving to money market accounts and purchasing treasuries when they received grant reimbursement funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

	Capital Assets	
	As of September 30, 2023 and 2022	
	2023	2022
Right-to-use leased building	\$ 63,218	\$ 80,076
Infrastructure	8,292,083	9,949,277
Equipment	21,589	3,537
Total capital assets	<u>\$ 8,376,890</u>	<u>\$ 10,032,890</u>

Additional information on the District's capital assets can be found in Note 3 on page 22.

CAPTIVA EROSION PREVENTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt

Debt of the District includes a note payable to a financial institution obtained for the purpose of funding the 2021-2022 beach renourishment project. The District began making interest payments in May 2022 and principal payments in May 2023. Debt also includes a lease payable for the District's office building.

Debt Outstanding
As of September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Note payable	\$ 15,587,542	\$ 18,000,000
Lease payable	64,803	80,472
Total debt	<u>\$ 15,652,345</u>	<u>\$ 18,080,472</u>

Additional information on the District's debt can be found in Note 4 on pages 22 and 23.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETED RATES

The following were factors considered during the preparation of next year's budget (2023-2024):

- Property values and tax revenues expected to temporarily decrease due to Hurricane Ian.
- Operating millage of .3919 mills for the 2023 tax year.
- Replenishing reserves for future unexpected occurrences.

REQUESTS FOR INFORMATION

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

This page intentionally left blank.

CAPTIVA EROSION PREVENTION DISTRICT

STATEMENT OF NET POSITION SEPTEMBER 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 611,008
Restricted cash and cash equivalents	4,485,058
Investments, restricted	8,686,166
Accounts receivables, net	4,288,102
Due from other governments	36,058
Prepaid items	300
Capital assets	
Depreciable, net	<u>8,376,890</u>
Total assets	<u>\$ 26,483,582</u>
Liabilities	
Accounts payable	\$ 39,196
Accrued interest payable	137,615
Unearned revenue	194,500
Noncurrent liabilities	
Due within one year	2,479,925
Due in more than one year	<u>13,172,420</u>
Total liabilities	<u>16,023,656</u>
Net position	
Net investment in capital assets	(7,275,455)
Restricted for	
Capital projects	17,229,542
Unrestricted	<u>505,839</u>
Total net position	<u>10,459,926</u>
Total liabilities and net position	<u>\$ 26,483,582</u>

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

CAPTIVA EROSION PREVENTION DISTRICT

STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

Functions/programs	Program Revenues				Net (Expense)
	Expenses	Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
					Governmental
					Activities
Governmental activities					
General government	\$ 1,916,773	\$ -	\$ -	\$ -	\$ (1,916,773)
Physical environment	782,106	192,328	6,054,781	-	5,465,003
Interest on long-term debt	363,229	-	-	-	(363,229)
Total governmental activities	\$ 3,062,108	\$ 192,328	\$ 6,054,781	\$ -	3,185,001
General revenues					
					653,620
Property taxes					6,913,334
Special assessments					89,881
Investment earnings					7,408
Miscellaneous					7,664,243
Total general revenues					10,849,244
Change in net position					(389,318)
Net position (deficit), beginning of year					\$ 10,459,926
Net position, end of year					

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

CAPTIVA EROSION PREVENTION DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS SEPTEMBER 30, 2023

	General Fund	Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 611,008	\$ -	\$ 611,008
Restricted cash and cash equivalents	-	4,485,058	4,485,058
Investments, restricted	-	8,686,166	8,686,166
Accounts receivable, net	-	4,288,102	4,288,102
Due from other funds	7,378	-	7,378
Due from other governments	32,755	3,303	36,058
Prepaid items	-	300	300
Total assets	<u>\$ 651,141</u>	<u>\$ 17,462,929</u>	<u>\$ 18,114,070</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities			
Accounts payable	\$ 7,987	\$ 31,209	\$ 39,196
Unearned revenues	-	194,500	194,500
Due to other funds	-	7,378	7,378
Total liabilities	<u>7,987</u>	<u>233,087</u>	<u>241,074</u>
Deferred inflows of resources			
Unavailable revenue	<u>-</u>	<u>4,116,264</u>	<u>4,116,264</u>
Fund balances			
Nonspendable	-	300	300
Restricted	-	13,113,278	13,113,278
Unassigned	643,154	-	643,154
Total fund balances	<u>643,154</u>	<u>13,113,578</u>	<u>13,756,732</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 651,141</u>	<u>\$ 17,462,929</u>	<u>\$ 18,114,070</u>

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

CAPTIVA EROSION PREVENTION DISTRICT

RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

Fund balances, total governmental funds	\$ 13,756,732
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	
Governmental capital assets	14,544,684
Accumulated depreciation/amortization	(6,167,794)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,116,264
Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.	
Accrued interest payable	(137,615)
Lease liability	(64,803)
Note payable	<u>(15,587,542)</u>
Net position of governmental activities	<u>\$ 10,459,926</u>

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

CAPTIVA EROSION PREVENTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Capital Project Fund	Total Governmental Funds
Revenues			
Property taxes	\$ 653,620	\$ -	\$ 653,620
Intergovernmental revenues			
Grant income, federal	-	774,300	774,300
Grant income, state	-	4,002,380	4,002,380
Grant income, local	-	5,198,717	5,198,717
Special assessments	-	3,096,453	3,096,453
Charges for services, parking revenues	-	192,328	192,328
Investment earnings	8,539	81,342	89,881
Miscellaneous revenues	5,662	1,746	7,408
Total revenues	<u>667,821</u>	<u>13,347,266</u>	<u>14,015,087</u>
Expenditures			
Current			
General government			
Operating expenditures	240,217	-	240,217
Physical environment			
Operating and capital expenditures	-	802,662	802,662
Debt service			
Principal retirement	7,834	2,420,293	2,428,127
Interest	1,501	383,026	384,527
Total expenditures	<u>249,552</u>	<u>3,605,981</u>	<u>3,855,533</u>
Excess of revenues over expenditures	<u>418,269</u>	<u>9,741,285</u>	<u>10,159,554</u>
Other financing sources (uses)			
Transfers in	-	84,450	84,450
Transfers out	(84,450)	-	(84,450)
Total other financing sources (uses)	<u>(84,450)</u>	<u>84,450</u>	<u>-</u>
Change in fund balances	333,819	9,825,735	10,159,554
Fund balances, beginning of year	<u>309,335</u>	<u>3,287,843</u>	<u>3,597,178</u>
Fund balances, end of year	<u>\$ 643,154</u>	<u>\$ 13,113,578</u>	<u>\$ 13,756,732</u>

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

CAPTIVA EROSION PREVENTION DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances – total governmental funds	\$ 10,159,554
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated/amortized over the estimated life of the assets.	
Capital outlay	\$ 20,556
Less current year depreciation/amortization	<u>(1,676,556)</u> (1,656,000)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	
Principal payments on note payable	2,412,458
Principal payments on leases	<u>15,669</u> 2,428,127
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Grant revenue	(3,920,616)
Special assessments	3,816,881
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Change in accrued interest	<u>21,298</u>
Change in net position of governmental activities	<u>\$ 10,849,244</u>

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

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization:

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

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

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

Significant Accounting Policies:

Reporting Entity:

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

Government-Wide and Fund Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The District has only governmental activities, which are supported primarily by taxes and special assessments and are reported in the General Fund and Capital Projects Fund.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued):

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, are recognized later based on specific accounting rule applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The government reports the following major governmental funds:

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

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

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents:

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

Investments:

The District adheres to the requirements of GASB Statement No. 72, *Fair Value Measurement and Application*, in which all investments are required to be reported at fair value.

Capital Assets:

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

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

Infrastructure (beach renourishment projects)	7 to 30 years
Machinery and equipment	3 to 10 years
Right-to-use leased buildings	5 to 10 years

Leases:

The District is a lessee for a noncancellable building lease. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued):

Key estimates and judgments related to leases include how the District determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Management Estimates:

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

Budgets and Budgetary Accounting:

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

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

1. During the summer of each year, the District Administrator submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting (Continued):

2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

Fund Equity:

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

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

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

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued):

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

Deferred Outflows/Inflows of Resources:

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District did not have any items that qualified for reporting in this category.

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

Encumbrances:

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

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions:

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

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

NOTE 2. DEPOSITS AND INVESTMENTS

The District’s deposit policy allows deposits to be held in demand deposit or money market accounts. The District maintains its cash balances at the Bank of The Islands, which is insured by the FDIC for up to \$250,000. As of September 30, 2023, all of the District’s deposits with banks were held in a qualified public depository pursuant to Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act*. Under the Act, all qualified public depositories are required to pledge eligible collateral having a market value equal to or greater than the average daily or monthly balance of all public deposits, times the depository’s collateral pledging level. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof.

At September 30, 2023, the District’s total cash balances were \$5,096,066. Of this amount, \$4,485,058 was held in the District’s Capital Project Fund and was classified as restricted.

The District holds a Money Market account in the amount of \$8,686,166 within the Capital Projects Fund. These funds are classified as restricted.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 is as follows:

	Balance October 1	Increases	Decreases	Transfers	Balance September 30
Capital assets, being depreciated					
Right-to-use leased building	\$ 84,290	\$ -	\$ -	\$ -	\$ 84,290
Infrastructure	14,413,618	-	-	-	14,413,618
Equipment	57,084	20,556	(30,864)	-	46,776
Total capital assets, being depreciated	14,554,992	20,556	(30,864)	-	14,544,684
Less accumulated depreciation and amortization for					
Right-to-use leased building	(4,214)	(16,858)	-	-	(21,072)
Infrastructure	(4,464,341)	(1,657,194)	-	-	(6,121,535)
Equipment	(53,547)	(2,504)	30,864	-	(25,187)
Total accumulated depreciation/amortization	(4,522,102)	(1,676,556)	30,864	-	(6,167,794)
Total capital assets, being depreciated, net	10,032,890	(1,656,000)	-	-	8,376,890
Total capital assets, net	\$ 10,032,890	\$(1,656,000)	\$ -	\$ -	\$ 8,376,890

Depreciation/amortization expense for the year ended September 30, 2023 was \$1,676,556, and was charged to general governmental expenses.

NOTE 4. LONG-TERM DEBT

Long-term debt activity for the year ended September 30, 2023 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities					
Note payable	\$ 18,000,000	\$ -	\$ (2,412,458)	\$ 15,587,542	\$ 2,463,603
Lease liability	80,472	-	(15,669)	64,803	16,322
Total governmental activities	\$ 18,080,472	\$ -	\$ (2,428,127)	\$ 15,652,345	\$ 2,479,925

Note Payable:

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

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (CONTINUED)

Note Payable (Continued):

The annual debt service payments required on the note payable at September 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,463,603	\$ 330,456	\$ 2,794,059
2025	2,515,813	278,228	2,794,041
2026	2,569,166	224,892	2,794,058
2027	2,623,633	170,426	2,794,059
2028	2,679,254	114,805	2,794,059
2029	2,736,073	58,005	2,794,078
	<u>\$ 15,587,542</u>	<u>\$ 1,176,812</u>	<u>\$ 16,764,354</u>

Lease Liability:

During the current fiscal year, the District entered into a five-year lease agreement as lessee for the use of office space. An initial lease liability was recorded in the amount of \$84,290 during the current fiscal year. As of September 30, 2023, the remaining lease liability was \$64,803. The District is required to make monthly principal and interest payments of \$1,556. The lease has an interest rate of 4.09%. The value of the right-to-use asset as of the end of the current fiscal year was \$84,290 and had accumulated amortization of \$21,072.

The annual debt service payments required on the lease payable at September 30, 2023 are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 16,322	\$ 2,348	\$ 18,670
2025	17,003	1,667	18,670
2026	17,712	958	18,670
2027	13,766	236	14,002
	<u>\$ 64,803</u>	<u>\$ 5,209</u>	<u>\$ 70,012</u>

Compensated Absences Payable:

The District's policy regarding vacation and sick time is that it must be utilized within the year it is earned with no option for carryforward. As of September 30, 2023, there were no amounts owed to employees and thus no amounts are recorded within these financial statements.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 5. SPECIAL ASSESSMENTS

In August 2022, the District Board adopted a non-ad valorem special assessment to be levied against each property owner within the District in order to pay for the 2021 beach maintenance renourishment project and outstanding debt related to the project. The non-grant funded portion of the project was paid via in-house cash and related long-term debt.

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

The 2021 beach renourishment project commenced sand placement on September 1, 2021, with completion on November 10, 2021. Approximately five miles of shoreline were renourished with approximately 806,000 cubic yards of sand to Captiva Island. The project also included dune rehabilitation and the planting of new vegetation. The total cost of the project capitalized by the District was approximately \$20 million. Grant funding was provided by the Florida Department of Environmental Protection (approximately \$5 million) and Lee County (Approximately \$5.2 million). The remaining costs of the project (\$7,322,355) were financed by the special assessment imposed on the property owners of Captiva.

As of September 30, 2023, the 2021 special assessment receivable still outstanding was \$4,372,198. The District has recorded an allowance of \$109,305 against this receivable as of year-end. The District Board is expected to finish collections of the 2021 special assessment in fiscal year 2029.

NOTE 6. PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2023, is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

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

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PROPERTY TAXES (CONTINUED)

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2023, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$0.3919 per \$1,000 (0.3919 mills) of the 2022 net taxable value of real property located within the District.

NOTE 7. COMMITMENTS AND CONTINGENCIES

The District has received grants which are subject to special compliance requirements by the grantor agency. The grantor agency may at times disallow expenditure amounts associated with a contract based on the outcome of an audit. These amounts would constitute a contingent liability of the District. The District has not, as of September 30, 2023, been notified of any existing contingent liabilities related to prior grants or the grants currently in process. The management of the District does not believe contingent liabilities, if any exist, to be material.

CAPTIVA EROSION PREVENTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 8. RISK MANAGEMENT

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

The District has also obtained a Directors and Officer's insurance policy. The District retains the risk of loss up to a deductible amount of \$10,000 with aggregate limits of liability of \$10,000,000 for the policy year. The policy has been renewed for the year ending September 30, 2023.

NOTE 9. SUBSEQUENT EVENTS

The District has evaluated subsequent events through May 24, 2024 the date which the financial statements were available to be issued and has determined that no material transactions have occurred that would warrant additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

CAPTIVA EROSION PREVENTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 650,949	\$ 650,949	\$ 653,620	\$ 2,671
Investment earnings	150	150	8,539	8,389
Miscellaneous revenues	5,000	5,000	5,662	662
Total revenues	<u>656,099</u>	<u>656,099</u>	<u>667,821</u>	<u>11,722</u>
Expenditures				
Current				
General government				
Operating expenditures				
Advertising	15,000	15,000	596	14,404
Bank service charges	3,000	3,000	3,144	(144)
Board meeting	1,000	1,000	505	495
Dues and subscriptions	7,500	7,500	8,464	(964)
General insurance	17,000	17,000	14,655	2,345
Gross wages	138,000	138,000	122,136	15,864
Office	10,000	10,000	13,319	(3,319)
Payroll taxes	12,000	12,000	9,341	2,659
Postage	500	500	-	500
Professional fees	35,000	35,000	35,282	(282)
Conferences	-	-	3,331	(3,331)
Property appraiser fees	5,000	5,000	4,596	404
Rent	15,000	15,000	2,966	12,034
Repairs	1,000	1,000	108	892
Tax collector commissions	15,500	15,500	6,649	8,851
Telephone	3,000	3,000	4,081	(1,081)
Trash	-	-	50	(50)
Travel and per diem	10,000	10,000	908	9,092
Utilities	4,000	4,000	3,748	252
Website maintenance	8,000	8,000	6,338	1,662
Debt service				
Principal	-	-	7,834	(7,834)
Interest	-	-	1,501	(1,501)
Total expenditures	<u>300,500</u>	<u>300,500</u>	<u>249,552</u>	<u>50,948</u>
Excess of revenues over expenditures	<u>355,599</u>	<u>355,599</u>	<u>418,269</u>	<u>62,670</u>
Other financing uses				
Transfers out	<u>(84,450)</u>	<u>(84,450)</u>	<u>(84,450)</u>	<u>-</u>
Total other financing uses	<u>(84,450)</u>	<u>(84,450)</u>	<u>(84,450)</u>	<u>-</u>
Change in fund balance	271,149	271,149	333,819	62,670
Fund balance, beginning of year	309,335	309,335	309,335	-
Fund balance, end of year	<u>\$ 580,484</u>	<u>\$ 580,484</u>	<u>\$ 643,154</u>	<u>\$ 62,670</u>

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

This page intentionally left blank.

OTHER INFORMATION

This page intentionally left blank.

CAPTIVA EROSION PREVENTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental revenues				
Grant income, federal	\$ -	\$ -	\$ 774,300	\$ 774,300
Grant income, state	-	-	4,002,380	4,002,380
Grant income, local	-	-	5,198,717	5,198,717
Special assessments	2,300,000	2,300,000	3,096,453	796,453
Charges for services, parking revenues	720,000	720,000	192,328	(527,672)
Investment earnings	1,000	1,000	81,342	80,342
Miscellaneous revenues	1,000	1,000	1,746	746
Total revenues	<u>3,022,000</u>	<u>3,022,000</u>	<u>13,347,266</u>	<u>10,325,266</u>
Expenditures				
Current				
Physical environment				
Operating expenditures				
Bank service fee	1,000	1,000	771	229
Beach maintenance	-	-	18,671	(18,671)
Cost of assessment collections	10,000	10,000	2,308	7,692
Credit card fees	36,000	36,000	-	36,000
Insurance	5,000	5,000	4,795	205
Miscellaneous	-	-	5,697	(5,697)
Office expense	1,000	1,000	286	714
Parking lot expenses	-	-	10,467	(10,467)
Parking maintenance	30,000	30,000	15,154	14,846
Payroll fees	-	-	2,724	(2,724)
Payroll taxes	15,000	15,000	11,166	3,834
Portable toilets	115,000	115,000	44,231	70,769
Professional fees	110,000	110,000	107,417	2,583
Sales tax expense	45,000	45,000	12,847	32,153
Wages	185,000	185,000	146,013	38,987
Renourishment projects				
Post construction monitoring	500,000	500,000	396,593	103,407
Grant reimbursement	100,000	100,000	-	100,000
Rent	15,000	15,000	2,966	12,034
Capital outlay	-	-	20,556	(20,556)
Debt service				
Principal	2,412,459	2,412,459	2,420,293	(7,834)
Interest	383,289	383,289	383,026	263
Total expenditures	<u>3,963,748</u>	<u>3,963,748</u>	<u>3,605,981</u>	<u>357,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(941,748)</u>	<u>(941,748)</u>	<u>9,741,285</u>	<u>10,683,033</u>
Other financing sources				
Transfers in	84,450	84,450	84,450	-
Total other financing sources	<u>84,450</u>	<u>84,450</u>	<u>84,450</u>	<u>-</u>
Change in fund balance	<u>(857,298)</u>	<u>(857,298)</u>	<u>9,825,735</u>	<u>10,683,033</u>
Fund balance, beginning of year	<u>3,287,843</u>	<u>3,287,843</u>	<u>3,287,843</u>	<u>-</u>
Fund balance, end of year	<u>\$ 2,430,545</u>	<u>\$ 2,430,545</u>	<u>\$ 13,113,578</u>	<u>\$ 10,683,033</u>

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

This page intentionally left blank.

COMPLIANCE SECTION

This page intentionally left blank.



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

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Captiva Erosion Prevention District (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompany schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our engagement and described in the accompany schedule of findings and questioned costs. The District's response was not subject to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Bradenton, Florida
May 24, 2024

CAPTIVA EROSION PREVENTION DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

	<u>AL Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>
Department of Homeland Security			
Federal Emergency Management Agency			
Disaster Grants - Public Assistance	97.036	FEMA - DR - 4337	\$ 774,300
Total expenditures of state awards			<u>\$ 774,300</u>

Notes:

This schedule includes the federal grant activity of the Captiva Erosion Prevention District, for the fiscal year ended September 30, 2023, and is presented using modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts in, or used in the preparation of the basic financial statements. No amounts passed through to subrecipients.

The District chose not to use the ten percent de minimis cost rate for the year ended September 30, 2023.
The District did not receive non-cash federal awards during the year ended September 30, 2023.

This page intentionally left blank.

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

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Captive Erosion Prevention District, Florida's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended September 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 District and to meet our other ethical responsibilities, in accordance with 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 each major federal program. Our audit does not provide a legal determination of the District'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 District's federal program.

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 express an opinion on the District'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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District'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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District'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 type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 were not identified.

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

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

Mauldin & Jenkins, LLC

Bradenton, Florida
May 24, 2024

This page intentionally left blank.

CAPTIVA EROSION PREVENTION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION I SUMMARY OF AUDIT RESULTS

Financial Statements

Type of report the auditor issued on whether the financial
statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:
Material weaknesses identified?

☒ Yes ☐ No

Significant deficiency identified not considered
to be material weaknesses?

☐ Yes ☒ None reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

State Projects

A state Single Audit was not required as the District did not expend in excess of \$750,000 of state financial assistance.

Federal Awards

Internal Control over major state projects:
Material weaknesses identified?

☐ yes ☒ no

Significant deficiencies identified not considered
to be material weaknesses?

☐ yes ☒ none reported

Type of auditor's report issued on compliance for
major federal programs:

Unmodified

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR 200.516(a)?

☐ yes ☒ no

Identification of major federal programs:

AL Number
97.036

Name of Federal Program or Cluster
U.S. Department of Homeland Security - Disaster
Grants – Public Assistance

Dollar threshold used to distinguish between
state Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☐ yes ☒ no

CAPTIVA EROSION PREVENTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001 Cash Receipting

Criteria: To ensure financial statements properly present the financial position and results of operations of the District in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to the District Board and management, the District should ensure that all accounts are properly reflected at each months end. Additionally, reconciliations should be reviewed by management to ensure proper preparation of reconciliations and that balance sheet accounts are properly supported.

Condition: During fieldwork while working through the District's grant collections, we noted several receipts from grant funds which were physically received in mid-September 2023 were not properly deposited and recorded in the Districts accounts on a timely basis.

Context/Cause: Oversight caused these accounts to be misstated.

Effect: Audit adjusting entries were required to be made to increase cash for deposits in transit in the approximate amount of \$195 thousand for these amounts which were not deposited until late October 2023.

Recommendation: We recommend that all District collections be deposited on a timely basis and recorded within the general ledger as soon as possible to ensure proper reporting as well as for the proper safeguarding of District assets.

Management's Response: We concur with the recommendation and will strive to make all deposits as timely as possible to adequately safeguard District funds and to properly report our financial balances on a monthly basis.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV
STATUS OF PRIOR YEAR AUDIT FINDINGS

None reported.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

Report on the Financial Statements

We have audited the financial statements of the Captiva Erosion Prevention District (the "District") as of and for the fiscal year ended September 30, 2023 and have issued our report thereon dated May 24, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; schedule of findings and questioned costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 24, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. No audit findings were noted in the District's September 30, 2022 audit report.

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Specific Information

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

- a) The total number of District employees compensated in the last pay period of the District's fiscal year as four.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as zero.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$268,149.
- d) All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$900.
- e) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project was \$0.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, see page 27.

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

- a) The mileage rate or rates imposed by the District was 0.3919.
- b) The total amount of ad valorem taxes collected by or on behalf of the District was \$653,620.
- c) The total amount of outstanding bonds issued by the District was \$0.

Additional Matters

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

Purpose of this Letter

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

Mauldin & Jenkins, LLC

Bradenton, Florida

May 24, 2024

This page intentionally left blank.

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
Captiva Erosion Prevention District
Captiva, Florida

We have examined the Captiva Erosion Prevention District's (the "District") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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 District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

Mauldin & Jenkins, LLC

Bradenton, Florida
May 24, 2024

This page intentionally left blank.