

**CAPTIVA EROSION PREVENTION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2022**

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**CAPTIVA EROSION PREVENTION DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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## **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2022, 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, 2022, 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 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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### ***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 28) 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.



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**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 schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by Chapter 10.550, *Local Governmental Entity Audits*, Rules of the Auditor General, and is not a required part of the basic financial statements of the Authority. 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. Such 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 state financial assistance 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 March 29, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Bradenton, Florida  
March 29, 2023

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# CAPTIVA EROSION PREVENTION DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2022. 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 2021-2022, the District's liabilities exceed its assets, resulting in a net deficit of \$389,318. The District's net position decreased \$6,756,738 or 106%, in comparison to the prior year. Total revenues increased \$4,036,664 or 231%, in comparison to the prior year. Total expenses increased \$10,164,731 or 434%, 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**

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**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, 2022 and 2021**

	2022	2021
Current and other assets	<b>\$ 7,873,935</b>	\$ 22,973,018
Capital assets	<b>10,032,890</b>	7,383,536
Total assets	<b>17,906,825</b>	30,356,554
Other liabilities	<b>215,671</b>	5,989,134
Long-term liabilities	<b>18,080,472</b>	18,000,000
Total liabilities	<b>18,296,143</b>	23,989,134
Net position:		
Net investment in capital assets	<b>(8,047,582)</b>	1,579,367
Restricted	<b>7,533,403</b>	4,455,491
Unrestricted	<b>124,861</b>	332,562
Total net position	<b>(389,318)</b>	6,367,420
Total liabilities and net position	<b>\$ 17,906,825</b>	\$ 30,356,554

Current and other assets represent 43.97% of total assets. Current assets are comprised of cash and cash equivalents of \$359,308, restricted cash and cash equivalents of \$692,397, restricted investments of \$2,890,896, prepaid items of \$300, accounts receivable of \$37,104 and due from other governments of \$4,253,238.

Capital assets represent 56.03% of total assets and are comprised of the cost, less accumulated depreciation of the cost, to renourish the Captiva Island Beach, the groin at Redfish Pass, and renourish a portion of Bowman's Beach on Sanibel Island. The increase in capital assets is due to the 2021-2022 beach renourishment project.

**CAPTIVA EROSION PREVENTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

**Statement of Activities**  
**As of September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 655,168	\$ 814,227
Operating grants and contributions	159,655	212,852
Capital grants and contributions	4,219,999	37,986
General revenues		
Property taxes	651,887	638,074
Special assessments	-	9,387
Other	61,642	37,147
Total revenues	<u>5,748,351</u>	<u>1,749,673</u>
Operating expenses		
General government	11,497,723	1,835,096
Physical environment	620,185	489,580
Interest	387,181	15,682
Total operating expenses	<u>12,505,089</u>	<u>2,340,358</u>
Change in net position	<b>(6,756,738)</b>	(590,685)
Net position, beginning	<b>6,367,420</b>	6,958,105
Net position (deficit), ending	<u><b>\$ (389,318)</b></u>	<u>\$ 6,367,420</u>

Total revenues increased \$3,998,678 or 229%, in comparison to the prior year. The increase is due to grants related to the beach renourishment project. Total expenses increased \$10,164,731 or 434%, due to capital asset depreciation and the current loss on partial disposal of the beach renourishment project due to Hurricane Ian, in comparison to the prior year.

Property values within the District increased \$44,701,551 or 2.98%, in comparison to the prior year. Cumulatively over the past five years, properties within the District have increased \$152,828,082 or 10.99%.

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

Year	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Millage Rate	0.2720	0.2984	0.4291	0.4395	<b>0.4395</b>
Property Value	<u>\$ 1,389,997,597</u>	<u>\$ 1,452,993,741</u>	<u>\$ 1,472,016,428</u>	<u>\$ 1,498,124,128</u>	<u><b>\$ 1,542,825,679</b></u>

**CAPTIVA EROSION PREVENTION DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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**BUDGETARY HIGHLIGHTS**

Budget versus actual comparisons are reported on pages 28 through 29. Major variances from budgeted amounts in the General Fund include higher than expected lease expenditures related to the implementation of 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. 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.

Expenditures: Capital outlay expenditures were higher than expected due to the implementation of GASB 87. Interest expenditures were higher than budgeted due to the District borrowing for the renourishment project after the budget had been adopted. Professional fees were higher than expected due to the District hiring a lobbying firm to help with receiving additional grant revenues to support the beach renourishment project.

**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:

<b>Capital Assets</b>		
<b>As of September 30, 2022 and 2021</b>		
	<b>2022</b>	<b>2021</b>
Construction in progress – projects	\$ -	\$ 6,296,043
Right-to-use leased building	<b>80,076</b>	-
Infrastructure	<b>9,949,277</b>	1,081,304
Equipment	<b>3,537</b>	6,189
Total capital assets	<b>\$ 10,032,890</b>	<b>\$ 7,383,536</b>

Additional information on the District's capital assets can be found in Note 3 on page 23.

**CAPTIVA EROSION PREVENTION DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**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 will begin making principal payments in May 2023. Debt also includes a lease payable for the District's office building.

**Debt Outstanding**  
**As of September 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Note payable	\$ 18,000,000	\$ 18,000,000
Lease payable	80,472	-
Total debt	<u>\$ 18,080,472</u>	<u>\$ 18,000,000</u>

Additional information on the District's debt can be found in Note 4 on pages 23 and 24.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETED RATES**

The following were factors considered during the preparation of next year's budget (2022-2023):

- Property values continue to increase on the island.
- Operating millage of .3919 mills for the 2022 tax year.
- Replenishing reserves for future unexpected occurrences.
- Special assessment levy for the 2021-2022 renourishment project.

**REQUESTS FOR INFORMATION**

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

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# CAPTIVA EROSION PREVENTION DISTRICT

## STATEMENT OF NET POSITION SEPTEMBER 30, 2022

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	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 325,064
Restricted cash and cash equivalents	367,333
Investments, restricted	2,890,896
Accounts receivables, net	37,104
Due from other governments	4,253,238
Prepaid items	300
Capital assets	
Depreciable, net	<u>10,032,890</u>
<b>Total assets</b>	<u><u>\$ 17,906,825</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 56,758
Accrued interest payable	158,913
Noncurrent liabilities	
Due within one year	2,428,128
Due in more than one year	<u>15,652,344</u>
Total liabilities	<u>18,296,143</u>
<b>Net position (deficit)</b>	
Net investment in capital assets	(8,047,582)
Restricted for	
Capital projects	7,533,403
Unrestricted	<u>124,861</u>
Total net position (deficit)	<u>(389,318)</u>
<b>Total liabilities and net position</b>	<u><u>\$ 17,906,825</u></u>

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

**CAPTIVA EROSION PREVENTION DISTRICT**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
<b>Functions/programs</b>					
<b>Governmental activities</b>					
General government	\$ 11,497,723	\$ -	\$ -	\$ -	\$ (11,497,723)
Physical environment	620,185	655,168	159,655	4,219,999	4,414,637
Interest on long-term debt	387,181	-	-	-	(387,181)
<b>Total governmental activities</b>	<u>\$ 12,505,089</u>	<u>\$ 655,168</u>	<u>\$ 159,655</u>	<u>\$ 4,219,999</u>	<u>(7,470,267)</u>
		<b>General revenues</b>			
		Property taxes			651,887
		Investment earnings			22,753
		Miscellaneous			38,889
		Total general revenues			<u>713,529</u>
		<b>Change in net position</b>			(6,756,738)
		<b>Net position, beginning of year</b>			<u>6,367,420</u>
		<b>Net position (deficit), end of year</b>			<u>\$ (389,318)</u>

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

**CAPTIVA EROSION PREVENTION DISTRICT**

**BALANCE SHEET –  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 325,064	\$ -	\$ 325,064
Restricted cash and cash equivalents	-	367,333	367,333
Investments, restricted	-	2,890,896	2,890,896
Accounts receivable, net	-	37,104	37,104
Due from other governments	-	4,253,238	4,253,238
Prepaid items	-	300	300
Total assets	<u>\$ 325,064</u>	<u>\$ 7,548,871</u>	<u>\$ 7,873,935</u>
<b>Liabilities, deferred inflows of resources and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 15,729	\$ 41,029	\$ 56,758
Total liabilities	<u>15,729</u>	<u>41,029</u>	<u>56,758</u>
<b>Deferred inflows of resources</b>			
Unavailable revenue	<u>-</u>	<u>4,219,999</u>	<u>4,219,999</u>
<b>Fund balances</b>			
Nonspendable	-	300	300
Restricted	-	3,287,543	3,287,543
Unassigned	<u>309,335</u>	<u>-</u>	<u>309,335</u>
Total fund balances	<u>309,335</u>	<u>3,287,843</u>	<u>3,597,178</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 325,064</u>	<u>\$ 7,548,871</u>	<u>\$ 7,873,935</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, 2022**

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<b>Fund balances, total governmental funds</b>	<b>\$ 3,597,178</b>
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	14,554,992
Accumulated depreciation	(4,522,102)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
	4,219,999
Noncurrent liabilities, are not due and payable in the current period and therefore, are not reported in the funds.	
Accrued interest payable	(158,913)
Lease liability	(80,472)
Note payable	<u>(18,000,000)</u>
<b>Net position of governmental activities</b>	<b><u>\$ (389,318)</u></b>

**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, 2022**

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes	\$ 651,887	\$ -	\$ 651,887
Intergovernmental revenues			
Grant income, local	-	197,641	197,641
Charges for services, parking revenues	-	655,168	655,168
Investment earnings	103	22,650	22,753
Miscellaneous revenues	16,388	22,501	38,889
Total revenues	<u>668,378</u>	<u>897,960</u>	<u>1,566,338</u>
<b>Expenditures</b>			
Current			
General government			
Operating expenditures	330,357	-	330,357
Physical environment			
Operating and capital expenditures	-	14,436,905	14,436,905
Debt service			
Principal retirement	1,909	1,909	3,818
Interest	425	243,525	243,950
Total expenditures	<u>332,691</u>	<u>14,682,339</u>	<u>15,015,030</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>335,687</u>	<u>(13,784,379)</u>	<u>(13,448,692)</u>
<b>Other financing sources (uses)</b>			
Lease issuance	42,145	42,145	84,290
Transfers in	-	416,441	416,441
Transfers out	<u>(416,441)</u>	<u>-</u>	<u>(416,441)</u>
Total other financing sources (uses)	<u>(374,296)</u>	<u>458,586</u>	<u>84,290</u>
<b>Change in fund balances</b>	(38,609)	(13,325,793)	(13,364,402)
<b>Fund balances, beginning of year</b>	<u>347,944</u>	<u>16,613,636</u>	<u>16,961,580</u>
<b>Fund balances, end of year</b>	<u>\$ 309,335</u>	<u>\$ 3,287,843</u>	<u>\$ 3,597,178</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, 2022**

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**Net change in fund balances – total governmental funds** \$ (13,364,402)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is depreciated over the estimated life of the assets.

Capital outlay	\$ 13,816,720	
Less current year depreciation/amortization	<u>(2,226,083)</u>	11,590,637

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

Net book value of capital assets disposed		(8,941,283)
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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.

Lease issuance	(84,290)	
Principal payments on leases	<u>3,818</u>	(80,472)

Revenues that are reported in the statement of activities that do not create current financial resources are not reported as revenues in governmental funds. This activity consists of:

Grant revenue		4,182,013
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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>(143,231)</u>
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**Change in net position of governmental activities** \$ (6,756,738)

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

# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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)

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 City 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. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, in which all investments are required to be reported at fair value.

**Capital Assets:**

Capital assets 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

# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **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.

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.

# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Budgets and Budgetary Accounting:**

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

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

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

# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Fund Equity:**

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

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

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

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

# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Deferred Outflows/Inflows of Resources:**

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

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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.

#### **Interfund Transactions:**

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

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

# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2022, 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, 2022, the District's total cash balances were \$692,397. Of this amount, \$367,333 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 \$2,890,896 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, 2022 is as follows:

	<u>Balance October 1</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance September 30</u>
Capital assets, not being depreciated:					
Construction in progress	\$ 6,296,043	\$ 13,732,430	\$ (8,941,283)	\$ (11,087,190)	\$ -
Total capital assets, not being depreciated	<u>6,296,043</u>	<u>13,732,430</u>	<u>(8,941,283)</u>	<u>(11,087,190)</u>	<u>-</u>
Capital assets, being depreciated					
Right-to-use leased building	-	84,290	-	-	84,290
Infrastructure	39,579,597	-	(36,253,169)	11,087,190	14,413,618
Equipment	57,084	-	-	-	57,084
Total capital assets, being depreciated	<u>39,636,681</u>	<u>84,290</u>	<u>(36,253,169)</u>	<u>11,087,190</u>	<u>14,554,992</u>
Less accumulated depreciation for					
Right-to-use leased building	-	(4,214)	-	-	(4,214)
Infrastructure	(38,498,293)	(2,219,217)	36,253,169	-	(4,464,341)
Equipment	(50,895)	(2,652)	-	-	(53,547)
Total accumulated depreciation	<u>(38,549,188)</u>	<u>(2,226,083)</u>	<u>36,253,169</u>	<u>-</u>	<u>(4,522,102)</u>
Total capital assets, being depreciated, net	<u>1,087,493</u>	<u>(2,141,793)</u>	<u>-</u>	<u>11,087,190</u>	<u>10,032,890</u>
Total capital assets, net	<u>\$ 7,383,536</u>	<u>\$ 11,590,637</u>	<u>\$ (8,941,283)</u>	<u>\$ -</u>	<u>\$ 10,032,890</u>

Depreciation/amortization expense for the year ended September 30, 2022 was \$2,226,083, and was charged to general governmental expenses.

**NOTE 4. LONG-TERM DEBT**

Long-term debt activity for the year ended September 30, 2022 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities					
Note payable	\$ 18,000,000	\$ -	\$ -	\$ 18,000,000	\$ 2,412,459
Lease liability	-	84,290	(3,818)	80,472	15,669
Total governmental activities	<u>\$ 18,000,000</u>	<u>\$ 84,290</u>	<u>\$ (3,818)</u>	<u>\$ 18,080,472</u>	<u>\$ 2,428,128</u>

**Note Payable:**

During the year ended September 30, 2021, the District obtained an \$18,000,000 promissory note payable to a financial institution for the purpose of funding the 2020-2021 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**

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**NOTE 4. LONG-TERM DEBT (CONTINUED)**

The annual debt service payments required on the note payable at September 30, 2022 are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,412,459	\$ 381,600	\$ 2,794,059
2024	2,463,603	330,456	2,794,059
2025	2,515,813	278,228	2,794,041
2026	2,569,166	224,892	2,794,058
2027	2,623,633	170,426	2,794,059
2028 - 2029	5,415,326	172,810	5,588,136
	<u>\$ 18,000,000</u>	<u>\$ 1,558,412</u>	<u>\$ 19,558,412</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, 2022, the remaining lease liability was \$80,472. 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 \$4,214.

The annual debt service payments required on the lease payable at September 30, 2022 are as follows:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 15,669	\$ 3,001	\$ 18,670
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>\$ 80,472</u>	<u>\$ 8,210</u>	<u>\$ 88,682</u>

**Compensated Absences Payable:**

The District's policy regarding vacation time is that it must be utilized within the year it is earned with no option for carryforward. Sick leave can be accrued without limit. As of September 30, 2022, there were no amounts owed employees and thus no amounts are recorded within these financial statements.



# CAPTIVA EROSION PREVENTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **NOTE 5. SPECIAL ASSESSMENTS**

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

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

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

As of September 30, 2022, the 2013-2014 special assessment was fully collected. The District Board is expected to finalize the 2022-2023 special assessment in fiscal year 2023.

### **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 2022, 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**

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**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, 2022, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$.4395 per \$1,000 (0.4395 mills) of the 2021 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, 2022, 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

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### **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, 2022.

### **NOTE 9. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through March 29, 2023 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.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**CAPTIVA EROSION PREVENTION DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Property taxes	\$ 650,949	\$ 650,949	\$ 651,887	\$ 938
Investment earnings	150	150	103	(47)
Miscellaneous revenues	5,000	5,000	16,388	11,388
Total revenues	<u>656,099</u>	<u>656,099</u>	<u>668,378</u>	<u>12,279</u>
<b>Expenditures</b>				
Current				
General government				
Operating expenditures				
Advertising	10,000	10,000	21,080	(11,080)
Bank service charges	1,000	1,000	1,474	(474)
Board meeting	1,000	1,000	1,354	(354)
Copier lease	750	750	-	750
Cable	-	-	2,105	(2,105)
Dues and subscriptions	5,000	5,000	9,974	(4,974)
General insurance	7,000	7,000	16,712	(9,712)
Gross wages	160,000	160,000	123,398	36,602
Newsletter	6,000	6,000	-	6,000
Office	20,000	20,000	10,183	9,817
Payroll taxes	16,000	16,000	10,542	5,458
Postage	500	500	148	352
Professional fees	41,000	41,000	37,320	3,680
Conferences	-	-	2,175	(2,175)
Property appraiser fees	5,500	5,500	4,046	1,454
Rent	15,000	15,000	10,959	4,041
Repairs	1,000	1,000	416	584
Tax collector commissions	14,000	14,000	13,038	962
Telephone	2,500	2,500	3,239	(739)
Trash	-	-	522	(522)
Travel and per diem	7,500	7,500	10,773	(3,273)
Utilities	2,500	2,500	968	1,532
Capital outlay, lease	-	-	42,145	(42,145)
Website maintenance	8,000	8,000	7,786	214
Debt service				
Principal	-	-	1,909	(1,909)
Interest	-	-	425	(425)
Total expenditures	<u>324,250</u>	<u>324,250</u>	<u>332,691</u>	<u>(8,441)</u>
<b>Excess of revenues over expenditures</b>	<u>331,849</u>	<u>331,849</u>	<u>335,687</u>	<u>3,838</u>
<b>Other financing sources (uses)</b>				
Lease issuance	-	-	42,145	42,145
Transfers out	(84,450)	(84,450)	(416,441)	(331,991)
Total other financing uses, net	<u>(84,450)</u>	<u>(84,450)</u>	<u>(374,296)</u>	<u>(289,846)</u>
<b>Change in fund balance</b>	247,399	247,399	(38,609)	(286,008)
<b>Fund balance, beginning of year</b>	347,944	347,944	347,944	-
<b>Fund balance, end of year</b>	<u>\$ 595,343</u>	<u>\$ 595,343</u>	<u>\$ 309,335</u>	<u>\$ (286,008)</u>

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

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## **OTHER SUPPLEMENTARY INFORMATION**

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**CAPTIVA EROSION PREVENTION DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Intergovernmental revenues				
Grant income, federal	\$ 1,200,000	\$ 1,200,000	\$ -	\$ (1,200,000)
Grant income, state	4,130,000	4,130,000	-	(4,130,000)
Grant income, local	5,857,000	5,857,000	197,641	(5,659,359)
Charges for services, parking revenues	850,000	850,000	655,168	(194,832)
Investment earnings	27,000	27,000	22,650	(4,350)
Miscellaneous revenues	1,000	1,000	22,501	21,501
Total revenues	<u>12,065,000</u>	<u>12,065,000</u>	<u>897,960</u>	<u>(11,167,040)</u>
<b>Expenditures</b>				
Current				
Physical environment				
Operating expenditures				
Advertising	10,000	10,000	-	10,000
Annual membership and fees	-	-	3,000	(3,000)
Bank service fee	1,000	1,000	56	944
Cost of assessment collections	1,000	1,000	-	1,000
Credit card fees	23,000	23,000	25,845	(2,845)
Dues and subscriptions	5,000	5,000	-	5,000
Insurance	7,000	7,000	4,967	2,033
Office expense	20,000	20,000	-	20,000
Parking lot expenses	1,500	1,500	1,864	(364)
Parking maintenance	35,000	35,000	36,449	(1,449)
Payroll fees	-	-	1,474	(1,474)
Payroll taxes	25,650	25,650	18,965	6,685
Physical monitoring	-	-	20,300	(20,300)
Portable toilets	90,000	90,000	76,842	13,158
Professional fees	15,000	15,000	98,218	(83,218)
Project consultant	170,000	170,000	51,582	118,418
Sales tax expense	55,250	55,250	33,617	21,633
Wages	256,500	256,500	252,573	3,927
Renourishment projects				
2021/2022 Renourishment	14,025,485	14,025,485	13,756,954	268,531
Rent	15,000	15,000	10,640	4,360
Records storage	2,000	2,000	-	2,000
Capital outlay	-	-	43,559	(43,559)
Debt service				
Principal	-	-	1,909	(1,909)
Interest	-	-	243,525	(243,525)
Total expenditures	<u>14,758,385</u>	<u>14,758,385</u>	<u>14,682,339</u>	<u>76,046</u>
<b>Deficiency of revenues under expenditures</b>	<u>(2,693,385)</u>	<u>(2,693,385)</u>	<u>(13,784,379)</u>	<u>(11,090,994)</u>
<b>Other financing sources</b>				
Lease issuance	-	-	42,145	42,145
Transfers in	84,450	84,450	416,441	331,991
Total other financing sources	<u>84,450</u>	<u>84,450</u>	<u>458,586</u>	<u>374,136</u>
<b>Change in fund balance</b>	(2,608,935)	(2,608,935)	(13,325,793)	(10,716,858)
<b>Fund balance, beginning of year</b>	16,613,636	16,613,636	16,613,636	-
<b>Fund balance, end of year</b>	<u>\$ 14,004,701</u>	<u>\$ 14,004,701</u>	<u>\$ 3,287,843</u>	<u>\$ (10,716,858)</u>

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

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## **OTHER INDEPENDENT AUDITOR'S REPORTS**

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

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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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 29, 2023.

**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. 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 or significant deficiencies may exist that were not identified.

---

**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*.

**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.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Bradenton, Florida  
March 29, 2023



**CAPTIVA EROSION PREVENTION DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<u>CSDA Number</u>	<u>Grant ID Number</u>	<u>Actual Expenditures</u>
<b>Florida Department of Environmental Protection</b>			
Beach Management Funding Assistance Program	37.003	21ME2	\$ 4,219,999
<b>Total expenditures of state awards</b>			<u>\$ 4,219,999</u>

**Notes:**

This schedule includes the state grant activity of the District for the fiscal year ended September 30, 2022, and is presented using modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. 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 10% de minimis cost rate for the year ended September 30, 2022.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE  
PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
CHAPTER 10.550, RULES OF THE AUDITOR GENERAL**

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Board of Commissioners  
Captiva Erosion Prevention District  
Captiva, Florida

**Report on Compliance for Each Major State Project**

***Opinion on Each Major State Project***

We have audited the Captiva Erosion and Prevention District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on each of the District's major state projects for the year ended September 30, 2022. The District's major state financial assistance projects are 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 its major state project for the year ended September 30, 2022.

***Basis for Opinion on Each Major State Project***

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 Chapter 10.550, Rules of the Auditor General. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 state project. 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 state projects.

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### ***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 audit requirements of Chapter 10.550, Rules of the Auditor General 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 state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and Chapter 10.550, Rules of the Auditor General, 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 Chapter 10.550, Rules of the Auditor General, 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.

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## 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 state project 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 state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that 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 Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose

*Mauldin & Jenkins, LLC*

Bradenton, Florida  
March 29, 2023

**CAPTIVA EROSION PREVENTION DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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**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

**Federal Awards**

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

**State Projects**

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 state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.550?  yes  no

Identification of major state financial assistance projects:

<u>CSFA Number</u>	<u>Name of State Program or Cluster</u>
37.003	Beach Management Funding Assistance Program

Dollar threshold used to distinguish between state Type A and Type B programs: \$750,000

**CAPTIVA EROSION PREVENTION DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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**SECTION II  
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

**SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

Not applicable.

**SECTION IV  
STATUS OF PRIOR YEAR AUDIT FINDINGS**

None reported.

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## INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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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, 2022 and have issued our report thereon dated March 29, 2023.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; schedule of findings and 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 March 29, 2023, 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, 2021 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.

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## 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 one.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$375,971.
- d) All compensation earned or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$8,400.
- e) Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$13,756,954 for the 2021/2022 Beach Renourishment Project.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as see page 28.

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

- a) The mileage rate or rates imposed by the District was 0.4395.
- b) The total amount of ad valorem taxes collected by or on behalf of the District was \$651,887.
- c) The total amount of outstanding bonds issued by the District was \$0.

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**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  
March 29, 2023

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## INDEPENDENT ACCOUNTANT'S REPORT

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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, 2022. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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, 2022.

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.

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Bradenton, Florida  
March 29, 2023

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