COUNTY LINE DRAINAGE DISTRICT

ALVA, FLORIDA

General Purpose Financial Statements

For the Year Ended
September 30, 2019

-

Baggett, Reutimann & Associates, CPAs, PA
Certified Public Accountants

COUNTY LINE DRAINAGE DISTRICT
General Purpose Financial Statements
September 30, 2019

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COUNTY LINE DRAINAGE DISTRICT

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Independent Auditor's Report

February 22, 2020

Honorable Board of Supervisors
County Line Drainage District
Alva, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the County Line Drainage District (the "District") as of and for the fiscal year ended September 30, 2019, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the County Line Drainage District as of September 30, 2019, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M1 through M5 and 17-18 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 assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2020, on our consideration of the County Line Drainage 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County Line Drainage District's internal control over financial reporting and compliance.

Baggett, Reutimann & Associates, CPAs, PA

Management's Discussion and Analysis

COUNTY LINE DRAINAGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2019

The management of County Line Drainage District (the "District") would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2019. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

FINANCIAL AND DISTRICT HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2019 by $459,650.
- The District's total net position decreased by $81,987.
- The District's total revenues were $185,325 for the fiscal year ended September 30, 2019.
- Total expenses for all of the District's activities were $267,312 for the fiscal year.

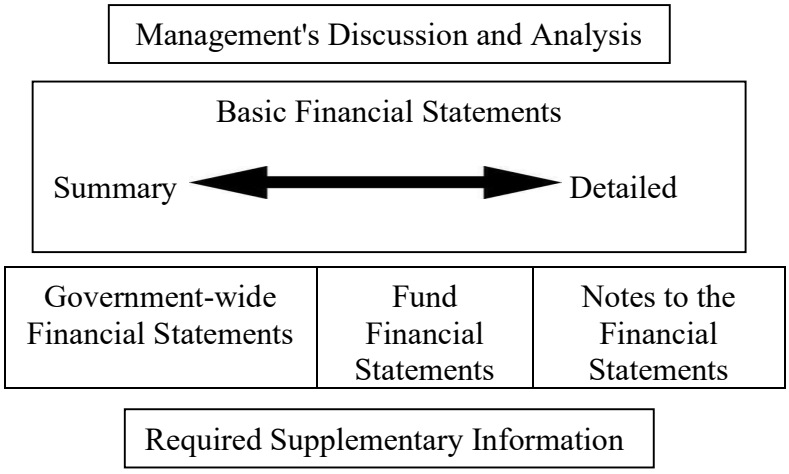
District Highlights

There was 2,800 feet of canal cleaned and herbicides were applied over 80 miles of canals. Ditch banks mowed was 6 miles and 2 miles of roadways were graded.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to County Line Drainage District's basic financial statements. The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements themselves consist of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. These statements present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The fund financial statements focus on individual parts of the District's government, reporting the District's operations on a different basis of accounting than the government-wide statements.
- The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.



Government-wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors should be considered, however, such as the condition of the District's capital assets (equipment, lift pumps, etc.) to assess the overall health of the District.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The District has one fund, a governmental fund.

The District's basic services are reported in a governmental fund, which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between government-wide activities (reported in the statement of net position and the statement of activities) and the governmental fund are reconciled on separate schedules on pages 4 and 6.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Assets exceeded liabilities by $459,650 for the fiscal year ended September 30, 2019, and is reported as net position.

The District uses capital assets to provide services to its landowners; accordingly, these assets are not available for future spending.

County Line Drainage District's Net Position
September 30,

	2019	2018	Percentage Changes
Current and Other Assets	$ 115,546	$ 186,168	-38%
Capital Assets, Net of Accumulated Depreciation	345,032	370,727	-7%
Total Assets	460,578	556,895	-17%
Current Liabilities	928	15,258	-94%
Noncurrent Liabilities	-	-	0%
Total Liabilities	928	15,258	-94%
Net Position:			
Invested in Capital Assets, Net of Related Debt	345,032	355,827	-3%
Unrestricted	114,618	185,810	-38%
Total Net Position	$ 459,650	$ 541,637	-15%

County Line Drainage District's Changes in Net Position
September 30th

	2019	2018	Percentage Changes
Revenues			
Program Revenues			
Charges for Services	$ 185,141	$ 218,037	-15%
General Revenues			
Other Miscellaneous	184	7,104	-97%
Total Revenues	185,325	225,141	-18%
Expenses			
General Government			
Physical Environment	267,010	175,184	52%
Interest on Long-Term Debt	302	931	-68%
	267,312	176,115	52%
Increase (Decrease) in Net Position	(81,987)	49,026	-267%
Net Position - Beginning of Year	541,637	492,611	10%
Net Position - End of Year	$ 459,650	$ 541,637	-15%

BUDGETARY HIGHLIGHTS

The District adopted the fiscal year 2018/2019 budget on July 11, 2018, and decreased the assessment from $51.38 per acre to $49.53 per acre.

The actual expenditures for the fiscal year ended September 30, 2019 were $256,517.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following summarizes the District's capital assets and accumulated depreciation, for the fiscal year ended September 30, 2019.

Land	$	53,012
Machinery & Equipment		209,702
Culverts		399,798
	$	662,512
Less Accumulated Depreciation		(317,480)
Totals	$	345,032

Debt

The District entered into a $75,000 loan agreement on August 4, 2014, collateralized by all property and assets of the District. The loan bears an interest rate of 4%, amortized over 60 monthly payments of $1,381, including interest, with the final payment being due on August 4, 2019. The outstanding balance on this loan as of September 30, 2019 was $0.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Executive Director, Dana Clement, 12008 N.E. Highway 70, Arcadia, Florida 34266; dclement@jwcd.org; 863-494-3800.

Basic Financial Statements

COUNTY LINE DRAINAGE DISTRICT
Statement of Net Position
September 30, 2019

Assets	
Current Assets	
Cash	$ 115,546
Total Current Assets	115,546
Non-Current Assets	
Capital Assets not being depreciated	53,012
Capital Assets being depreciated, Net	292,020
Total Non-Current Assets	345,032
Total Assets	460,578
Liabilities	
Current Liabilities	
Accounts Payable	928
Due within One Year	-
Total Current Liabilities	928
Non-Current Liabilities	
Due within more than One Year	-
Total Non-Current Liabilities	-
Total Liabilities	928
Net Position	
Invested in Capital Assets, Net of Related Debt	345,032
Unrestricted	114,618
Total Net Position	$ 459,650

The accompanying notes are an integral part of these financial statements.

COUNTY LINE DRAINAGE DISTRICT
Statement of Activities
September 30, 2019

Function/Program Activities	Expenses	Program Revenues: Charges for Services	Net (Expense) Revenue & Changes in Net Position
Governmental Activities:			
Physical Environment	$ (267,010)	$ 185,141	$ (81,869)
Interest on Long-Term Debt	(302)	-	(302)
Total Governmental Activities	$ (267,312)	$ 185,141	$ (82,171)
General Revenues:			
Investment Income			$ 184
Gain on Equipment Disposal			-
Total General Revenues			184
Change in Net Position			(81,987)
Net Position, October 1, 2018			541,637
Net Position, September 30, 2019			$ 459,650

The accompanying notes are an integral part of these financial statements.

COUNTY LINE DRAINAGE DISTRICT
Balance Sheet
September 30, 2019

	General Fund
ASSETS	
Cash	$ 115,546
Total Assets	$ 115,546
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ 928
Fund Balance:	
Unreserved & Unassigned	114,618
Restricted	-
Total Fund Balance	114,618
Total Liabilities and Fund Balance	$ 115,546

The accompanying notes are an integral part of these financial statements.

CONTY LINE DRAINAGE DISTRICT
Reconciliation of the Balance Sheet to
The Statement of Net Position
September 30, 2019

Total Government Fund Balance (Page 3)		$ 114,618
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Cost of Assets	$ 662,512	
Less accumulated depreciation	(317,480)	345,032
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. As of September 30, 2018, long-term liabilities are comprised of the following:		
Loan Payable		-
Total Net Position (Page 1)		$ 459,650

The accompanying notes are an integral part of these financial statements.

COUNTY LINE DRAINAGE DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
September 30, 2019

	General Fund
Revenues:	
Non-Ad Valorem Assessments	$ 184,946
Miscellaneous Income	195
Investment Income	184
Total Revenues	185,325
Expenditures:	
Current:	
Physical Environment	
Personal Services	42,946
Operating	198,372
Capital Outlay	-
Debt Service	
Principal	14,897
Interest	302
Total Expenditures	256,517
Net Change in Fund Balance	(71,192)
Fund Balance, October 1, 2018	185,810
Fund Balance, September 30, 2019	$ 114,618

The accompanying notes are an integral part of these financial statements.

COUNTY LINE DRAINAGE DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2019

Net Change in Fund Balances - Total Governmental Fund (Page 5)	$	(71,192)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental fund reports capital outlay as expenditures. However, in the Statement of Activities, the cost of capital assets are allocated over their estimated useful life and reported as depreciation expense. Additionally, dispositions of capital assets have different effects on the two statements, as well. These differences are as follows:		
Expenditures for Capital Assets		-
Current Year Depreciation		(25,695)
Net Cost of Fixed Assets Disposed		-
Principal payments on long-term debt is reported as an expenditure on the Statement of Revenues, Expenditures, and Changes in Fund Balance; however, it has no effect on Net Position		14,900
Change in Net Position (Page 2)	$	(81,987)

The accompanying notes are an integral part of these financial statements.

NOTE 1. Summary of Significant Accounting Policies

County Line Drainage District (the "District") was originally incorporated and created under Chapter 67-723 of the laws of the State of Florida by decree of the Circuit Court of Lee County on August 4, 1967. The District was created for the purpose of reclaiming the lands within its boundaries and for the further purpose of water control and water supply to improve said lands and make these lands available, acceptable and habitable for settlement and agriculture.

The District is administered by a three member Board of Supervisors (the "Board"), composed of owners of land in the District. The supervisors are each elected to a three-year term. Length of service is staggered so that one supervisor is elected or re-elected at the annual landowners' meeting in July.

The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of these accounting policies are summarized below.

A. Defining the Financial Reporting Entity: In accordance with Governmental Accounting Standards Board Statement Number 14, the financial reporting entity includes the primary government, organizations for which the primary government is financially accountable and other organizations which, if excluded, would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority to an organization's board and, either displays the ability to impose its will on that organization, or the possibility that the organization will impose or provide a financial burden or benefit to the primary government.

The District has no such organizations to include.

B. Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments": The District implemented the provisions of Statement Number 34 for the fiscal year ending September 30, 2004 which established new financial reporting requirements for state and local governments. The Statement established specific standards for the basic financial statements, management's discussion and analysis (MD&A), and certain required supplementary information. As part of this Statement, there is a reporting requirement regarding infrastructure (land, buildings, and equipment etc.). All major general assets that were acquired or significantly reconstructed, or that received significant improvements, in fiscal years ending after June 30, 1980 were required to be retroactively reported and all newly acquired or improved infrastructure assets must be prospectively reported effective as of the date of implementation of this statement.

NOTE 1. Summary of Significant Accounting Policies (Continued)

B. Governmental Accounting Standards Board Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments": (Continued)

The basic financial statements include both government-wide and fund financial statements. The government-wide statements are presented using a full accrual, economic resource basis, which incorporates long-term assets and receivables and long-term liabilities. Governmental activities include the General Fund. The District has no business-type activities.

The government-wide Statement of Activities reports the gross and net cost for the basic services of the District that is otherwise supported by general government revenue. The expenses for the category are reduced by program revenues to ascertain the net costs for that function. Program revenues are defined as charges for services, operating grants, and capital grants that specifically relate to a specific program function. Charges for services include revenues arising from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Operating grants and capital grants consist of revenues received from other governments, organizations, or individuals that are specifically attributable to a program and are restricted for either operating expenditures/expenses or capital expenditures/expenses associated with a specific program.

The fund financial statements are very similar to the financial statements presented in the previous model. The emphasis in the new model is on major funds. All funds maintained by the District are considered major funds in accordance with the new reporting model requirements.

C. Measurement Focus: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The measurement focus is the determination of financial position and sources and uses of resources, rather than net income determination.

D. Fund Accounting: The District organizes its accounting system on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts.

The fund utilized by the District is a governmental fund and consists of the General Fund.

NOTE 1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Governmental Fund

General Fund

The General Fund accounts for the general activities of the County Line Drainage District and finances those activities not otherwise designated to be recorded and financed separately.

Storage Water Project Contract Fund

The Storage Water Project Contract Fund is used to account for specific revenues that have been provided by the state and are restricted to expenditures for specific purposes.

E. Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements are presented on an accrual basis of accounting. The governmental funds in the fund financial statements are presented on a modified accrual basis of accounting.

Under the modified accrual basis, revenues are recognized in the accounting period when they become measurable and available (susceptible to accrual). Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year-end to pay liabilities of the current period. The District defines the length of time used for "available" for purposes of revenue recognition as 60 days. Revenues that are susceptible to accrual include interest revenue, state revenue sharing entitlements, and intergovernmental grants. Expenditures are recorded at the time the related fund liabilities are incurred. Debt service expenditures are recorded only when payment is due. Under the accrual basis, revenues are recognized in the period when earned and expenses are recognized in the period when incurred.

F. Assets, Liabilities, and Fund Equity:

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, time and demand deposits, and short-term investments with original maturities of less than three months from the date of acquisition.

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

The nature of investments is governed by the provisions of Florida Statutes Chapter 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the local government surplus funds trust fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain government agencies, interest bearing time deposits or savings accounts and certificates of deposit. At September 30, 2019, the District had no investments.

Capital Assets

Capital assets, which includes property, plant and equipment, and infrastructure assets (e.g., culverts), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land Improvements	30
Machinery and Equipment	5-8
Culverts	20
Roads	30

The District had not elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired since 1980. Infrastructure assets include drainage systems and similar assets that are immovable and of value only to the District.

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of debt issued is reported as another financing source.

Non-Ad Valorem Assessments

The collection of non-ad valorem assessments is consolidated in the Office of the Charlotte County Tax Collector (the "Tax Collector"). Assessments are levied on November 1st of each year, or as soon thereafter as the tax roll is certified by the County Property Appraiser and delivered to the Tax Collector. All unpaid assessments levied become delinquent April 1st of the following year. Discounts are allowed for early payment at a maximum rate of 4%. Non-ad valorem assessment revenues are recognized when they become available. At September 30, 2019, unpaid delinquent assessments are not material and have not been recorded by the District.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is presented in three components - invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in Capital Assets (net of related debt) - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets. The component does not include the portion of debt attributable to the unspent proceeds.

- Restricted - This component consists of net position that has constraints placed on it either externally by third parties (creditors, grantors, and contributors) or by law through constitutional provisions of enabling legislation. The District would typically use restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use of these funds.

- Unrestricted - This component consists of net position that does not meet the definition of "invested in capital assets, net of related debt" and "restricted". Designations of net position made by the District's management are included in this component because these types of constraints are internal and management can remove or modify them.

NOTE 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance

In the fund financial statements, fund balance for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Under GASB 54 requirements, fund balance is reported in five possible components - nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - This component includes amounts reported as restricted when constraints placed on the use of the resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed - This component includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's Commissioners. Such amounts cannot be used for any other purpose unless the government removes or changes the specific use by taking the same type of action it employed to previously commit those amounts.
- Assigned - This component is used to report the government's intent to use the amount for specific purpose, but is neither restricted nor committed.
- Unassigned - This component is the residual classification for the general fund. This amount represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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

G. Use of 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 affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2. Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

This is done in compliance with Section 280, Florida Statutes, which provides that in the event of a default by any such bank or savings and loan association, all participating banks and savings and loan associations throughout the State would be obligated to reimburse the District for any loss.

NOTE 3. Line of Credit

The District, in July 2015, entered into an agreement for a revolving line of credit with a financial institution for $100,000 for which it makes monthly interest payments at a fixed rate of 5.00% if funds are withdrawn, with the principal balance due in July 2019. During the fiscal year, the District did not make any draws or repayments. There was no outstanding balance at September 30, 2019.

NOTE 4. 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; and natural disasters for which that District carries commercial insurance. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of the District to individual claims of $100,000/$200,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year, and there were no settlements that exceeded insurance coverage

NOTE 5. Interlocal Agreement

The District, pursuant to an interlocal agreement, paid $8,231 to Joshua Water Control District for reimbursements and administrative services during the fiscal year.

NOTE 6. Related Party Transactions

The District paid Florida Agri-Management Company, a major landowner within the District, $3,048 during the fiscal year for repair and maintenance-related services.

NOTE 7. Capital Assets

Capital assets activity for the year ended September 30, 2019 was as follows:

	Beginning Balance 10/01/2018	Additions	Deletions	Ending Balance 09/30/2019
Capital Assets not being Depreciated:				
Land	$ 53,012	$ -	$ -	$ 53,012
Total Capital Assets not being Depreciated	53,012	-	-	53,012
Capital Assets being Depreciated:				
Machinery and Equipment				
Lift Pumps	166,174	-	-	166,174
Motors	34,783	-	-	34,783
Equipment	-	-	-	-
Canker System	8,745	-	-	8,745
Water Storage	-	-	-	-
Culverts	399,798	-	-	399,798
Total Capital Assets being Depreciated	609,500	-	-	609,500
Less Accumulated Depreciation	(291,785)	(25,695)	-	(317,480)
Total Capital Assets being depreciated, net	317,715	(25,695)	-	292,020
Governmental Activities - Capital Assets, net	$ 370,727	$ (25,695)	$ -	$ 345,032

Depreciation expense of $25,695 was charged to Physical Environment for the fiscal year ended September 30, 2019.

NOTE 8. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the fiscal year September 30, 2019:

	Beginning Balance 10/01/2018	Additions	Deletions	Ending Balance 09/30/2019	Due Within One Year
Ditch Pump Loan Payable	$ 14,900	$ -	$ (14,900)	$ -	$ -

Loan Payable

As of September 30, 2019 loans payable are comprised of the following:

$75,000 Operating loan payable to a financing institution, with 60 monthly payments of $1,381 including interest at a fixed rate of 4%. The final payment was paid on August 4, 2019. The outstanding balance as of September 30, 2019 is $0.

NOTE 9. Implementation of GASB Statement No. 45

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (OPEB)." This Statement changes the manner in which a governmental entity funds and records its post-retirement benefit costs other than pensions.

The District does not offer any insurance (medical, dental, and prescription drugs) benefits to its current or former employees and, therefore, there is no actuarially determined net OPEB obligation at September 30, 2019.

NOTE 10. Subsequent Events

The District's management has evaluated events and transactions for potential recognition or disclosure through February 22, 2020, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY LINE DRAINAGE DISTRICT
BUDGETARY COMPARISON SCHEDULE
General Fund
For the Year Ended September 30, 2019

	Original	Final	Actual	Variance with Final Budget Positive/(Negative)
Revenues:				
Assessments	$ 184,838	$ 184,838	$ 184,946	$ 108
Miscellaneous Income	-	-	195	195
Interest Income	-	-	184	184
Total Revenues	184,838	184,838	185,325	487
Expenditures:				
Physical Environment	298,338	298,338	256,517	41,821
Net Change in Fund Balance	(113,500)	(113,500)	(71,192)	42,308
Fund Balance, October 1, 2018	113,500	113,500	185,810	72,310
Fund Balance, September 30, 2019	$ -	$ -	$ 114,618	$ 114,618

Note 1. Budgets and Budget Accounting

State of Florida Statutes require that, for each fiscal year, a special district make appropriations which will not exceed the amount to be received from taxation and other available sources. The District annually adopts an operating budget for the general fund. The procedures for establishing budgetary data are as follows:

- In July of each year, at the Annual Landowners' Meeting, the District Manager submits a draft operating budget to the Board for the next fiscal year commencing the following October 1. The proposed budget includes expenditures and the means of financing them. The budget is adopted by the Board.

Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States. All appropriations lapse at fiscal year end unless encumbered or specifically designated to be carried forward to the subsequent year. Changes or amendments to the total budgeted expenditures of the District must be approved by the Board. Accordingly, the legal level of control is at the fund level.

Other Reports

and

Management Letter

BAGGETT REUTIMANN & ASSOCIATES, CPAS, PA

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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*

February 22, 2020

Honorable Board of Supervisors
County Line Drainage District
Alva, 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 of County Line Drainage District (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 22, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Baggett, Reutimann & Associates, CPAs, PA

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MANAGEMENT LETTER

February 22, 2020

Honorable Board of Supervisors
County Line Drainage District
Alva, Florida

Report on the Financial Statements

We have audited the financial statements of the County Line Drainage District (the "District") as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated February 22, 2020.

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 Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards.* Disclosures in that report, which are dated February 22, 2020, 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 annual financial audit report. There were no findings or recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)2., *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 basic financial statements. The District discloses this information in the notes to the basic financial statements.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the County Line Drainage District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of 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.c. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the County Line Drainage District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Special District Component Units

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

Other Matters

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we have no recommendations to improve financial management.

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we address 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 have 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 Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 218.415, FLORIDA STATUTES

February 22, 2020

Honorable Board of Supervisors
County Line Drainage District
Alva, Florida

We have examined the County Line Drainage District's (the "District") compliance with Section 218.415, Florida Statutes regarding the investment of public funds during the period ended September 30, 2019, as required by Section 10.556, *Rules of the Auditor General*. 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 (AICPA) and accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of 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, 2019.

This report 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, the District, its management, and is not intended to be and should not be used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.

Baggett, Reutimann & Associates, CPAs PA