

CITY-COUNTY PUBLIC WORKS AUTHORITY

BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2014

**CITY-COUNTY PUBLIC WORKS AUTHORITY
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2014**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	6
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	7
STATEMENT OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
COMPLIANCE SECTION	
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15
MANAGEMENT LETTER	19
INDEPENDENT ACCOUNTANTS' REPORT	23
RESPONSE TO MANAGEMENT LETTER	24



INDEPENDENT AUDITORS' REPORT

Board of Supervisors
City-County Public Works Authority
Moore Haven, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the City-County Public Works Authority (the "Authority") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 auditors' 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 Authority as of September 30, 2014, and the changes in its financial position and its cash flows for the 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 on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2015, on our consideration of the Authority'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 result 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 the Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2015

City-County Public Works Authority Management's Discussion and Analysis

This section of the financial report presents our discussion and analysis of the City-County Public Works Authority's (the "Authority") financial performance during the fiscal year ended September 30, 2014. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

For the fiscal year ended September 30, 2014, the assets of the Authority exceeded its liabilities by \$862,785. Of this amount, \$53,860 represents the amount invested in capital assets; \$44,169 represents amounts restricted for capital improvements; and \$764,756 of unrestricted net position available to be used to meet future ongoing obligations. For the fiscal year ended September 30, 2013, assets exceeded liabilities by \$773,399. Of this amount, \$16,824 represents the net investment in capital assets; \$44,125 represents the amounts restricted for capital improvements; and \$712,450 of unrestricted net position available to be used to meet future ongoing obligations.

The Authority's total debt remained unchanged at \$-0- during the past three fiscal years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of the following components: fund financial statements and notes to the basic financial statements (since the Authority consists of only one proprietary fund which is a business-type activity, presentation of government-wide financial statements is not required).

Basic Financial Statements

The *basic financial statements* are designed to provide readers with an overview of the Authority's finances, in a manner similar to a private-sector business.

The *balance sheet* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position should serve as a useful indicator of whether the Authority's position is improving or deteriorating.

The *statement of revenues, expenses, and changes in fund net position* presents information showing how the Authority's net position changed during the most recent 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 result in cash flows in other fiscal periods (e.g., unearned revenue).

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

As noted previously, the change in net position over time should serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$862,785 at the close of the most recent fiscal year as compared to the Authority's assets exceeding liabilities by \$773,399 at the close of fiscal year ended September 30, 2013.

A portion of the Authority's net position consists of \$53,860 net investment in capital assets (e.g., equipment and furnishings), which is net of accumulated depreciation. The Authority uses these capital assets to operate and maintain central water, sewer, and reclaimed water infrastructure for the residents of Glades County and the City of Moore Haven; consequently, they are not available for future spending.

An additional portion of the Authority's net position, \$44,169, represents resources that are restricted for capital projects.

City-County Public Works Authority's Net Position

	2014	2013
Current and Other Assets	\$ 873,389	\$ 856,928
Capital Assets	53,860	16,824
Total Assets	927,249	873,752
Current and Other Liabilities	43,714	82,373
Long-Term Liabilities Outstanding	20,750	17,980
Total Liabilities	64,464	100,353
Net Position:		
Net Investment in Capital Assets	53,860	16,824
Restricted for Capital Improvements	44,169	44,125
Unrestricted	764,756	712,450
Total Net Position	\$ 862,785	\$ 773,399

During the current fiscal year, the Authority increased its net position by \$59,780.

City-County Public Works Authority's Changes in Net Position

	2014	2013
Operating Revenues:		
Sewer Charges	\$ 686,203	\$ 725,914
Operating Expenses:		
Cost of Sales and Services	455,416	376,539
Professional Fees	55,060	78,537
Depreciation	3,551	3,363
Total Operating Expenses	514,027	458,439
Operating Income	172,176	267,475
Non-Operating Revenues (Expenses)		
Intergovernmental Revenue	-	64,786
Contributions to Other Governments	(84,149)	(358,775)
Interest Earnings	1,359	1,452
Total Non-Operating Revenues (Expenses)	(82,790)	(292,537)
Change in Net Position	89,386	(25,062)
Net Position, Beginning	773,399	798,461
Net Position, Ending	\$ 862,785	\$ 773,399

Operating revenues decreased by \$39,711 or 5.47%. This was due to one of the Authority's major customers located and repaired severe leaks within their systems and reduced usage. The 20.95% increase in cost of goods sold was mainly due to the cost of additional personnel costs due to the addition of the Ranch Lakes Estates. Professional fees decreased approximately 29.89% due mainly to the completion of the Ranch Lakes Estates project in the prior fiscal year. Contributions to other governments decreased \$245,020 as a smaller utility expansion to include an industrial park was completed and transferred to Glades County during the current fiscal year. Glades County owns and reports capital assets used by the Authority.

Capital Assets

The Authority's net investment in capital assets as of September 30, 2014, amounts to \$53,860 (net of depreciation). Capital assets, such as treatment plants, collection systems, etc., utilized by the Authority for the provision of sewer services, are owned and reported by Glades County. Projects recorded as construction in progress that will be turned over to the County when completed and incidental equipment titled to the Authority are reported within these financial statements.

City-County Public Works Authority's Capital Assets

	2014	2013
Construction in Progress	\$ 40,587	\$ -
Equipment	\$ 38,469	\$ 38,469
Less: Accumulated Depreciation	(25,196)	(21,645)
Total, Net of Depreciation	\$ 53,860	\$ 16,824

Additional information on the Authority's capital assets can be found in Note 3 of the notes to the financial statements.

Debt

The Authority had no outstanding debt over the last four fiscal years.

Economic Factors and Future Impacts

During the current fiscal year, the Authority completed a small expansion to include an industrial park and transferred ownership of the improvements to Glades County. Any future demands for expansion of services is unknown at this time.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to the City-County Public Works Authority, PO Box 1221, Moore Haven, FL 33471.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

ASSETS

CURRENT ASSETS

Cash	\$ 444,546
Accounts Receivable, Net	56,651
Due from Other Governments	15,539
Total Current Assets	516,736

NONCURRENT ASSETS

Restricted Assets:	
Cash	64,919
Investments	291,734
Capital Assets:	
Construction in progress	40,587
Equipment	38,469
Less Accumulated Depreciation	(25,196)
Net Capital Assets	53,860
Total Noncurrent Assets	410,513
 Total Assets	 \$ 927,249

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 43,714
Total Current Liabilities	43,714

NONCURRENT LIABILITIES

Customer Deposits	20,750
Total Noncurrent Liabilities	20,750
 Total Liabilities	 64,464

NET POSITION

Net Investment in Capital Assets	53,860
Restricted for:	
Capital Improvement	44,169
Unrestricted	764,756
Total Net Position	862,785
 Total Liabilities and Net Position	 \$ 927,249

See accompanying Notes to Financial Statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2014**

OPERATING REVENUES	
Sewer Charges	\$ 686,203
Total Operating Revenues	<u>686,203</u>
 OPERATING EXPENSES	
Cost of Sales and Service	455,416
Professional Fees	55,060
Depreciation	3,551
Total Operating Expenses	<u>514,027</u>
Operating Income	<u>172,176</u>
 NON-OPERATING REVENUES (EXPENSES)	
Contributions to Other Governments	(84,149)
Interest Earnings	1,359
Total Non-Operating Revenues (Expenses)	<u>(82,790)</u>
Change in Net Position	89,386
Total Net Position - Beginning	773,399
Total Net Position - Ending	<u><u>\$ 862,785</u></u>

See accompanying Notes to Financial Statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 689,904
Cash Paid to Suppliers for Goods and Services	(549,135)
Net Cash Provided by Operating Activities	<u>140,769</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(40,587)
Contributions to Other Governments	(84,149)
Net Cash Used by Capital and Related Financing Activities	<u>(124,736)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Certificates of Deposit	(803)
Interest	1,359
Net Cash Used by Investing Activities	<u>556</u>
Net Increase in Cash and Cash Equivalents	16,589
CASH AND CASH EQUIVALENTS , Beginning of Year	<u>492,876</u>
CASH AND CASH EQUIVALENTS , End of Year	<u>\$ 509,465</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS	
Current Assets - Cash	\$ 444,546
Noncurrent Assets - Restricted Cash	64,919
	<u>\$ 509,465</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income	\$ 172,176
Adjustments to Reconcile Operating Income to Net Cash	
Provided by Operating Activities	
Depreciation	3,551
Changes in Assets and Liabilities	
Decrease in Accounts Receivable	931
Increase in Accounts Payable and Accrued Expenses	(38,659)
Increase in Customer Deposits	2,770
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 140,769</u>

See accompanying Notes to Financial Statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The City-County Public Works Authority (the "Authority") was created through an interlocal agreement between Glades County, Florida (the "County") and the City of Moore Haven, Florida (the "City"), pursuant to Section 9(b), Article VII, of the Florida Constitution, and Sections 189.404(3)(b) and 125.01(5), Florida Statutes, as an Independent Special District. The Authority was established for the purpose of planning, designing, operating, and maintaining central water, sewer, and reclaimed water infrastructure, facilities, and services within the City and unincorporated areas of the County. Title to capital assets utilized by the Authority (except for incidental equipment held by the Authority) remains with the County. The Authority is governed by a 10-member Board of Supervisors, comprised ex-officio of all of the members of the City Council and all of the members of the County Commission. Neither the City nor the County has participating ownership interest in the Authority.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to state and local governmental units, which are promulgated by the Governmental Accounting Standards Board ("GASB"). The accompanying financial statements have been prepared in accordance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The criteria provided in Section 2100 of the Codification of Government Accounting and Financial Reporting Standards have been considered and there are no agencies or entities which should be presented with the Authority. Management is not aware of any entity which would consider the Authority to be a component unit.

Measurement Focus and Basis of Accounting

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic resources measurement focus, all assets and all liabilities (whether current or non-current) associated with the Authority's activity are included on its balance sheet. The Authority's statement of revenues, expenses, and changes in net position present increases (revenues) and decreases (expenses) in net total assets. Basis of accounting determines when transactions are reported in the financial statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Measurement Focus and Basis of Accounting (Continued)

The principal operating revenues of the Authority's enterprise fund is sewer charges. Operating expenses for enterprise funds include the cost of sales and services, and professional fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Significant Accounting Policies

Investments

Consist of certificates of deposit with maturities at purchase date of greater than three months and are reported at cost plus accrued interest, which approximates fair value.

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are deemed to be uncollectible. Allowance for uncollectible accounts netted with accounts receivable for the year ended September 30, 2014, were \$-0-. For the year ended September 30, 2014, uncollectible amounts netted with revenues were \$-0-.

Capital Assets

Capital assets, such as treatment plants, collection systems, etc., utilized by the Authority for the provision of sewer services, are owned by and reported by the County. Only incidental equipment titled to the Authority is reported within these financial statements. Such capital assets are stated at cost or, if donated, fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives assigned to various categories of assets are as follows:

	<u>Years</u>
Equipment	5-7

Net Position

Net position is classified in three categories. The general meaning of each is as follows:

Net investment in capital assets – represents the difference between the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – indicates that portion of net position that is restricted based on limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – indicates that portion of net position which will require funding from future operations.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Significant Accounting Policies (Continued)

Revenue Recognition

Sewer charges are billed to the customer based on water consumption. The City of Moore Haven bills and collects the sewer charges for the Authority.

Intergovernmental revenues are funds received by the City of Moore Haven and transferred to the Authority for the purpose of revitalizing the sewer treatment plant. Any assets that are capital in nature are contributed to the County.

Capital Contributions

The Authority receives capacity fees in accordance with an ordinance on all new connections to the sewer system. The Authority may expend the amounts collected exclusively for the purpose of undertaking wastewater facilities projects or for financing directly, or as a pledge against bonds, revenue certificates and other obligations of indebtedness, the costs of wastewater facilities projects. The Authority is required to refund the portions of any capacity fee which have been on deposit for more than five years and which remain unexpended, unless the Authority makes findings: (i) to identify the specific wastewater facilities projects listed in the first two years of the current capital improvements program for which the capacity fee will be expended, and the year in which the wastewater facilities projects will be constructed, and (ii) to demonstrate a "rational nexus" between the capacity fee and the wastewater facilities projects needed to serve the principal use.

Because of the use requirements, (1) expenditure on wastewater facilities project and (2) refund if not expended, the Authority records receipts of capacity fees as restricted cash.

Accounting 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget Policy and Practice

The Authority's director submits an annual budget to the Board of Supervisors. At the end of September or early October, the members of the Board of Supervisors adopt the budget for the next fiscal year. Once approved, the Authority may amend the legally adopted budget when unexpected modifications are required in estimated revenues and expenses.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 2 CASH AND INVESTMENTS

As of September 30, 2014, the Authority's cash and investments were as follows:

Deposits with Qualified Public Depositories	\$	509,465
Investments - Nonnegotiable Certificates of Deposit		291,734
		801,199
		801,199

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. In accordance with its policy, all Authority depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof; therefore, the Authority is not exposed to custodial credit risk for its deposits and investments.

NOTE 3 CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2014, is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated:				
Construction in Progress	\$ -	\$ 40,587	\$ -	\$ 40,587
Capital Assets Being Depreciated:				
Equipment	38,469	-	-	38,469
Less Accumulated Depreciation for Equipment	21,645	3,551	-	25,196
	\$ 16,824	\$ 37,036	\$ -	\$ 53,860

Depreciation expense for the year ended September 30, 2014 was \$3,551.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 4 RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. There were no significant reductions in coverage compared to the prior year. The Authority retains no risk of loss.

Settled claims did not exceed insurance coverage limits during the last three years.

NOTE 5 RELATED PARTY TRANSACTIONS

The Authority has transactions with Glades County and the City of Moore Haven. The Authority pays \$15,000 and \$30,000 to the County and the City, respectively, for administrative expenses and services. In addition, the Authority reimbursed \$131,071 to the City for personnel costs related to the operation and maintenance of the sewer plant.

The Authority also has transactions with business entities owned by members of the Authority Board of Supervisors. Total payments related to those transactions were \$5,418.

NOTE 6 MAJOR CUSTOMERS

The Authority receives revenues for sewer usage from two major customers in the amount of \$514,056 which represents 75% of the Authority's total revenues for the fiscal year ended September 30, 2014, and has a receivable balance of \$39,291 from these major customers, which represents 69% of the Authority's total receivables at September 30, 2014.

**CITY-COUNTY PUBLIC WORKS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2014**

NOTE 7 COMMITMENTS

On July 13, 2012, the Authority entered into an agreement with Stevens & Layton, Inc. to construct Glades County Industrial Park gravity sewer improvements. This agreement is for the term of the project and calls for estimated total payments of \$753,535. Glades County is funding this project through grants they receive. Management estimates the cost to complete this project to be approximately \$17,711 at September 30, 2014.

On February 21, 2014, the Authority entered into an agreement with Craig A. Smith & Associates to provide engineering services for the Avenue L, M and 4th Street lift station sewer improvement project. This agreement is for the term of the project and calls for estimated total payments of \$52,425. Management estimates the cost to complete this project to be approximately \$35,099 at September 30, 2014.

On May 23, 2014, the Authority entered into an agreement with Craig A. Smith & Associates to provide engineering services for the Avenue M, N and 4th Street sanitary sewer improvement project. This agreement is for the term of the project and calls for estimated total payments of \$65,382. Management estimates the cost to complete this project to be approximately \$45,559 at September 30, 2014.

NOTE 8 RESTRICTED ASSETS

The Authority has restricted assets for capital improvement of the County-owned wastewater facilities. The funds used in these projects will be considered contributions to other governments when expended.

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

Board of Supervisors
City-County Public Works Authority
Moore Haven, 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 City-County Public Works Authority (the "Authority"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated April 27, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies described below to be material weaknesses.

2010-001- Segregation of Duties

Criteria

Authority management should constantly be aware of the need to have adequate segregation of duties regarding the processing of transactions for the Authority. In addition, Authority management should be aware that the concentration of duties and responsibilities in one or a very few individuals is not desirable from an internal control perspective.

Condition

The Authority does not have adequate segregation of the accounting functions, which is necessary to ensure adequate internal controls.

Cause

The Authority has a limited number of personnel.

Effect

The design of the internal controls over financial reporting could affect the ability of the Authority to record, process, summarize, and report financial data consistently with the assertions of management in the financial statements. In addition, this lack of segregation of duties may result in the Authority's inability to prevent/detect material misappropriation of Authority assets.

Recommendation

We understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decision to ensure that the Board of Supervisors is aware of this situation. If additional segregation is not feasible, we recommend Authority management and the Board of Supervisors continue to implement and perform oversight procedures to help mitigate the lack of segregation as much as possible.

2010-002 – Audit Adjustments

Criteria

Authority management is responsible for establishing and maintaining internal controls for the proper recording of all the Authority's receipts and disbursements, including year-end accruals and activity of all cash and investment accounts.

Condition

As part of the audit, we proposed audit adjustments to revise the Authority's books at year-end. These adjustments involved the recording of accruals and fund balance reclassifications.

Cause

The Authority has a limited number of personnel and some accounts do not get reconciled properly due to time constraints.

Effect

The design of the controls over the financial reporting process affects the Authority's ability to report their financial data consistent with the assertions of management.

Recommendation

We understand that this material weakness is already known to management and represents a conscious decision by management and the Board of Supervisors to accept that degree of risk because of cost or other considerations. We acknowledge the fact that management is responsible for making decisions concerning costs and the related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions to ensure that the Board of Supervisors is aware of this situation.

2010-003 – Annual Financial Reporting Under Generally Accepted Accounting Principles (GAAP)

Criteria

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. generally accepted accounting principles (GAAP).

Condition

The entity does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures are complete and presented in accordance with GAAP.

Context

Management has informed us that they do not have an internal control policy in place over the annual financial reporting and that they do not have the necessary staff capacity to prepare the annual financial statements including footnote disclosures.

Cause

The entity relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

Recommendation

Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

The Authority's Responses to Findings

The Authority's responses to the findings identified in our audit are described in the accompanying letter of management responses. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2015



MANAGEMENT LETTER

Board of Supervisors
City-County Public Works Authority
Moore Haven, Florida

Report on the Financial Statements

We have audited the financial statements of the City-County Public Works Authority (the "Authority") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 27, 2015.

Auditors' 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 Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 27, 2015, 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. The status of significant findings and recommendations made in the preceding annual financial audit report are listed in Appendix A.

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 Authority discloses this information in the notes to the financial statements.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not the Authority 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 Authority 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 Authority’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.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Authority for the fiscal year ended September 30, 2014, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2014. In connection with our audit, we determined that these two reports were in agreement.

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 the 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. The Authority does not have any special district component units.

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 did not have any such recommendations.

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.

Board of Supervisors
City-County Public Works Authority

Purpose of this Letter

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2015

CITY-COUNTY PUBLIC WORKS AUTHORITY
MANAGEMENT LETTER
SEPTEMBER 30, 2014

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Current Year Status		
		Cleared	Partially Cleared	Not Cleared
2010-01 Segregation of Duties	Material Weakness			X
2010-02 Audit Adjustments	Material Weakness			X
2010-03 Financial Reporting Process	Material Weakness			X
2013-01 Sewer Billing Monthly Remittals	Material Weakness	X		
ML 2010-02 Policies and Procedures	Management Letter	X		

INDEPENDENT ACCOUNTANTS' REPORT

Board of Supervisors
City-County Public Works Authority
Moore Haven, Florida

We have examined the City-County Public Works Authority's (the "Authority") compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2014. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Authority'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 on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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



CliftonLarsonAllen LLP

Fort Myers, Florida
April 27, 2015



City-County Public Works Authority
Moore Haven, Florida



April 28, 2015

CliftonLarsonAllen LLP
6810 International Center Blvd
Fort Myers, Florida 33912

We are in receipt of your report on Internal Control over Financial Reporting and Compliance. Including other matters based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards as well as the Management letter for the fiscal year ended September 30, 2014. We offer the following responses to those comments.

2010-01 Segregation of Duties

The Authority staff has noted this recommendation, however as small as the Authority is; it's not feasible to hire more staff.

2010-02 Audit Adjustments

The Authority has noted this recommendation and will review adjustments and accruals more closely in the future.

2010-03 Financial Reporting Process.

The Authority staff has noted this recommendation, however as small as the Authority is; it is not feasible to hire more staff.

Sincerely,


Maxine Brantley, CMC
City Clerk