

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2015**

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	7
Statement of Activities	8
Fund Financial Statements:	
Balance Sheet – Governmental Funds	9
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	12
Notes to the Financial Statements	13-27
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	28
Notes to Required Supplementary Information	29
Schedules of Proportionate Share of Net Pension Liability	30
Schedules of Pension Contributions	31
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	32-33
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	34
MANAGEMENT LETTER REQUIRED BY CHAPTER 10.550 OF THE RULES OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA	35-36



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
Central County Water Control District
Hendry County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Central County Water Control District, Hendry County, Florida (the "District") as of and for the fiscal year ended September 30, 2015, and the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America

Emphasis of Matter

As discussed in Note 2 to the accompanying financial statements, the District adopted the recognition and disclosure requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27 and Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68, effective October 1, 2014. The net position balance of the governmental activities as of October 1, 2014 has been restated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as shown in the table of contents 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 June 17, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated June 17, 2016, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



June 17, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Central County Water Control District, Hendry County, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of \$10,174,311.
- The change in the District's total net position in comparison with the prior fiscal year was \$157,553, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2015, the District's governmental funds reported combined ending fund balances of \$3,388,991, an increase of \$779,283 in comparison with the prior fiscal year. A portion of the fund balance is restricted for capital projects, non-spendable for inventory, prepaid items and deposits and the remainder is unassigned fund balance which is available for spending at the District's discretion.
- Implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 restated beginning net position by a decrease of (\$287,054) as explained further in Note 2.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being 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.

The statement of activities presents information showing how the government'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 only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by special assessment revenues. The District does not have any business-type activities. The governmental activities of the District include the general government (management), water control and roads, and recreation functions.

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental funds.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

Key components of the District's net position are reflected in the following table:

	NET POSITION	
	SEPTEMBER 30,	
	2015	2014
Assets, excluding capital assets	\$ 3,645,218	\$ 2,791,734
Capital assets, net of depreciation	9,364,138	7,600,934
Total assets	<u>13,009,356</u>	<u>10,392,668</u>
Deferred outflows of resources	43,111	-
Liabilities, excluding long-term liabilities	301,223	88,856
Long-term liabilities	2,523,414	-
Total liabilities	<u>2,824,637</u>	<u>88,856</u>
Deferred inflows of resources	53,519	-
Net position		
Net investment in capital assets	7,102,869	7,600,934
Restricted	1,196,899	-
Unrestricted	1,874,543	2,702,878
Total net position	<u>\$ 10,174,311</u>	<u>\$ 10,303,812</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's other obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,	
	2015	2014
Revenues:		
Program revenues		
Charges for services	\$ 1,597,410	\$ 1,683,161
Operating grants and contributions	300,000	-
General revenues		
Unrestricted investment earnings	6,978	6,477
Total revenues	<u>1,904,388</u>	<u>1,689,638</u>
Expenses:		
General government	277,960	683,644
Water control and roads	1,086,441	739,842
Recreation	285,245	175,058
Bond issue costs	12,401	-
Interest	84,788	-
Total expenses	<u>1,746,835</u>	<u>1,598,544</u>
Change in net position	<u>157,553</u>	<u>91,094</u>
Net position - as previously reported	10,303,812	10,212,718
Effect of adoption of GASB No. 68 (see Note 2)	(287,054)	-
Net position - beginning, restated	<u>10,016,758</u>	<u>10,212,718</u>
Net position - ending	<u>\$ 10,174,311</u>	<u>\$ 10,303,812</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2015 was \$1,746,835. The costs of the District's activities were primarily funded by program revenues. The increase in revenues from fiscal year 2014 is primarily the result of a receipt of a \$300,000 grant from the State of Florida Department of Environmental Protection for the payment to the contractor for the work on the District's Reservoir Levee project. In total, expenses, including depreciation, increased from the prior fiscal year. The majority of the increase is associated with the cost of using Series 2015 Special Assessment Revenue Bond as well as obtaining a capital lease for the excavator and loader.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2015. The general fund budget for the fiscal year ended September 30, 2015 was amended to increase revenues by \$300,000 and increase appropriations by \$2,474,107.

Actual general fund expenditures for the fiscal year ended September 30, 2015 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2015, the District had \$13,908,832 invested in land, construction in progress, buildings and building improvements, other improvements, and machinery and equipment. In the government-wide statements, depreciation of \$4,544,694 has been taken, which resulted in a net book value of \$9,364,138. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital Debt

At September 30, 2015, the District had \$2,000,000 Bonds outstanding and \$261,269 of capital lease outstanding for its governmental activities. During the 2015 fiscal year, the District issued \$2,000,000 Series 2015 Special Assessment Revenue Bonds and obtained a capital lease for \$331,627. More detailed information about the District's capital debt is presented in the notes of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

As of September 30, 2015, the District had open contracts for the levee construction project. The contract totaled \$1,488,804 for Phase 2 of the Levee Construction project. Of the total amount approximately \$309,329 was uncompleted at September 30, 2015. It is anticipated that the general operations of the District will remain fairly constant.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the District's General Manager, Carolyn Hester, at 475 Cabbage Palm Street, Clewiston, FL 33440 telephone number (863) 983-5797.

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 2,229,863
Accounts receivable	252
Assessments receivable, net	83,593
Inventory	7,842
Prepaid items and deposits	8,821
Restricted assets:	
Cash	1,314,847
Capital assets:	
Depreciable, net	6,893,751
Nondepreciable	2,470,387
Total assets	<u>13,009,356</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Pension	<u>43,111</u>
 LIABILITIES	
Accounts payable and accrued expenses	98,487
Contracts and retainage payable	117,948
Accrued interest payable	84,788
Non-current liabilities:	
Net pension liability	262,145
Due within one year	123,246
Due in more than one year	2,138,023
Total liabilities	<u>2,824,637</u>
 DEFERRED INFLOWS OF RESOURCES	
Pension	<u>53,519</u>
 NET POSITION	
Net investment in capital assets	7,102,869
Restricted for capital projects	1,196,899
Unrestricted	1,874,543
Total net position	<u><u>\$ 10,174,311</u></u>

See notes to the financial statements

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Primary government:</u>				
Governmental activities:				
General government	\$ 277,960	\$ 277,960	\$ -	\$ -
Water control and roads	1,086,441	1,315,521	300,000	529,080
Recreation	285,245	3,929	-	(281,316)
Bond issue costs	12,401	-	-	(12,401)
Interest on long-term debt	84,788	-	-	(84,788)
Total governmental activities	1,746,835	1,597,410	300,000	150,575
General revenues:				
Unrestricted investment earnings				6,978
Total general revenues				6,978
Change in net position				157,553
Net position - as previously reported				10,303,812
Effect of adoption of GASB No. 68 (see Note 2)				(287,054)
Net position - beginning, restated				10,016,758
Net position - ending				\$ 10,174,311

See notes to the financial statements

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash	\$ 2,229,863	\$ 2,229,863
Assessments receivable	83,593	83,593
Other receivable	252	252
Inventory	7,842	7,842
Prepaid items and deposits	8,821	8,821
Restricted cash	1,314,847	1,314,847
Total assets	<u>\$ 3,645,218</u>	<u>\$ 3,645,218</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 75,782	\$ 75,782
Accrued expenses	22,705	22,705
Contracts and retainage payable	117,948	117,948
Total liabilities	<u>216,435</u>	<u>216,435</u>
 DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	39,792	39,792
Total deferred inflows of resources	<u>39,792</u>	<u>39,792</u>
 Fund balance:		
Nonspendable:		
Inventory, prepaid items, and deposits	16,663	16,663
Restricted for:		
Capital projects	1,196,899	1,196,899
Assigned to:		
Subsequent year's expenditures	527,055	527,055
Unassigned	1,648,374	1,648,374
Total fund balance	<u>3,388,991</u>	<u>3,388,991</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,645,218</u>	<u>\$ 3,645,218</u>

See notes to the financial statements

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

Fund balance - governmental funds		\$ 3,388,991
Amounts reported for governmental activities in the statement of net position are different because:		
Assets recorded in the governmental fund financial statements that are not available to pay for current-period expenditures are unavailable revenue in the governmental funds.		39,792
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.		
Cost of capital assets	13,908,832	
Accumulated depreciation	<u>(4,544,694)</u>	9,364,138
Deferred outflows of resources related to pensions are recorded in the statement of net position.		43,111
Deferred inflows of resources related to pensions are recorded in the statement of net position.		(53,519)
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Accrued interest payable		(84,788)
Bonds payable		(2,000,000)
Capital lease payable		(261,269)
Net pension liability		<u>(262,145)</u>
Net position of governmental activities		<u><u>\$ 10,174,311</u></u>

See notes to the financial statements

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	General Fund	Total Governmental Funds
REVENUES		
Assessments	\$ 1,646,859	\$ 1,646,859
Interest income	6,978	6,978
Grant revenue	300,000	300,000
Other income	3,929	3,929
Total revenues	1,957,766	1,957,766
EXPENDITURES		
Current:		
General government	292,461	292,461
Water control and roads	753,042	753,042
Recreation	281,223	281,223
Debt service		
Principal	70,358	70,358
Bond issue costs	12,401	12,401
Capital outlay	2,100,625	2,100,625
Total expenditures	3,510,110	3,510,110
Excess of revenues over expenditures	(1,552,344)	(1,552,344)
OTHER FINANCING SOURCES		
Proceeds from capital leases	331,627	331,627
Bond proceeds	2,000,000	2,000,000
Total other financing sources	2,331,627	2,331,627
Net change in fund balance	779,283	779,283
Fund balance - beginning	2,609,708	2,609,708
Fund balance - ending	\$ 3,388,991	\$ 3,388,991

See notes to the financial statements

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Net change in fund balance - total governmental funds	\$	779,283
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.		2,100,625
Certain revenues were unavailable for the governmental fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.		(53,378)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of		70,358
Governmental funds report the face amount of Bonds issued and proceeds from capital leases as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.		(2,331,627)
The change in accrued interest on long-term liabilities between the current and prior fiscal years is recorded in the statement of activities, but not in the governmental fund financial statements.		(84,788)
Depreciation on capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.		(337,421)
Changes to the net pension liability and deferred outflows and inflows of resources related to pensions are recorded as adjustments to expenses in the statement of activities.		14,501
Change in net position of governmental activities	\$	157,553

See notes to the financial statements

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Central County Water Control District ("District") was created in 1970 under Chapter 70-702 by a special Act of the Florida Legislature. Chapter 90-413, Special Acts of the Florida Legislature, amended Chapter 70-702 to allow Central County Water Control District to construct, acquire by donation, or purchase recreational facilities and areas for the benefit of the District residents. The District was established for the purposes of reclaiming, draining, and irrigating the land within the District.

The District is governed by the Board of Supervisors ("Board"), which is composed of five members. Three members are elected by the owners of the property within the District and two members are elected by popular vote. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting.

Assessments

Assessments are non-ad valorem assessments on certain land and all platted lots within the District. Assessments are levied each November 1 on property of record as of the previous January. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1.

Assessments and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Restricted Assets

These assets represent cash and investments set aside pursuant to certain contractual restrictions, if applicable.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets which include property, plant and equipment, and infrastructure assets (e.g., roads, sidewalks and similar items) are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, infrastructure and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	25 – 40
Other improvements	5 – 45
Machinery and equipment	5 – 39

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Compensated Absences

It is the District's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick pay benefits. Any earned but unused vacation accumulated will be paid to employees upon separation from the District's service and sick leave is forfeited if not used. A liability is accrued when the benefits are earned by the employee. The District uses the vesting method to accrue sick leave for employees who are eligible to receive termination payments upon separation, as well as those expected to become eligible in the future.

Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured. The current portion of accumulated absences is included in the general fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Bond premiums and discounts are deferred and amortized ratably over the life of the Bonds. Bonds payable are reported net of applicable premiums or discounts. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Board of Supervisors that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

New Accounting Standards Adopted

During fiscal year 2015, the District adopted three new accounting standards as follows:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans*, revises existing standards of financial reporting for most pension plans.

This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations

The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations by providing guidance specific to the situations and circumstances encountered within the governmental environment.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The implementation of GASB 68 had the following effect on beginning net position in fiscal year 2015:

	Governmental Activities
Net position, previously reported	\$ 10,303,812
Adjustment for FRS	(164,289)
Adjustment for HIS	(122,765)
Total pension related adjustment	(287,054)
Net position, restated	<u>\$ 10,016,758</u>

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

- a) Each year the Treasurer submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
- b) Public hearings are conducted to obtain public comments.
- c) Prior to October 1, the budget is legally adopted by the District Board.
- d) All budget changes must be approved by the District Board.
- e) The budgets are adopted on a basis consistent with generally accepted accounting principles.
- f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 34,969	\$ -	\$ -	\$ 34,969
Construction in progress	750,917	1,684,501	-	2,435,418
Total capital assets, not being depreciated	785,886	1,684,501	-	2,470,387
Capital assets, being depreciated				
Buildings and building improvements	394,609	-	-	394,609
Other improvements	8,985,180	-	-	8,985,180
Machinery and equipment	1,821,271	416,124	(178,739)	2,058,656
Total capital assets, being depreciated	11,201,060	416,124	(178,739)	11,438,445
Less accumulated depreciation	(4,386,012)	(337,421)	178,739	(4,544,694)
Total capital assets, being depreciated, net	6,815,048	78,703	-	6,893,751
Governmental activities capital assets, net	\$ 7,600,934	\$ 1,763,204	\$ -	\$ 9,364,138

Depreciation expense of \$333,399 was charged to water control and roads and \$4,022 was charged to recreation for the fiscal year ended September 30, 2015.

NOTE 6 – LONG TERM LIABILITIES

Capital lease

In the current fiscal year the District entered into lease agreements for financing the acquisition of an excavator and a loader both at an annual interest rate of 3%. The lease agreements qualify as capital leases for accounting purposes. The lease terms range from 49 months from lease inception. At September 30, 2015 the capitalized cost and accumulated depreciation of assets acquired through the capital leases are as follows:

Asset:	
Machinery and equipment	\$ 331,627
Less: accumulated depreciation	(11,410)
Net	<u>\$ 320,217</u>

The future minimum lease payments as of September 30, 2015 are:

	Governmental
Year ending September 30,	Activities
2016	\$ 70,358
2017	70,358
2018	70,358
2019	70,358
Total minimum lease payments	281,432
Less: amount representing interest	(20,163)
Present value of minimum lease payments	<u>\$ 261,269</u>

Bonds Payable

On May 27, 2015, the District issued a \$2 million Special Assessment Revenue Bond, Series 2015 due July 15, 2035, with a fixed interest rate of 3.56% through May 26, 2025, and thereafter a fixed rate of interest determined by the following formula: 2.28% + [.67 * (10 year swap rate as reported in the Federal Reserve daily H.15 report)], calculated on the basis of a 360-day year for the actual number of days elapsed. The Center State Bank of Florida, Series 2015 Bond was issued to finance reconstruction of reservoir levee improvements - Reservoir Levee Completion Project. The project will reconstruct the banks in those various locations where the District has failures from underlying soils or from surface erosion problems. Interest on and principal of the Bond shall be paid semi-annually on each January 15 and July 15, commencing on January 15, 2016, through and including the Maturity Date, subject to prepayment by the District prior to the Maturity Date.

Long-term Debt Activity

Changes in long-term liability activity for the fiscal year ended September 30, 2015 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Bonds payable:					
Series 2015	\$ -	\$ 2,000,000	\$ -	\$ 2,000,000	\$ 60,835
Capital leases	-	331,627	(70,358)	261,269	62,411
	<u>\$ -</u>	<u>\$ 2,331,627</u>	<u>\$ (70,358)</u>	<u>\$ 2,261,269</u>	<u>\$ 123,246</u>

NOTE 6 – LONG TERM LIABILITIES (Continued)

Long-term Debt Activity (Continued)

At September 30, 2015, the scheduled debt service requirements on the Bonds payable were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2016	\$ 60,835	\$ 141,313	\$ 202,148
2017	72,922	141,313	214,235
2018	75,541	141,313	216,854
2019	78,254	141,313	219,567
2020	81,064	141,313	222,377
2021-2025	451,145	706,563	1,157,708
2026-2030	538,196	706,563	1,244,759
2031-2035	642,043	706,563	1,348,606
Total	\$ 2,000,000	\$ 2,826,254	\$ 4,826,254

NOTE 7 – ASSESSMENTS

A significant portion of the assessments for the current fiscal year were delinquent and remain delinquent as of the report date. In addition, there are significant delinquent assessments from prior fiscal years. As of the report date, there is approximately \$639,820 in unpaid assessments from the current and prior fiscal years. As the collectability is indeterminable, an allowance for this amount has been established, and this revenue has not been recognized in the government-wide financial statements. The District collected approximately \$57,000 in delinquent assessments from the current and prior fiscal years subsequent to fiscal year end. Of this amount, approximately \$40,000 was not considered available to finance current fiscal year expenditures and has been shown as unavailable revenue in the governmental fund financial statements at September 30, 2015.

NOTE 8 – RETIREMENT PLAN

Florida Retirement System (FRS)

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

All regular employees of the District are eligible to enroll as members of the FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense totaled \$18,632 for the fiscal year ended September 30, 2015.

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The classes of membership within the District are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 66 or with 33 years of service	
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 30 years of service	1.60
Retirement at age 66 or with 31 years of service	1.63
Retirement at age 67 or with 32 years of service	1.65
Retirement at age 68 or with 33 years of service	1.68
Senior Management Service Class	2.00

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Benefits Provided - (Continued) Per Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2015 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2014 to June 30, 2015		Percent of Gross Salary July 1, 2015 to September 30, 2015	
	Employee	Employer (1)	Employee	Employer (1)
	FRS, Regular	3.00	7.37	3.00
FRS, Senior Management	3.00	21.14	3.00	21.43

(1) Employer rates include a postemployment HIS contribution rate of 1.26% through June 30, 2015 and 1.66% from July 1 to September 30, 2015. Also, employer rates include .04% for administrative costs of the Investment plan.

The District's contributions to the Plan totaled \$23,669 for the fiscal year ended September 30, 2015. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the District reported a liability of \$123,468 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's contributions for the year ended June 30, 2015 relative to the contributions made during the year ended June 30, 2014 of all participating members. At June 30, 2015, the District's proportionate share was .0010%, which was an increase of .0009% from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015 the District recognized pension expense of \$4,910 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,035	\$ (2,928)
Change of assumptions	8,195	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(29,482)
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	1,794	(18,298)
District FRS contributions subsequent to the measurement date	5,622	-
Total	\$ 28,646	\$ (50,708)

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued) The deferred outflows of resources related to pensions, totaling \$5,622, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2016	\$ (13,684)
2017	(13,684)
2018	(13,684)
2019	10,639
2020	1,889
Thereafter	840
Total	\$ (27,684)

Actuarial Assumptions – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the July 1, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Arithmetic Return</u>	<u>(Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.2%	3.1%	1.7%
Fixed income	18.0%	4.8%	4.7%	4.7%
Global equity	53.0%	8.5%	7.2%	17.7%
Real estate (property)	10.0%	6.8%	3.2%	12.0%
Private equity	6.0%	11.9%	8.2%	30.0%
Strategic investments	12.0%	6.7%	6.1%	114.0%
Total	100.0%			
Assumed inflation - mean		2.6%		1.9%

(1) As outlined in the Plan's investment policy

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District’s Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65%) or 1-percentage-point higher (8.65%) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District’s proportionate share of net pension liability	\$ 319,935	\$ 123,468	\$ (40,024)

Pension Plan Fiduciary Net Position – Detailed information about the Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

Benefits Provided – For the fiscal year ended September 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the contribution rate was 1.26% of payroll from October 1, 2014 through June 30, 2015 and 1.66% of payroll for July 1, 2015 through September 30, 2015 pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$5,804 for the fiscal year ended September 30, 2015.

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

HIS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2015, the District reported a net pension liability of \$138,677 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District’s proportionate share of the net pension liability was based on the year ended June 30, 2015 contributions relative to the year ended June 30, 2014 contributions of all participating members. At June 30, 2015, the District’s proportionate share was .0014%, which did not significantly change compared to its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the District recognized pension expense of \$10,061 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change of assumptions	10,910	-
Net difference between projected and actual earnings on HIS pension plan investments	75	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	1,681	(2,811)
District HIS contributions subsequent to the measurement date	1,799	-
Total	<u>\$ 14,465</u>	<u>\$ (2,811)</u>

The deferred outflows of resources related to pensions, totaling \$1,799, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2016	\$ 1,630
2017	1,630
2018	1,630
2019	1,615
2020	1,607
Thereafter	1,743
Total	<u>\$ 9,855</u>

Actuarial Assumptions – The total pension liability in the July 1, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.80%

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2009, through June 30, 2014.

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

HIS Pension Plan (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 3.80%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 3.80%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.80%) or 1-percentage-point higher (4.80%) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
District's proportionate share of net pension liability	\$ 158,016	\$ 138,677	\$ 122,551

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member's accounts during the 2015 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%

NOTE 8 – RETIREMENT PLAN (Continued)

Florida Retirement System (FRS) (Continued)

FRS – Defined Contribution Pension Plan (Continued)

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$3,661 for the fiscal year ended September 30, 2015.

NOTE 9 – POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Based on the actuarial calculation done subsequent to fiscal year end, it was determined that the post-employment benefits are no longer material to the District and, therefore, no disclosures for post-employment benefits have been included in the current fiscal year financial statements. At the time of the last valuation, there were two retirees who were under special benefit arrangements whereby the District subsidized 100% of their health insurance premiums. These retirees were not participating in the health insurance plan as of September 30, 2015.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

During the prior fiscal year, the District was notified by the South Florida Water Management District ("SFWMD") that it is in violation of its SFWMD Environmental Resource Permit ("ERP") for failure to complete the reservoir dike to the ERP requirements. This notice of violation subjects the District to a potential significant fine; however, as of June 17, 2016, no fine has been assessed. In the current fiscal year, the District began the construction of the reservoir dike to meet the ERP requirements.

As of September 30, 2015, the District had open contracts for the levee construction project. The contract totaled \$1,488,804 for Phase 2 of the Levee Construction project. Of the total amount approximately \$309,329 was uncompleted at September 30, 2015.

NOTE 11 – 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. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There have been no claims from these risks that exceeded commercial insurance coverage over the past three years.

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Assessments	\$ 1,507,920	\$ 1,507,920	\$ 1,646,859	\$ 138,939
Interest income	16,640	16,640	6,978	(9,662)
Grant revenue	-	300,000	300,000	-
Other income	-	-	3,929	3,929
Total revenues	<u>1,524,560</u>	<u>1,824,560</u>	<u>1,957,766</u>	<u>133,206</u>
EXPENDITURES				
Current:				
General government	461,100	553,300	292,461	260,839
Water control and roads	781,800	781,800	753,042	28,758
Recreation	266,410	266,410	281,223	(14,813)
Debt service				
Principal	-	-	70,358	(70,358)
Bond issue costs	-	-	12,401	(12,401)
Capital outlay	230,000	2,611,907	2,100,625	511,282
Total expenditures	<u>1,739,310</u>	<u>4,213,417</u>	<u>3,510,110</u>	<u>703,307</u>
Excess (deficiency) of revenues over (under) expenditures	(214,750)	(2,388,857)	(1,552,344)	836,513
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	400,000	331,627	(68,373)
Bond proceeds	-	2,000,000	2,000,000	-
Use of funds	214,750	-	-	-
Total other financing sources	<u>214,750</u>	<u>2,400,000</u>	<u>2,331,627</u>	<u>(68,373)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 11,143</u>	<u>779,283</u>	<u>\$ 768,140</u>
Fund balance - beginning			<u>2,609,708</u>	
Fund balance - ending			<u>\$ 3,388,991</u>	

See notes to required supplementary information

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Supervisors. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2015. The general fund budget for the fiscal year ended September 30, 2015 was amended to increase revenues by \$300,000 and increase appropriations by \$2,474,107.

Actual general fund expenditures for the fiscal year ended September 30, 2015 were less than appropriations due primarily to anticipated costs which were not incurred in the current fiscal year.

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2015**

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan
Last 10 Years (1) (2)**

	2015
District's proportion of the FRS net pension liability	0.00095591%
District's proportionate share of the FRS net pension liability	\$ 123,468
District's covered employee payroll	\$ 359,961
District's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	34.30%
FRS plan fiduciary net position as a percentage of the total pension liability	92.00%

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan
Last 10 Years (1) (2)**

	2015
District's proportion of the HIS net pension liability	0.001359789%
District's proportionate share of the HIS net pension liability	\$ 138,677
District's covered employee payroll	\$ 359,961
District's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	38.53%
HIS plan fiduciary net position as a percentage of the total pension liability	0.50%

- (1) The amounts presented for each year were determined as of the measurement date, June 30.
(2) Information is only available for the years presented.

**CENTRAL COUNTY WATER CONTROL DISTRICT
HENDRY COUNTY, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2015**

**Schedule of the District Contributions -
Florida Retirement System Pension Plan
Last 10 Fiscal Years (1) (2)**

	2015
Contractually required FRS contribution	\$ 23,669
FRS contributions in relation to the contractually required contribution	(23,669)
FRS contribution deficiency (excess)	\$ -
District's covered employee payroll	\$ 376,275
FRS contributions as a percentage of covered employee payroll	6.29%

**Schedule of the District Contributions -
Health Insurance Subsidy Pension Plan
Last 10 Fiscal Years (1) (2)**

	2015
Contractually required HIS contribution	\$ 5,804
HIS contributions in relation to the contractually required contribution	(5,804)
HIS contribution deficiency (excess)	\$ -
District's covered employee payroll	\$ 376,275
HIS contributions as a percentage of covered employee payroll	1.54%

(1) The amounts presented for each fiscal year were determined as of September 30.

(2) Information is only available for the years presented.



**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**

To the Board of Supervisors
Central County Water Control District
Hendry County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Central County Water Control District, Hendry County, Florida ("District") as of and for the fiscal year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 17, 2016, which includes an emphasis of matter paragraph.

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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



June 17, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Supervisors
Central County Water Control District
Hendry County, Florida

We have examined Central County Water Control District, Hendry County, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2015. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 and, accordingly, included examining, on a test basis, evidence about 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 on District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

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, management, and the Board of Supervisors of Central County Water Control District, Hendry County, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 17, 2016



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Supervisors
Central County Water Control District
Hendry County, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Central County Water Control District ("District") as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 17, 2016, which includes an emphasis of matter paragraph.

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 Florida Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's 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 June 17, 2016, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Supervisors of Central County Water Control District, Hendry County, Florida and Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Central County Water Control District, Hendry County, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

June 17, 2016

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

2014-01: Statute Compliance

Current Status: Recommendation has been implemented

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2014, except as noted above.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2015.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2015.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2015 financial audit report.

6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2015. It is management's responsibility to monitor 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.