

**CITY-COUNTY PUBLIC WORKS AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2018**

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of City-County Public Works Authority (the Authority), a component unit of the City of Moore Haven, Florida, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2018, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 25, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 25, 2019

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

This section of the financial report presents our discussion and analysis of the City-County Public Works Authority's (the Authority) financial performance during the fiscal year ended September 30, 2018. Please read it in conjunction with the Authority's financial statements, which follow this section.

**Financial Highlights**

For the fiscal year ended September 30, 2018, the assets of the Authority exceeded its liabilities by \$468,365. Of this amount, \$165,808 represents the amount invested in capital assets; \$182,069 represents amounts restricted for capital improvements, and \$120,488 of unrestricted net position available to be used to meet future ongoing obligations.

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

**Overview of the Financial Statements**

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

**Basic Financial Statements**

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

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

The *statement of revenues, expenses, and changes in fund net position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in other fiscal periods (e.g., unearned revenue).

**Notes to the Basic Financial Statements**

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

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Financial Analysis**

As noted previously, the change in net position over time should serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$468,365 at the close of the most recent fiscal year as compared to the Authority's assets exceeding liabilities by \$173,102 at the close of fiscal year ended September 30, 2017. This increase was due to the use of investments to make improvements to the sewer system.

A portion of the Authority's net position consists of \$165,808 net investment in capital assets (e.g., equipment and furnishings, and construction in progress), which is net of accumulated depreciation. The Authority uses these capital assets to operate and maintain central water, sewer, and reclaimed water infrastructure for the residents of Glades County and the City of Moore Haven; consequently, they are not available for future spending.

An additional portion of the Authority's net position, \$182,069, represents resources that are restricted for capital improvements.

**City-County Public Works Authority's Net Position**

	2018	2017
Current and Other Assets	\$ 393,804	\$ 277,667
Capital Assets	165,808	104,411
Total Assets	559,612	382,078
Current and Other Liabilities	91,247	208,976
Long-Term Liabilities Outstanding	-	-
Total Liabilities	91,247	208,976
Net Position:		
Net Investment in Capital Assets	165,808	100,497
Restricted for Capital Improvements	182,069	182,069
Unrestricted	120,488	(109,464)
Total Net Position	\$ 468,365	\$ 173,102

During the current fiscal year, the Authority increased its net position by \$295,263.

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**Financial Analysis (Continued)**

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

	2018	2017
Operating Revenues:		
Sewer Charges	\$ 742,145	\$ 712,948
Operating Expenses:		
Cost of Sales and Services	413,683	394,538
Professional Fees	99,501	86,232
Depreciation	4,243	3,112
Total Operating Expenses	517,427	483,882
Operating Income	224,718	229,066
Nonoperating Revenues (Expenses):		
Contributions to Other Governments	(35,851)	(603,864)
Interest Earnings	1,396	659
Miscellaneous Revenue	5,000	5,631
Total Nonoperating Expenses	(29,455)	(597,574)
Income Before Contributions	195,263	(368,508)
Capital Contributions	100,000	112,600
Change in Net Position	295,263	(255,908)
Net Position – Beginning	173,102	429,010
Net Position – Ending	\$ 468,365	\$ 173,102

Operating revenues increased by \$29,197 or 4.10%. This was due to an expansion being completed during fiscal year ended September 30, 2017. The 4.85% increase in cost of sales and services was a result of additional cost related to the expansion. Professional fees increased approximately 15.39% due mainly to a feasibility study completed for services on the East side of the river. Contributions to other governments decreased by \$568,013 due to sewer improvement projects being completed in the prior fiscal year and ownership transferred to the County. Glades County owns and reports capital assets used by the Authority.

**Capital Assets**

The Authority's net investment in capital assets as of September 30, 2018 amounts to \$165,808 (net of depreciation). Capital assets, such as treatment plants, collection systems, etc., utilized by the Authority for the provision of sewer services, are owned and reported by Glades County. Projects recorded as construction in progress that will be turned over to the County when completed and incidental equipment titled to the Authority are reported within these financial statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2018**

**City-County Public Works Authority's Capital Assets**

	<u>2018</u>	<u>2017</u>
Construction in Progress	\$ 145,795	\$ 101,351
Equipment	59,665	38,469
Less: Accumulated Depreciation	<u>(39,652)</u>	<u>(35,409)</u>
Total, Net of Depreciation	<u>\$ 165,808</u>	<u>\$ 104,411</u>

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

**Debt**

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

**Economic Factors and Future Impacts**

During the current fiscal year, the Authority worked on preparations for the expansion of services to Avenues N, O, S and 4th Street from 8th Street Canal to Riverside Drive. Construction on this expansion is expected to begin during fiscal year ending September 30, 2019.

**Requests for Information**

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



**CITY-COUNTY PUBLIC WORKS AUTHORITY  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 110,917
Accounts Receivable, Net	63,306
Other Receivables	8,790
Total Current Assets	183,013

**NONCURRENT ASSETS**

Restricted Assets:	
Cash	182,069
Investments	28,722
Capital Assets:	
Construction in Progress	145,795
Equipment	59,665
Less: Accumulated Depreciation	(39,652)
Net Capital Assets	165,808
Total Noncurrent Assets	376,599
Total Assets	\$ 559,612

**LIABILITIES AND NET POSITION**

**CURRENT LIABILITIES**

Accounts Payable and Accrued Liabilities	\$ 60,847
Due to Other Governments	1,132
Total Current Liabilities	61,979

**NONCURRENT LIABILITIES**

Customer Deposits	29,268
Total Liabilities	91,247

**NET POSITION**

Net Investment in Capital Assets	165,808
Restricted for:	
Capital Improvement	182,069
Unrestricted	120,488
Total Net Position	468,365
Total Liabilities and Net Position	\$ 559,612

See accompanying Notes to Financial Statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2018**

<b>OPERATING REVENUES</b>	
Sewer Charges	\$ 742,145
Total Operating Revenues	<u>742,145</u>
<b>OPERATING EXPENSES</b>	
Cost of Sales and Service	413,683
Professional Fees	99,501
Depreciation	4,243
Total Operating Expenses	<u>517,427</u>
<b>OPERATING INCOME</b>	224,718
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Contributions to Other Governments	(35,851)
Interest Earnings	1,396
Miscellaneous Revenue	5,000
Total Nonoperating Revenues (Expenses)	<u>(29,455)</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	195,263
<b>CAPITAL CONTRIBUTIONS</b>	<u>100,000</u>
<b>CHANGE IN NET POSITION</b>	295,263
Net Assets – Beginning	<u>173,102</u>
<b>NET ASSETS – ENDING</b>	<u><u>\$ 468,365</u></u>

See accompanying Notes to Financial Statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 753,363
Cash Paid to Suppliers for Goods and Services	<u>(629,966)</u>
Net Cash Provided by Operating Activities	123,397
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Other Receipts	<u>5,000</u>
Net Cash Provided by Noncapital Financing Activities	5,000
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	(101,492)
Capital Contributions	100,000
Contributions to Other Governments	<u>(2,364)</u>
Net Cash Used by Capital and Related Financing Activities	(3,856)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Redemption of Certificates of Deposit	(16)
Interest	<u>1,396</u>
Net Cash Provided by Investing Activities	<u>1,380</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	125,921
Cash and Cash Equivalents – Beginning of Year	<u>167,065</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u><u>\$ 292,986</u></u>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>	
Current Assets – Cash	\$ 110,917
Noncurrent Assets – Restricted Cash	<u>182,069</u>
Total	<u><u>\$ 292,986</u></u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Income	\$ 224,718
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	4,243
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(3,250)
Increase in Other Receivable	13,050
Increase in Accounts Payable and Accrued Expenses	(116,782)
Increase in Customer Deposits	<u>1,418</u>
Net Cash Provided by Operating Activities	<u><u>\$ 123,397</u></u>

See accompanying Notes to Financial Statements.

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

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

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

**Financial Reporting Entity**

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

**Measurement Focus and Basis of Accounting**

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

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

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Measurement Focus and Basis of Accounting (Continued)**

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

**Significant Accounting Policies**

Investments

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

Accounts Receivable

Accounts receivable are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are deemed to be uncollectible. Allowance for uncollectible accounts netted with accounts receivable for the year ended September 30, 2018, were \$-0-. For the year ended September 30, 2018, uncollectible amounts netted with revenues were \$-0-.

Capital Assets

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

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

Equipment	5 to 7 Years
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Net Position

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

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

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

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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

**Significant Accounting Policies (Continued)**

Net Position (Continued)

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

Revenue Recognition

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

Capital Contributions

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

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

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget Policy and Practice

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

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 2 CASH AND INVESTMENTS**

As of September 30, 2018, the authority's cash and investments were as follows:

Deposits with Qualified Public Depositories	\$ 292,986
Investments – Nonnegotiable Certificates of Deposit	28,722
Total	\$ 321,708

**Deposits**

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

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

**NOTE 3 CAPITAL ASSETS**

Capital assets activity for the year ended September 30, 2018 is summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets not Being Depreciated:				
Construction in Progress	\$ 101,351	\$ 80,296	\$ (35,851)	\$ 145,795
Capital Assets Being Depreciated:				
Equipment	38,469	21,196	-	59,665
Less: Accumulated Depreciation for Equipment	35,409	4,243	-	39,652
Total	\$ 104,411	\$ 97,249	\$ (35,851)	\$ 165,808

Depreciation expense for the year ended September 30, 2018 was \$4,243.

**NOTE 4 RISK MANAGEMENT**

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

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

**CITY-COUNTY PUBLIC WORKS AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE 5 RELATED PARTY TRANSACTIONS**

The Authority has transactions with Glades County and with the City of Moore Haven. The Authority pays \$15,000 and \$30,000 to the County and the City, respectively, for administrative expenses and services. In addition, the Authority reimbursed \$136,581 to the City for personnel costs related to the operation and maintenance of the sewer plant and paid the County \$2,340 for mowing services.

The Authority also has transactions with business entities owned by members of the Authority board of supervisors. Total payments related to those transactions were \$138.

**NOTE 6 MAJOR CUSTOMERS**

The Authority receives revenues for sewer usage from two major customers in the amount of \$503,518 which represents 60% of the Authority's total revenues for the fiscal year ended September 30, 2018, and has a receivable balance of \$43,004 from these major customers, which represents 68% of the Authority's total receivables at September 30, 2018.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

On October 24, 2011, the Authority entered into an agreement with AI Brown to operate and maintain the wastewater treatment plant located at 1653 County Road 720, Moore Haven, Florida as an independent contractor for twelve months and this agreement can be renewed each year upon agreement by both parties. The monthly compensation is at the rate of \$19 per hour. The authority paid independent contractor fees in the amount of \$27,360 for the year ended September 30, 2018.

In April 2018, the Authority entered into an agreement with Suez Water Technologies & Solutions to replace and upgrade the Glades County Wastewater Treatment Plant to LEAPmbr aeration. This agreement is for the term of the project and calls for total payments of \$267,650. Management estimates the cost to complete this project to be approximately \$187,355 at September 30, 2018.

**NOTE 8 RESTRICTED ASSETS**

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





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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the City-County Public Works Authority (the Authority), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 25, 2019.

**Internal Control Over Financial Reporting**

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

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

A deficiency in *internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described below as 2010-001, 2010-002, 2010-003 to be material weaknesses.

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. We consider the deficiencies described below as 2017-001 and 2018-001 to be significant deficiencies.

## **2010-001 – Segregation of Duties**

### Criteria

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

### Condition

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

### Cause

The Authority has a limited number of personnel.

### Effect

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

### Recommendation

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

## **2010-002 – Audit Adjustments**

### Criteria

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

### Condition

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

**2010-002 – Audit Adjustments (Continued)**

Cause

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

Effect

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

Recommendation

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

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

Criteria

Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).

Condition

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

Context

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

Cause

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

Effect

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

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

Recommendation

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

**2017-001 – Deleted Transactions**

Criteria

The Authority is responsible for establishing and maintaining internal controls for the proper recording of all financial records.

Condition

During our review of journal entries and QuickBooks audit trail, it was noted that transactions were deleted.

Cause

Management does not have policies and procedures to not delete transactions.

Effect

By deleting transactions, QuickBooks is not providing an accurate history of all transactions and can make previous reports produced by QuickBooks inaccurate.

Recommendation

We recommend the Authority adopt a policy prohibiting the deletion of financial records once entered into the accounting software. If changes need to be made to the financial records, items should be edited, voided, or corrected through an adjusting entry which will provide an audit trail in the financial records.

**2018-001 Worksheets Stored on Computer Hard Drive**

Criteria

Procedures for proper data storage and backup should be in place to ensure that accounting documents and schedules are protected in the event of a system failure. Information should be backed up on a regular basis and stored remotely in a secure environment.

Condition

During the performance of our audit procedures and discussion with the Authority staff, we noted not all internally generated documents and schedules are backed up on a regular basis. Some documents and schedules have been stored on the hard drive of an employee's computer. Computer hard drives are not part of the backup process.

## **2018-001 Worksheets Stored on Computer Hard Drive (Continued)**

### Cause

The Authority does not have a detailed information technology policy that prohibits storage of documents on the computer's hard drive.

### Effect

In the event of a computer failure, the documents and schedules created could be lost. It would require significant time and effort to recreate the documents and schedules.

### Recommendation

We recommend the Authority employees save all Authority related information on a network drive that is backed up on a regular basis or remotely utilizing secure cloud storage.

## **Compliance and Other Matters**

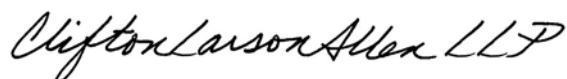
As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

## **The Authority's Responses to Findings**

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

## **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 25, 2019



## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the City-County Public Works Authority (the Authority) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 25, 2019.

### Auditors' Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 25, 2019, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding financial audit report. The status of significant findings and recommendations made in the preceding financial audit report are listed in Appendix A.

### Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Authority discloses this information in the notes to the financial statements.

### **Financial Condition and Management**

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have recommendations described below.

### **2017-003 – No Review of Cash Reconciliations by the Board of Commissioners**

#### Criteria

The Authority is responsible for establishing and maintaining internal controls to ensure that cash reconciliations are being conducted by the board of commissioners.

#### Condition

During our review of the compensated controls, it was noted that out of the 6 signors, 4 are board members that do not have access to the check stock. The other 2 users have access to the check stock but the policy states that at least one signature must be from a board member. Additionally, all check runs are approved by the board and this was verified through our review of minutes.

#### Cause

Management does not have enough board members to review the check stock for reconciliation purposes.

#### Effect

The potential exists that an added risk of fraud could occur and not be prevented or detected by the entity's internal controls.

#### Recommendation

We recommend the Authority to appoint a board member to review the bank statements and view returned checks to ensure dual signatures are listed (making sure one is from a board member). Management could also maintain a running list of check numbers and as the board member signs checks, they initial by the check numbers they have signed. By doing this, they can track to make sure there are no missing numbers they did not see and approve.

**Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. The Authority does not have any special district component units.

**Additional Matters**

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

**Purpose of this Letter**

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



**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 25, 2019



**CITY-COUNTY PUBLIC WORKS AUTHORITY  
MANAGEMENT LETTER  
APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS  
SEPTEMBER 30, 2018**

Prior Year Findings		FINDING NUMBER			Current Year Status		
		Current Year	2016-2017	2015-2016	Cleared	Partially Cleared	Not Cleared
Segregation of Duties	Material Weakness	2010-001	2010-001	2010-001			X
Audit Adjustments	Material Weakness	2010-002	2010-002	2010-002			X
Financial Reporting Process	Material Weakness	2010-003	2010-003	2010-003			X
Deleted Transactions	Significant Deficiency	2017-001	2017-001	ML 2016-001			X
Uncleared Disbursements	Significant Deficiency	N/A	2017-002	ML 2016-002	X		
No Review of Cash Reconciliations by the Board of Commissioners	Management Letter	2017-003	2017-003	N/A			X



## INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined the City-County Public Works Authority's (the Authority) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management is responsible for the Authority's compliance with the specified requirements. Our responsibility is to express an opinion on the Authority's compliance with the specified requirements based on our examination.

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

Our examination does not provide a legal determination on the Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Fort Myers, Florida  
June 25, 2019



**City-County Public Works Authority**  
Moore Haven, Florida



June 24, 2019

CliftonLarsonAllen LLP  
12800 University Dr  
Fort Myers, Florida 33907

We are in receipt of your report on Internal Control over Financial Reporting and Compliance. Including other matters based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards as well as the Management letter for the fiscal year ended September 30, 2018. We offer the following responses to those comments.

2010-01 Segregation of Duties

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

2010-02 Audit Adjustments

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

2010-03 Financial Reporting Process.

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

2017-001 Deleted Transactions

All transactions are voided that need to be, none will be deleted. This will leave the paper trail needed for the auditors.

2017-003 No review of Cash Reconciliations by the Board of Commissioners.

All Bank Statements and Reconciliation are available for any member of the Board to review. In addition the City Manager reviews them also.

2018-001 Worksheets Stored on Computer Hard Drive.

The Authority has noted this recommendation and all documents are stored on the F Drive which is backed up nightly.

Sincerely,

Maxine Brantley, CMC  
City Clerk

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P.O. Box 1221 • Moore Haven, Florida 33471 • Ph (863) 946-0711 • Fax (863) 946-2988