

JOSHUA WATER  
CONTROL DISTRICT

September 30, 2014

BASIC FINANCIAL STATEMENTS,  
TOGETHER WITH REPORTS OF INDEPENDENT  
AUDITORS

RECEIVED MAR 10 2015

# TABLE OF CONTENTS

<b>Report of Independent Auditors</b>	1 – 2
<b>Management’s Discussion and Analysis</b>	3 – 7
<b>Basic Financial Statements</b>	
Statement of Net Position	8
Statement of Activities	9
Balance Sheet	10
Reconciliation of the Balance Sheet to the Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Fund Balance	12
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Balance to the Statement of Net Position	13
<b>Notes to Basic Financial Statements</b>	14 – 23
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenses and Changes in Fund Balance – Budget and Actual Comparison	24
Notes to Budgetary Comparison Schedule	25
<b>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 <i>Government Auditing Standards</i></b>	26 – 27
<b>Management Letter</b>	28 – 29
<b>Independent Accountant’s Examination Report</b>	30
<b>Response to Management Letter</b>	31



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## Independent Auditor's Report

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, Florida

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities of the Joshua Water Control District, (the "District") as of and for the fiscal year ended September 30, 2014, 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 opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of September 30, 2014, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matters - Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-7 and 24-25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

*Ashley Brown & Co.*

Punta Gorda, Florida  
March 10, 2015

# **JOSHUA WATER CONTROL DISTRICT**

## **Management's Discussion and Analysis**

The management of Joshua Water Control District (the "District") would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2014. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

### **FINANCIAL AND DISTRICT HIGHLIGHTS**

#### **Financial Highlights**

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2014 by \$872,964.
- The District's total net position increased by \$105,275.
- The District's total revenues were \$1,414,205 for the fiscal year ended September 30, 2014.
- Total expenses for all of the District's activities were \$1,308,930 for the fiscal year.

#### **District Highlights**

- The District cleaned 213,531 feet of canals and leveled 210,170 feet of spoil. Ditch banks mowed totaled 131 miles and 429 miles of roadways were graded.
- The District applied herbicides to 2,524 acres of canals.

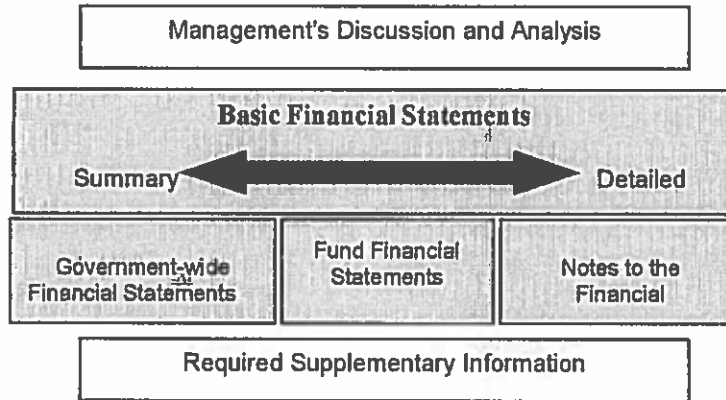
### **USING THIS ANNUAL REPORT**

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

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

# JOSHUA WATER CONTROL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



### Government-wide Financial Statements

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

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

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

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

### Fund Financial Statements

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

## JOSHUA WATER CONTROL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

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

#### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Assets exceeded liabilities by \$872,964 for the fiscal year ended September 30, 2014.

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

#### Joshua Water District Condensed Statement of Net Position

	2014	2013	Percentage Changes
<b>Assets</b>			
Current and other assets	\$ 288,784	\$ 231,747	25%
Capital assets, net	781,635	803,635	-3%
Total assets	1,070,419	1,035,382	3%
<b>Liabilities</b>			
Current liabilities	76,601	94,932	-19%
Long-term liabilities	120,854	172,761	-30%
Total liabilities	197,455	267,693	-26%
<b>Net Position:</b>			
Invested in capital assets, net of related debt	622,087	575,648	8%
Unrestricted	250,877	192,041	31%
Total net position	\$ 872,964	\$ 767,689	14%

#### FUND ANALYSIS

**Current liabilities** consist of accounts payable, accrued liabilities and amounts due to other governments.

**Non-current liabilities** consist of notes payable and compensated absences.

**JOSHUA WATER CONTROL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

	<u>2014</u>	<u>2013</u>	<u>Percentage Changes</u>
Revenues:			
Program revenues:			
Charges for services	\$1,413,568	\$ 1,428,379	-1%
General revenues:			
Interest revenues	<u>637</u>	<u>617</u>	<u>3%</u>
Total revenues	<u>1,414,205</u>	<u>1,428,996</u>	<u>-1%</u>
Expenses:			
Physical environment	1,302,822	1,280,138	2%
Interest on long-term debt	<u>6,108</u>	<u>7,699</u>	<u>-21%</u>
Total expenses	<u>1,308,930</u>	<u>1,287,837</u>	<u>2%</u>
(Decrease) Increase in net position	105,275	141,159	-25%
Net position, beginning of year	<u>767,689</u>	<u>626,530</u>	<u>23%</u>
Net position, end of year	<u>\$ 872,964</u>	<u>\$ 767,689</u>	<u>14%</u>

**BUDGETARY HIGHLIGHTS**

The District adopted the fiscal year 2013/2014 budget on August 15, 2013 with the following assessment rates: Level of Service A \$100.03 per acre; Sub-District B \$9.38 per acre; Sub-District C \$9.38 per acre; Sub-District D, Level of Service C \$72.71 per acre; Sub-District D, Level of Service D \$61 per acre; Outside Users Fee \$7.08 per acre. Total revenues and expenditures budgeted for the fiscal year ended September 30, 2014 were \$1,455,525.

Total actual expenditures for the fiscal year ended September 30, 2014 were \$1,308,930. Total actual revenues for the fiscal year ended September 30, 2014 were \$1,414,205.



## JOSHUA WATER CONTROL DISTRICT

### MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The following summarizes the District's capital assets, net of accumulated depreciation, for the year ended September 30, 2014:

Land	\$ 142,144
Buildings	91,057
Machinery and Equipment	1,131,703
Culverts	<u>338,405</u>
Sub-Total	1,703,309
Less: Accumulated Depreciation	<u>(921,674)</u>
Total Capital Assets, net	<u>\$ 781,635</u>

##### Debt

The following presents the District's total outstanding long-term obligations for the fiscal year ended September 30, 2014:

Notes payable	\$ 159,548
Compensated absences	<u>11,337</u>
Total Long-term Debt	<u>\$ 170,885</u>

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's General Manager, Dana Clement, 12008 N.E. Highway 70, Arcadia, Florida 34266; [dclement@jwcd.org](mailto:dclement@jwcd.org); 863-494-5737.

# Basic Financial Statements

**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**STATEMENT OF NET POSITION**

September 30, 2014

ASSETS

Current Assets

Cash	\$ 288,784
Total current assets	<u>288,784</u>

Non-Current Assets

Capital assets not being depreciated	142,144
Capital assets being depreciated, net	<u>639,491</u>
Total non-current assets	<u>781,635</u>
Total assets	<u>1,070,419</u>

LIABILITIES

Current Liabilities

Accounts payable	25,873
Notes payable	50,031
Due to other governments	<u>697</u>
Total current liabilities	<u>76,601</u>

Non-current liabilities:

Accrued compensated absences	11,337
Notes payable	<u>109,517</u>
Total non-current liabilities	<u>120,854</u>
Total liabilities	<u>197,455</u>

NET POSITION

Invested in capital assets, net of related debt	622,087
Unrestricted	<u>250,877</u>
Total net position	<u>\$ 872,964</u>



**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**BALANCE SHEET  
GOVERNMENTAL FUND**

September 30, 2014

<u>ASSETS</u>	
Cash	<u>\$ 288,784</u>
Total assets	<u>\$ 288,784</u>

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts payable	\$ 25,873
Due to other governments	<u>697</u>
Total liabilities	<u>26,570</u>
Fund Balance:	
Unassigned	<u>262,214</u>
Total liabilities & fund balance	<u>\$ 288,784</u>

# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

September 30, 2014

Total governmental fund balance (page 10) \$ 262,214

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Cost of assets	\$ 1,703,309	
Accumulated depreciation	<u>(921,674)</u>	
		781,635

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at fiscal year end consist of:

Notes payable	(159,548)	
Compensated absences	<u>(11,337)</u>	
		<u>\$ 872,964</u>

Total net position (page 8)

*See notes to basic financial statements*

# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE GOVERNMENTAL FUND

September 30, 2014

Revenues:

Non-ad valorem assessments	\$ 1,347,818
Charges for services	49,412
User's fees	16,338
Interest income	<u>637</u>
Total revenues	<u>1,414,205</u>

Expenditures:

Current:

Physical environment	
Personal services	668,615
Operating	535,177
Capital outlay	79,187
Debt services	
Principal	68,439
Interest	<u>6,108</u>
Total expenditures	<u>1,357,526</u>

Excess of revenues over (under) expenditures	56,679
Fund balance, beginning of year	<u>205,535</u>
Fund balance, end of year	<u>\$ 262,214</u>

*See notes to basic financial statements*

# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Fiscal Year Ended September 30, 2014

Net change in fund balance - total governmental fund (page 12) \$ 56,679

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

Governmental fund report capital outlay as expenditures. However, in the statement of activities the cost of capital assets are allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	\$ 79,187	
Current year depreciation	<u>(101,187)</u>	
		(22,000)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal payments on long-term debt	68,439
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Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	<u>2,157</u>
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Change in net position (page 9)	<u><u>\$ 105,275</u></u>
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*See notes to basic financial statements*



# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### NOTES TO BASIC FINANCIAL STATEMENTS

Fiscal Year Ended September 30, 2014

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Enacted by the Legislature of the State of Florida, Joshua Water Control District (the "District") was originally incorporated and created under Chapter 69-1010 (House Bill No. 2569), Laws of Florida, Regular Session on July 25, 1969. The District was created for the purpose of reclaiming the lands within its boundaries and for the further purpose of water control and water supply to improve said lands and make these lands available, acceptable and habitable for settlement and agriculture.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

#### *A. Financial Reporting Entity*

The financial statements were prepared in accordance with GASB Statements related to The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the District, organizations for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based upon the application of these criteria, there were no organizations that met that criteria described above.

#### *B. Government-wide and Fund Financial Statements*

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

The statement of activities demonstrates the extent to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customer or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenue*.

# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### *B. Government-wide and Fund Financial Statements (continued)*

Major individual governmental funds are reported as separate columns in the fund financial statements.

##### *C. 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. Non ad-valorem assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis accounting. Revenues are recognized as soon as they become 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 District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Non ad-valorem assessments and interest on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Revenues for expenditure driven grant and interlocal agreements are recognized when the related expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports its only fund as a major governmental fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grant and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### D. *Assets, Liabilities and Net Position or Equity*

###### 1. Deposits and Investments

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

The nature of investments is governed by the provisions of Florida Statutes Section 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the local government surplus funds trust fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain government agencies, interest bearing time deposits or savings accounts and certificates of deposit. At September 30, 2014, the District had no investments.

###### 2. Capital Assets and Depreciation

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

The 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.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20
Vehicles	7
Heavy Equipment	5-15
Electric Motors	5
Electric Pumps	10
Office Equipment & Furniture	5-10
Barn & Shop Equipment	5-20
Canker System	4-30
Culverts	20

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

**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**3. Non-Ad Valorem Assessments**

The collection of non-ad valorem assessments is consolidated in the Office of the County Tax Collector. Assessments are levied on November 1st of each year, or as soon thereafter as the tax roll is certified by the County Property Appraiser and delivered to the Tax Collector. All unpaid assessments levied become delinquent April 1st of the following year. Discounts are allowed for early payment at a maximum rate of 4%. Non-ad valorem assessment revenues are recognized when they become available. At September 30, 2014, unpaid delinquent assessments are not material and have not been recorded by the District.

**4. Compensated Absences**

Vacation leave is accrued as a liability in the government-wide statements when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the District will compensate the employees in some manner, e.g., in cash or in paid time-off, prior to termination or retirement. Vacation time must be taken in the calendar year, January 1 through December 31.

A liability for such accumulated vacation leave is reflected in the government-wide financial statements as a long-term liability.

**5. Long-Term Obligations**

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

**6. Net Position**

Equity in the government-wide statement of net position is displayed in three categories: 1) invested in capital assets net of related debt, 2) restricted, 3) unrestricted. Net position invested in capital assets net of related debt consist of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net position reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net position consist of all net positions that do not meet the definition of either of the other two components.

**7. Fund Equity**

In the fund financial statements, reservations of fund balance represent those portions of the fund equity not considered available for future appropriation or legally segregated for a specific future use. Designation of fund balance represents tentative plans by management for future use of financial sources. The undesignated fund balance is available for any future appropriation.

**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**8. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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. Estimates also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 2. DEPOSITS**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security or Public Deposits Act, that State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution eligible collateral. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits are insured or collateralized with securities held by the entity or its agent in the entity's name.

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**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)**

**NOTE 3. CAPITAL ASSETS**

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

	Beginning Balance 10/1/2013	Additions	Deletions	Ending Balance 9/30/2014
Capital assets not being depreciated:				
Land	\$ 142,144	\$ -	\$ -	\$ 142,144
Total capital assets not being depreciated:	<u>142,144</u>	<u>-</u>	<u>-</u>	<u>142,144</u>
Capital assets being depreciated				
Building and improvements	91,057	-	-	91,057
Machinery and equipment				
Vehicles	93,316	24,791	(17,985)	100,122
Heavy equipment	782,337	-	(1,996)	780,341
Electric motors	36,905	12,200	-	49,105
Electric pumps	17,501	-	-	17,501
Office equipment and furniture	12,902	-	-	12,902
Barn and shop equipment	72,603	-	-	72,603
Canker systems	99,129	-	-	99,129
Culverts	296,209	42,196	-	338,405
Total capital assets being depreciated	<u>1,501,959</u>	<u>79,187</u>	<u>(19,981)</u>	<u>1,561,165</u>
Less accumulated depreciation	<u>(840,468)</u>	<u>(101,187)</u>	<u>19,981</u>	<u>(921,674)</u>
Total capital assets being depreciated, net	<u>661,491</u>	<u>(22,000)</u>	<u>-</u>	<u>639,491</u>
Governmental activities capital assets, net	<u>\$ 803,635</u>	<u>\$ (22,000)</u>	<u>\$ -</u>	<u>\$ 781,635</u>

Depreciation expense of \$101,187 was charged to Physical Environment for the fiscal year ended September 30, 2014.

**NOTE 4. LINE OF CREDIT**

The District, in July 2014, entered into a revolving line of credit agreement with a financial institution for \$300,000. The line expires on July 1, 2015. During the year the District made draws totaling \$200,801 and repayments of \$200,801 on the credit line. Interest on the line of credit is at 3.250% per annum. There was no outstanding balance at September 30, 2014.

**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**NOTES TO BASIC FINANCIAL STATEMENTS  
(Continued)**

**NOTE 5. LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2014:

*Notes Payable*

The District, on October 15, 2009, entered into a five-year promissory note with a financial institution for \$100,000 to acquire an excavator. The note is secured by that equipment and is payable over 60 months, commencing on November 15, 2009 at a fixed interest rate of 4.09%, with the final payment due on October 15, 2014. Principal and interest is paid monthly in the amount of \$1,853. At September 30, 2014 the outstanding balance on the loan was

\$ 1,848

The District, on November 21, 2012, entered into a five-year promissory note with a financial institution for \$242,360 to acquire a John Deere Excavator. The note is secured by that equipment and is payable over 60 months, commencing on December 21, 2012 at a fixed interest rate of 3.00%, with the final payment due on November 21, 2017. Principal and interest is paid monthly in the amount of \$4,359. At September 30, 2014 the outstanding balance on the loan was

157,700

**Total notes payable**

\$ 159,548

Annual debt service requirements to maturity are as follows:

<u>Year ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 50,031	\$ 4,134
2016	49,668	2,643
2017	51,200	1,111
2018	8,649	33
<b>Total Payments</b>	<u><u>\$ 159,548</u></u>	<u><u>\$ 7,921</u></u>

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2014.

	<u>Beginning Balance 10/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance 9/30/2014</u>	<u>Due Within One Year</u>
Note payable - Volvo excavator	\$ 23,525	\$ -	\$ (21,677)	\$ 1,848	\$ 1,848
Note payable- J.D. excavator	204,462	-	(46,762)	157,700	48,183
<b>Total notes payable</b>	<u>227,987</u>	<u>-</u>	<u>(68,439)</u>	<u>159,548</u>	<u>\$ 50,031</u>
Compensated absences	13,494	-	(2,157)	11,337	-
<b>Total long-term debt</b>	<u><u>\$ 241,481</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (70,596)</u></u>	<u><u>\$ 170,885</u></u>	<u><u>\$ 50,031</u></u>

# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

#### NOTE 6. PENSION PLAN

##### *Plan Description*

The District contributes to the Florida Retirement System (FRS), a cost-sharing multiple-employer defined benefit pension plan. FRS was created by the Florida Legislature and is administered by the State of Florida, Department of Administration, Division of Retirement. FRS provides retirement, disability or death benefits for retirees or their designated beneficiaries. All retirement legislation must comply with Article X, Section 14 of the State Constitution and Part VII, Chapter 112, Florida Statutes. Both of these provisions require that any increase in retirement benefits must be funded concurrently on an actuarially sound basis.

FRS issues a publicly available financial report that includes a statement of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants, and benefit payments, as well as a description of the retirement plan. That report may be obtained by writing to the Division of Retirement, 2639 North Monroe Street, Building C, Tallahassee, FL 32399-1560.

#### NOTE 7. DEFINED CONTRIBUTION PLAN

The Retirement Plan and Trust for the General Employees of the District is a defined contribution plan established by the District and administered by the Florida League of Cities, Inc. to provide benefits at retirement to its full time employees hired after January 1, 1996. Full-time employees are eligible to participate after one year of service. The District is required to contribute 6% of the annual covered payroll. Employee contributions are voluntary and shall not exceed 10% of compensation. Plan members are vested 10% for each year of service, with 100% vesting after ten years of service. Plan revisions and contributions requirements are established and may be amended by the Board of Supervisors.

#### NOTE 8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of the District to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage.

#### NOTE 9. LETTER OF AGREEMENT

Pursuant to the letter of agreement between Joshua Water Control District ("JWCD") and East Charlotte Drainage District ("ECDD"), ECDD paid JWCD \$24,000 for management, administrative and inspection services during the current fiscal year.



# JOSHUA WATER CONTROL DISTRICT

## Basic Financial Statements

### NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

#### NOTE 10. INTER-LOCAL AGREEMENTS

##### JOSHUA WATER CONTROL DISTRICT, EAST CHARLOTTE DRAINAGE DISTRICT AND COUNTY LINE DRAINAGE DISTRICT

In accordance with the Inter-Local Agreements, between the East Charlotte Drainage District ("ECDD") and Joshua Water Control District ("JWCD"), and the County Line Drainage District ("CLDD") and JWCD, the Districts have engaged in programs of administrative services and maintenance of the works of their districts. These Inter-Local Agreements are for the period of August 15, 2010 until August 15, 2015.

##### JOSHUA WATER CONTROL DISTRICT AND EAST CHARLOTTE DRAINAGE DISTRICT

JWCD receives \$7,200 annually from the ECDD for the use of JWCD's office space and office equipment. JWCD receives \$24,000 for management, administrative, and maintenance inspection services. ECDD paid JWCD an additional \$12,302 for maintenance services for manpower/equipment.

##### JOSHUA WATER CONTROL DISTRICT AND COUNTY LINE DRAINAGE DISTRICT

JWCD receives \$6,000 annually from the CLDD for the use of JWCD's office space, office equipment and administrative services. In addition, JWCD received \$1,065 from CLDD for office expenses.

#### NOTE 11. RELATED PARTY TRANSACTIONS

The District leases 4.36 acres of land from Orange-Co., Inc., a major landowner within the District. This lease automatically renewed for a period of 1 year until August 31, 2007, and thereafter shall renew for consecutive one-year periods until either party gives written notice. Annual rental payments under the lease are equal to all taxes, assessments and excises levied against the leased property during the lease term. The lease payment for the fiscal year ended September 30, 2014 was \$892.

In 2008, the Board of Supervisors of the Joshua Water Control District, after discussions with the Southwest Florida Water Management District, determined that it would be in the best interest of JWCD and its landowners to participate in the FARMS Program (Facilitating Agricultural Resource Management System) which is a demonstration of a best management practice (BMP) program that involves both water quantity and water quality aspects. Recipients will be required to fund the project then request reimbursement for approved expenditures. This program is sponsored by the Southwest Florida Water Management District and the Florida Department of Agriculture and Consumer Services.

#### NOTE 12. IMPLEMENTATION OF GASB STATEMENT NO. 45

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

**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**NOTES TO BASIC FINANCIAL STATEMENTS**

(Continued)

**NOTE 12. IMPLEMENTATION OF GASB STATEMENT NO. 45 (Continued)**

The District provides insurance (medical, dental and prescription drug) benefits to its current employees and offers all vested (vested is defined by the District's retirement plans) former employees the option of receiving these same benefits provided they pay 100% of the premium. Therefore, the District's only OPEB liability is for the implicit rate subsidy offered to the retiree. An implicit rate subsidy is the difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would be applicable to those retirees if that benefit was acquired for them as a separate group. As of September 30, 2014 there were no retirees receiving these benefits and only seven active employee participants in the insurance benefit plan. The District has decided to finance these benefits on a pay-as-you-go basis and recognize expenses in the year the premium is due. The District believes the implicit OPEB liability is immaterial, as such; there is no actuarially determined net OPEB obligation at September 30, 2014.

Required Supplementary  
Information

**JOSHUA WATER CONTROL DISTRICT**

**Basic Financial Statements**

**REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

Fiscal Year Ended September 30, 2014

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Non-ad valorem assessments	\$ 1,338,641	\$ 1,338,641	\$ 1,347,818	\$ 9,177
Charges for services	-	-	49,412	49,412
User fees	-	-	16,338	16,338
Interest Income	-	-	637	637
Total revenues	<u>1,338,641</u>	<u>1,338,641</u>	<u>1,414,205</u>	<u>75,564</u>
Expenditures:				
Physical environment	<u>1,455,525</u>	<u>1,455,525</u>	<u>1,357,526</u>	<u>97,999</u>
Excess of revenues over (under) expenditures	(116,884)	(116,884)	56,679	173,563
Fund balance, beginning of year	<u>116,884</u>	<u>116,884</u>	<u>205,535</u>	<u>88,651</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,214</u>	<u>\$ 262,214</u>

*See note to budgetary comparison schedule*

# **JOSHUA WATER CONTROL DISTRICT**

## **Basic Financial Statements**

### **NOTES TO BUDGETARY COMPARISON SCHEDULE**

**Fiscal Year Ended September 30, 2014**

#### **NOTE 1. BUDGETS AND BUDGET ACCOUNTING**

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

- In August of each year, the District Manager submits a proposed operating budget to the Board for the next fiscal year commencing the following October 1. The proposed budget includes expenditures and the means of financing them.
- In August of each year, the budget is legally adopted by the Board.

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

**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***

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Joshua Water Control District, (the "District") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 10, 2015.

***Internal Control Over Financial Reporting***

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

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

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

*Compliance and Other Matters*

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

*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.

*Audley Brown & Co.*

Punta Gorda, Florida  
March 10, 2015



366 East Olympia Avenue  
Punta Gorda, Florida 33950  
Phone: 941.639.6600  
Fax: 941.639.6115

## Management Letter

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, Florida

### Report on the Financial Statements

We have audited the financial statements of the Joshua Water Control District, (the "District") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated March 10, 2015.

### Auditor's Responsibility

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

### Other Reports and 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*. Disclosures in that report, which are dated March 10, 2015, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual financial audit report.

### Official Title and Legal Authority

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



### **Financial Condition**

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that we report the results of our determination as to whether or not Joshua Water Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

### **Annual Financial Report**

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

### **Special District Component Units**

Section 10554(1)(i)5.d., Rules of the Auditor General, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **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.

*Robley Brown & Co.*

Punta Gorda, Florida  
March 10, 2015



366 East Olympia Avenue  
Punta Gorda, Florida 33950  
Phone: 941.639.6600  
Fax: 941.639.6115

### Independent Accountant's Examination Report

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, Florida

We have examined the Joshua Water Control District's (the "District") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* for the year ended September 30, 2014. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

*Ashley Brown & Co.*

Punta Gorda, Florida  
March 10, 2015