

TAB 4
Other Reports



**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**

To the Board of Directors,
Florida Governmental Utility Authority:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Florida Governmental Utility Authority (the Authority) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 27, 2020.

Internal Control over Financial Reporting

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

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

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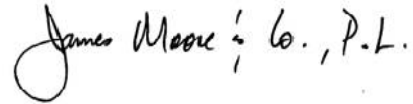
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Compliance and Other Matters

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*.

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
February 27, 2020

**FLORIDA GOVERNMENTAL UTILITY AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

<u>Federal or State Agency / Pass-Through Entity / Federal Program / State Project</u>	<u>CFDA/ CSFA Number</u>	<u>Pass-Through Identifying/ Grant Number</u>	<u>Expenditures</u>
FEDERAL AGENCY			
<u>U.S. Department of Agriculture</u>			
Direct:			
Water and Waste Disposal Systems for Rural Communities	10.760	No. R-1	\$ 9,000,000
Water and Waste Disposal Systems for Rural Communities	10.760	No. R-2	3,782,068
Total Water and Waste Disposal Systems for Rural Communities			<u>12,782,068</u>
Total U.S. Department of Agriculture			<u>12,782,068</u>
<u>U.S. Department of Homeland Security</u>			
Passed through Florida Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	Z0644	1,261,018
Total U.S. Department of Homeland Security			<u>1,261,018</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 14,043,086</u></u>
 STATE AGENCY			
<u>State of Florida Department of Environmental Protection</u>			
Direct:			
Wastewater Treatment Facility Construction	37.077	WW360850	\$ 986,619
Florida Springs Grant Program	37.052	LP51030	236,617
Total State of Florida Department of Environmental Protection			<u>1,223,236</u>
Total State Financial Assistance			<u><u>\$ 1,223,236</u></u>

The accompanying notes to the schedule of expenditures of federal awards and state financial assistance are an integral part of this statement.

OTHER

Florida Governmental Utility Authority
Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance
For the Year Ended September 30, 2019

(1) **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) includes the federal award and state financial assistance activity of Florida Governmental Utility Authority (the Authority), under programs of the federal and state governments for the year ended September 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Section 215.97, Florida Statutes. Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

(2) **Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in the Uniform Guidance or the cost principles contained in Section 215, Florida Statutes wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

No amounts were passed through to subrecipients during the year ended September 30, 2019

(3) **De Minimis Indirect Cost Rate Election:**

The Authority does not elect to use the 10% de minimis indirect cost rate as covered in §200.414, *Indirect (F&A) Costs*, of the Uniform Guidance.

(4) **Reporting of FEMA Expenditures:**

During the years ended September 30, 2019 and 2018, the Authority incurred costs related to Hurricane Irma. Per the Office of Management and Budget (OMB) *Compliance Supplement*, any reimbursements from the Federal Emergency Management Agency (FEMA) under CFDA 97.036 are not to be recognized as expenditures for purposes of the Schedule until the respective Project Worksheets (PW) have been approved. For Hurricane Irma, the Florida Division of Emergency Management (FDEM) contracted all PWs individually on separate grant agreements after each PW is approved by FEMA. For financial statements purposes, the Authority recognized \$1,261,018 of expenditures during the year ended September 30, 2018. The related revenues have been recorded for financial statement purposes and are recognized on the Schedule for the year ended September 30, 2019.

OTHER

Florida Governmental Utility Authority
Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2019

(5) **Loans Outstanding:**

The Authority had the following loan balances outstanding at September 30, 2019:

Program Title	CFDA / CSFA Number	Expenditures Incurred During the Year Ended 9/30/2019	Outstanding Loan Amount
U.S. Department of Agriculture: Water and Waste Disposal Systems for Rural Communities	CFDA 10.760	\$ 12,782,068	\$ 12,782,068
Florida Department of Environmental Protection: Wastewater Treatment Facility Construction	CSFA 37.077	\$ 986,620	\$ 986,619

There are no continuing compliance requirements associated with the above noted loans.

OTHER

Florida Governmental Utility Authority
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2019

I. Summary of Auditors' Results:

Financial Statements:

Type of audit report issued on the financial statements: *Unmodified*

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Programs:

Internal control over major Federal programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major Federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes none reported

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Identification of major Federal programs:

<u>CFDA Number</u>	<u>Program Name</u>
10.760	Water and Waste Disposal Systems for Rural Communities
97.036	Disaster Grants – Public Assistance

Auditee qualified as low-risk auditee? yes no

State Projects:

Internal control over major State projects:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major State projects: *Unmodified*

OTHER

Florida Governmental Utility Authority
Notes to Schedule of Expenditures of
Federal Awards and State Financial Assistance (Continued)
For the Year Ended September 30, 2019

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.557, Rules of the Auditor General? _____ yes X none reported

Dollar threshold used to distinguish between type A and type B programs: \$366,971

Identification of major State projects:

<u>CSFA Number</u>	<u>Program Name</u>
37.077	Wastewater Treatment Facility Construction

- II. **Financial Statement Findings:** None.
- III. **Federal Awards Programs Findings and Questioned Costs:** None.
- IV. **State Financial Assistance Projects Findings and Questioned Costs:** None.
- V. **Summary Schedule of Prior Audit Findings:** Not applicable as no prior year findings have been reported.
- VI. **Corrective Action Plan:** Not applicable as no current year findings have been reported.
- VII. **Management Letter:** No management letter pursuant to Sections 215.97(9)(f) and 215.97(10)(d), Florida Statutes is required since there are no items related to state financial assistance required to be reported in the management letter, not already reported in this schedule.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND STATE PROJECT AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

To the Board of Directors,
Florida Governmental Utility Authority:

Report on Compliance for Each Major Federal Program and State Project

We have audited the Florida Governmental Utility Authority's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, that could have a direct and material effect on each of the Authority's major federal programs and state projects for the year ended September 30, 2019. The Authority's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the Federal and State statutes, regulations, and the terms and conditions of its state projects applicable to its state projects.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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; the audit requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Florida Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on Each Major Federal Program and State Project

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended September 30, 2019.

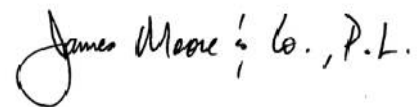
Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.



Daytona Beach, Florida
February 27, 2020