

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH REPORTS OF INDEPENDENT ACCOUNTANTS**  
**For the Fiscal Year Ended September 30, 2000**

**EXHIBIT B**

## TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - Governmental Fund Type and Account Group	4
Statement of Revenue, Expenditures, and Changes In Fund Balance - General Fund	5
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	6
Notes to General Purpose Financial Statements	7 - 10
REPORT ON THE INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENTAL AUDITING STANDARDS</u>	11
COMPLIANCE REPORT BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT AUDITING STANDARDS</u>	12
REPORT TO MANAGEMENT	13 - 14

# McClusky, Gaines, Gill, Daughtrey & Horner

Certified Public Accountants

Roger J. McClusky, CPA  
Jeff Gaines, Jr., CPA  
Steven Roy Gill, CPA  
Daniel R. Daughtrey, CPA  
Michael J. Horner, CPA, JD

Samuel C. Summers, CPA  
Margaret J. Westby, CPA  
Donna J. Schiller, CPA

222 Nesbit Street • Punta Gorda, FL 33950  
Mailing: P.O. Box 510308 • Punta Gorda, FL 33951-0308  
941-639-2146 • Fax: 941-639-0558 • 1-800-282-0156 (FL)

1777 Tamiami Trail, Suite 5004 • Port Charlotte, FL 33948  
941-625-8789

2960 S. McCall Road, Suite 210 • Englewood, FL 34224  
941-473-1655

## Independent Auditors' Report

Board of Supervisors  
Central Charlotte County Drainage District  
Punta Gorda, Florida

We have audited the general purpose financial statements of the Central Charlotte County Drainage District, as of and for the year ended September 30, 2000. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Central Charlotte County Drainage District as of September 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

*McClusky, Gaines, Gill, Daughtrey & Horner*  
McClusky, Gaines, Gill, Daughtrey & Horner  
Certified Public Accountants

December 14, 2000

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT  
 COMBINED BALANCE SHEET  
 GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP  
 September 30, 2000**

	Governmental		Account	
	Fund Type		Group	
	General	General Fixed	Total	
	Fund	Assets	(Memorandum Only)	
<b>ASSETS</b>				
Cash	\$ 11,765	\$ -0-	\$	11,765
Investments at cost				
which approximates market value	10,502	-0-		10,502
Reclamation and construction costs	-0-	349,594		349,594
<b>TOTAL ASSETS</b>	<b>\$ 22,267</b>	<b>\$ 349,594</b>	<b>\$</b>	<b>371,861</b>
 <b>LIABILITIES AND FUND EQUITY</b>				
<b>LIABILITIES</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$</b>	<b>-0-</b>
<b>FUND EQUITY</b>				
Investment in general fixed assets	-0-	349,594		349,594
Fund balance - unreserved, undesignated	22,267	-0-		22,267
<b>TOTAL FUND EQUITY</b>	<b>22,267</b>	<b>349,594</b>		<b>371,861</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 22,267</b>	<b>\$ 349,594</b>	<b>\$</b>	<b>371,861</b>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT**  
**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GENERAL FUND**

**For the Fiscal Year Ended September 30, 2000**

**REVENUE**

Maintenance taxes	\$ 16,896
Interest	480
<b>TOTAL REVENUE</b>	<u>17,376</u>

**EXPENDITURES:**

Current:

Physical environment	
Administration	5,034
Commissions	335
Legal and accounting	5,611
Maintenance	2,923
<b>TOTAL EXPENDITURES</b>	<u>13,903</u>

EXCESS OF REVENUES OVER (UNDER) EXPENDITURES 3,473

FUND BALANCE, OCTOBER 1, 1999 18,794

FUND BALANCE, SEPTEMBER 30, 2000 \$ 22,267

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
For the Fiscal Year Ended September 30, 2000**

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>REVENUE</b>			
Maintenance taxes	\$ 17,055	\$ 16,896	\$ (159)
Interest	-0-	480	480
<b>TOTAL REVENUE</b>	17,055	17,376	321
<b>EXPENDITURES:</b>			
Current:			
Physical environment			
Administration	5,015	5,034	(19)
Commissions	340	335	5
Legal and accounting	5,700	5,611	89
Maintenance	6,000	2,923	3,077
<b>TOTAL EXPENDITURES</b>	17,055	13,903	3,152
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	\$ -0-	3,473	\$ 3,473
FUND BALANCE, OCTOBER 1, 1999		18,794	
FUND BALANCE, SEPTEMBER 30, 2000		\$ 22,267	

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
September 30, 2000

**NOTE 1 — ORGANIZATION**

The Central Charlotte County Drainage District (the District) is a special taxing district created by Chapter 69-932, and Act of the Florida Legislature. The District is governed by an elected three member Board of Supervisors each serving three year staggered terms. The District's purpose, as allowed by law, is flood control and water management for specific areas located within Charlotte County, Florida.

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the more significant accounting policies of the District:

**Reporting Entity** — For financial reporting purposes, in conformance with NCGA Statement No. 3, "Defining the Governmental Reporting Entity," the District includes all fund and account groups that are controlled by or dependent on the District.

Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenue or general obligations of the District, obligations of the District to finance any deficits that may occur or receipt of significant subsidies from the District.

In any instance where there is a positive response to the reporting entity inclusion criteria and the specific agencies are excluded from the reporting entity, the specific reasons for excluding such agencies must be disclosed. There were no such instances during the current reporting period.

**Fund Accounting** — The accounts of the District are organized on the basis of a fund and account group, each of which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures, as appropriate. Government resources are allocated to and accounted for in the individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The purpose of the District's Fund and Account Groups is as follows:

a. **Governmental Fund Type**

General Fund — The General Fund is a general operating fund of the District. It accounts for all District financial resources.

b. **Account Group**

General Fixed Assets — The account group is used to account for all fixed assets of the District.

**Measurement Focus**

- a. **Governmental Fund Type** — The General Fund is accounted for on a "spending" or "Financial Flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Accordingly, the reported unreserved fund balance (net current assets) is considered a measure of available, spendable or appropriable resources. Governmental Fund Type operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in current assets.

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
September 30, 2000

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Measurement Focus (continued)**

- b. Account Group — The General Fixed Assets Account Group is concerned only with the measurement of financial position. It is not involved with the measurement of results of operations.

**Basis of Accounting** — Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The Government Fund Type is accounted for using the modified accrual basis of accounting, whereby revenue is recognized when it becomes measurable and available as net current assets. Taxpayer assessed income and gross receipts are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule are (1) principal and interest on general long-term debt, if any, which is recognized when due; and (2) expenditures are not divided between years by the recording of prepaid expenses.

**Encumbrances** — Encumbrance accounting, under which purchase order, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is at present not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

**Fixed Assets** — Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

All fixed assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

**Budgets and Budgetary Accounting** — The District follows these procedures in establishing budgetary data for the General Fund:

- a. Each year, the treasurer submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. The budget is adopted by approval of the Board of Supervisors.
- d. Budget transfers can be made throughout the year between expenditure accounts by approval of the Board of Supervisors.
- e. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Supervisors.
- f. The budget is adopted on a basis consistent with generally accepted accounting principles.
- g. The level of control for appropriations is exercised at the fund level.

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
September 30, 2000**

**NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Total Column on Combined General Purpose Financial Statements** — Total columns on the combined general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 — CASH AND INVESTMENTS**

**Deposits** — The District maintains cash in an interest bearing checking account for the General Fund. These deposits were entirely covered during the year and at year end by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute Chapter 280). At September 30, 2000, the carrying amount was \$11,765 and the bank balance of the District's deposits was \$11,765.

The depository used by the District has been designated as a qualified depository by the State Treasurer.

**Investments** — Florida statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, obligations of the U.S. Government and government agencies. Certificates of deposit, savings accounts and bank balances whose value exceed the amount of federal depository insurance is collateralized pursuant to the Public Depository Security Act of the State of Florida.

At September 30, 2000, the District's investments consisted of a savings account whose carrying and market values were \$10,502.

**NOTE 4 — CHANGES IN GENERAL FIXED ASSETS**

The summary of changes in General Fixed assets for the year ended September 30, 2000 are as follows:

	Balance October 1 <sup>st</sup> 1999	Additions	Deletions	Balance September 30 <sup>th</sup> 2000
Reclamation and Construction Costs	\$ 349,594	\$ -0-	\$ -0-	\$ 349,594

**CENTRAL CHARLOTTE COUNTY DRAINAGE DISTRICT**  
**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS**  
**September 30, 2000**

**NOTE 5 — PROPERTY TAXES**

Property taxes are levied in November of each year, after formal adoption of the District budget. The taxes are levied on a per acre basis. On April 1<sup>st</sup> of the following year, any unpaid taxes become delinquent. If taxes are still unpaid by May, tax certificates are then offered for sale to the general public. The billing and collection of all property taxes is performed for the District by the Charlotte County Tax collector. Taxes are recognized as revenue when levied to the extent that they result in current receivables. No property taxes were receivable at September 30, 2000.

For the year ended September 30, 2000, the District levied taxes at a rate of \$12 per acre.

**NOTE 6 — RELATED PARTY TRANSACTIONS**

During the year, the Board of Supervisors paid the Secretary/Treasurer \$2,500 for administrative services provided to the District.

**NOTE 7 — YEAR 2000 ISSUE (UNAUDITED)**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the District's operations as early as fiscal year 1999. The District does not currently utilize any electronic data processing systems or other electronic equipment in its operations, but because of the unprecedented nature of the year 2000 issue its effects, if any, will not be determinable until the year 2000 and beyond. The Board of Supervisors cannot assure that the District will be year 2000 ready, or that parties with whom the District does business will be year 2000 ready.

# McClusky, Gaines, Gill, Daughtrey & Horner

Certified Public Accountants

Roger J. McClusky, CPA  
Jeff Gaines, Jr., CPA  
Steven Roy Gill, CPA  
Daniel R. Daughtrey, CPA  
Michael J. Horner, CPA, JD

Samuel C. Summers, CPA  
Margaret J. Westby, CPA  
Donna J. Schiller, CPA

222 Nesbit Street • Punta Gorda, FL 33950  
Mailing: P.O. Box 510308 • Punta Gorda, FL 33951-0308  
941-639-2146 • Fax: 941-639-0558 • 1-800-282-0156 (FL)

1777 Tamiami Trail, Suite 5004 • Port Charlotte, FL 33948  
941-625-8789

2960 S. McCall Road, Suite 210 • Englewood, FL 34224  
941-473-1655

Board of Supervisors  
Central Charlotte County Drainage District  
Punta Gorda, Florida

We have audited the general purpose financial statements of the Central Charlotte County Drainage District as of and for the year ended September 30, 2000 and have issued our report thereon dated December 14, 2000. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Section 11.45 (3) (a) 9, of the Florida Statutes.

In planning and performing our audit we considered Central Charlotte County Drainage District's control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the use of the Central Charlotte County Drainage District, the Auditor General of the State of Florida, and other Federal and State Audit Agencies. However, this report is a matter of public record and its distribution is not limited.

*McClusky, Gaines, Gill, Daughtrey & Horner*  
McClusky, Gaines, Gill, Daughtrey & Horner  
Certified Public Accountants

December 19, 2000

# McClusky, Gaines, Gill, Daughtrey & Horner

Certified Public Accountants

Roger J. McClusky, CPA  
Jeff Gaines, Jr., CPA  
Steven Roy Gill, CPA  
Daniel R. Daughtrey, CPA  
Michael J. Horner, CPA, JD

Samuel C. Summers, CPA  
Margaret J. Westby, CPA  
Donna J. Schiller, CPA

222 Nesbit Street • Punta Gorda, FL 33950  
Mailing: P.O. Box 510308 • Punta Gorda, FL 33951-0308  
941-639-2146 • Fax: 941-639-0558 • 1-800-282-0156 (FL)

1777 Tamiami Trail, Suite 5004 • Port Charlotte, FL 33948  
941-625-8789

2960 S. McCall Road, Suite 210 • Englewood, FL 34224  
941-473-1655

Board of Supervisors  
Central Charlotte County Drainage District  
Punta Gorda, Florida

We have audited the general purpose financial statements of Central Charlotte County Drainage District as of and for the year ended September 30, 2000 and have issued our report thereon dated December 14, 2000. We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Section 11.45 (3) (a) 9, of the Florida Statutes.

As part of obtaining reasonable assurance about whether Central Charlotte County Drainage District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the use of the Central Charlotte County Drainage District, the Auditor General of the State of Florida, and other Federal and State Audit Agencies. However, this report is a matter of public record and its distribution is not limited.

*McClusky, Gaines, Gill, Daughtrey & Horner*  
McClusky, Gaines, Gill, Daughtrey & Horner  
Certified Public Accountants

December 19, 2000

# McClusky, Gaines, Gill, Daughtrey & Horner

## Certified Public Accountants

*Roger J. McClusky, CPA  
Jeff Gaines, Jr., CPA  
Steven Roy Gill, CPA  
Daniel R. Daughtrey, CPA  
Michael J. Horner, CPA, JD*

*Samuel C. Summers, CPA  
Margaret J. Westby, CPA  
Donna J. Schiller, CPA*

*222 Nesbit Street • Punta Gorda, FL 33950  
Mailing: P.O. Box 510308 • Punta Gorda, FL 33951-0308  
941-639-2146 • Fax: 941-639-0558 • 1-800-282-0156 (FL)*

*1777 Tamiami Trail, Suite 5004 • Port Charlotte, FL 33948  
941-625-8789*

*2960 S. McCall Road, Suite 210 • Englewood, FL 34224  
941-473-1655*

Board of Supervisors  
Central Charlotte County Drainage District  
Punta Gorda, Florida

We have audited the financial statements of the Central Charlotte County Drainage District whose headquarters is located in Punta Gorda, Florida, as of and for the fiscal year ended September 30, 2000, and have issued our report thereon dated December 14, 2000.

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and our Independent Auditors' Report on Compliance with Laws and Regulations both dated December 14, 2000. Disclosures in those reports, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (e) 1.) require that we comment as to whether or not irregularities reported in the preceding annual financial audit report have been corrected. There were no irregularities disclosed in the preceding audit report. There were no current year comments.

The Rules of the Auditor General (Section 10.554 (1) (e) 2.) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. There were no recommendations made in the preceding annual financial audit report. There were no current year comments.

As required by the Rules of the Auditor General (Section 10.554 (1) (e) 3.), the scope of our audit included a review of the provisions of Section 218.503 (1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, nothing came to our attention that caused us to believe that the Central Charlotte County Drainage District is in a state of financial emergency as a consequence of the conditions described in Section 218.503 (1), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554 (1) (e) 4.), we determined that the annual financial report for the Central Charlotte County Drainage District for the fiscal year ended September 30, 2000, was filed with the Department of Banking Finance pursuant to Section 218.32 (1) (a), Florida Statutes, and is in agreement with the annual financial audit report for the fiscal year ended September 30, 2000.

Board of Supervisors  
Central Charlotte County Drainage District  
Punta Gorda, Florida

The Rules of Auditor General (Sections 10.554 (1) (e) 6., 7., 8., 9., 10.) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on the internal control over financial reporting or compliance: recommendations to improve financial management, accounting procedures, and internal controls; violation of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures which may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statement); failures to properly record financial transactions; and other inaccuracies, irregularities, shortages, and defalcations discovered by the auditors. (This includes inaccuracies, irregularities, shortages, and defalcations that come to the auditors' attention by whatever means during the audit.) Our audit did not disclose any matters required to be disclosed by Rules of Auditor General (Sections 10.554 (1) (e) 6., 7., 8., 9., 10.).

The audit report was delivered to Central Charlotte County Drainage District on December 18, 2000.

The management letter is intended solely for the information of the Central Charlotte County Drainage District and management, and the State of Florida Office of the Auditor General. However, this report is a matter of public record and its distribution is not limited.

*McClusky, Gaines, Gill, Daughtrey & Horner*  
McClusky, Gaines, Gill, Daughtrey & Horner  
Certified Public Accountants

December 19, 2000