

MEMORANDUM

April 17, 1995

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF AUDITING AND FINANCIAL ANALYSIS (VANDIVER) *W*

RE: DOCKET NO. 950015-WU -- TAMIAMI VILLAGE UTILITY, INC.  
AUDIT REPORT - TRANSFER OF CERTIFICATE  
AUDIT CONTROL NO. 95-059-4-1

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The above-referenced audit report is forwarded. Audit exceptions document deviations from the Uniform System of Accounts, Commission rule or order, Staff Accounting Bulletin and generally accepted accounting principles. Audit disclosures show information that may influence the decision process.

The audit working papers are available for review on request. There are no confidential working papers associated with this audit.

Please forward a complete copy of this report to:

Tamiami Village Utility, Inc.  
Sanford M. Martin  
P. O. Box 4458  
North Ft. Myers, FL 33918-4458

DNV/sp

Attachment

cc: Chairman Clark  
Commissioner Deason  
Commissioner Johnson  
Commissioner Kiesling  
Commissioner Garcia  
Mary Andrews Bane, Deputy Executive Director/Technical  
Legal Services  
Division of Auditing and Financial Analysis (Devlin/Causseaux/  
File Folder)  
Division of Water and Waterwater (Tomlinson)  
Miami District Office (Welch)

Office of Public Counsel

DOCUMENT NUMBER-DATE

03812 APR 18 95

FPSC-RECORDS/REPORTING

RECEIVED  
FLORIDA PUBLIC SERVICE  
COMMISSION

95 APR 16 11:05 AM

FLORIDA PUBLIC SERVICE COMMISSIONS

AUDIT REPORT  
AUDITING &  
FINANCIAL ANALYSIS DIV

AS OF DECEMBER 31, 1994

FIELD WORK COMPLETED

MARCH 23, 1995

TAMIAMI VILLAGE UTILITY, INC.


FORT MYERS, FLORIDA

LEE COUNTY

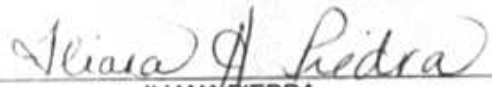
TRANSFER OF CERTIFICATE AUDIT

DOCKET NO. 950015-WU

AUDIT CONTROL NO. 95-059-4-1



KATHY L. WELCH  
AUDIT MANAGER



ILIANA PIEDRA  
REGULATORY ANALYST

DOCUMENT NUMBER-DATE

03812 APR 18 95

FPSC-RECORDS/REPORTING

## I. EXECUTIVE SUMMARY

**Audit Purpose:** We have applied the procedures described in Section II of this report to audit the schedule of Rate Base for the period ending December 31, 1994 prepared by staff for Tamiami Village Utility, Inc. for their petition for transfer of certificate, FPSC Docket 940963-WS.

**Scope Limitation:** The audit exit conference was held on March 27, 1995.

**Disclaim Public Use:** This is an internal accounting report prepared after performing a limited scope audit; accordingly, this document must not be relied upon for any purpose except to assist the Commission staff in the performance of their duties. Substantial additional work would have to be performed to satisfy generally accepted auditing standards and produce audited financial statements for public use.

**Opinion:** The staff prepared schedule of Rate Base for the period ended December 31, 1994, represents Tamiami Village Utility, Inc.'s books and records maintained in substantial compliance with Commission Directives. The expressed opinions extend only to the scope of work described in Section II of this report.

## II. AUDIT SCOPE

The opinions contained in this report are based on the audit work described below. When used in this report COMPILED and EXAMINED means that audit work includes:

**COMPILED**—Means that the audit staff reconciled exhibit amounts with the general ledger; visually scanned accounts for error or inconsistency; disclosed any unresolved error, irregularity, or inconsistency; and except as otherwise noted performed no other audit work.

**EXAMINED**—Means that the audit staff reconciled exhibit amounts with the general ledger; traced general ledger account balances to subsidiary ledgers; applied selective analytical review procedures; tested account balances to the extent further described; and disclosed any error, irregularity, or inconsistency observed.

**RATE BASE: Examined Rate Base.** Reconciled beginning balances to last order. Traced additions since then to supporting documentation. Recomputed 1993 depreciation and amortization in accordance with rule 25-30.140. Traced CIAC to deposit slips. Reviewed for unrecorded CIAC through deposits and tax returns.

III. AUDIT DISCLOSURES

AUDIT DISCLOSURE NO. 1

SUBJECT: ESTABLISHMENT OF RATE BASE

STATEMENT OF FACT: According to the sales agreement between Tamiami Village Utility, Inc. and Tamiami Village Water Co. (John Ustica) of November, 1994, Tamiami Village is selling the water assets, water and wastewater office equipment, golf cart and lawn mower for \$24,000.

According to the company ledger, the plant balances for the assets being transferred is \$61,235.82. (See attached rate base schedule for detail by account)

The company has used an amortization rate for CIAC of 4.1%. This rate should have been changed yearly based on current depreciation expense to plant. The depreciation expense net of office equipment and general plant is \$6,867. Plant net of office equipment and general plant is \$207,177.83. The composite rate would be 3.31%. CIAC amortization has been computed as follows:

ACCUMULATED AMORTIZATION AT 7/31/91 PSC-92-0807-FOF-WS		50,738.00
ADJUSTMENTS PER ORDER		(1,159.00)
		<u>(19.00)</u>
BALANCE 7/91 AS ADJUSTED		49,560.00
ADJUSTED CIAC BALANCE	103,763.00	
AMORTIZATION RATE	3.31%	
AMORTIZATION PER YEAR	<u>3,434.56</u>	
AMORT. FOR 3 YEARS 5 MONTHS	11,734.75	11,734.75
AMORTIZATION PER STAFF		61,294.75
PER COMPANY GENERAL LEDGER		<u>64,736.00</u>
DIFFERENCE ADJUSTED BY STAFF		(3,441.25)

The company filing did not include the golf cart or the lawn mower which was included on the property list in the sales agreement.

COMPANY: TAMAMI VILLAGE UTILITY  
 TITLE: RATE BASE  
 TEST YEAR: DECEMBER 31, 1994  
 AUDITOR: KATHY WELCH  
 DATE: MARCH 27, 1995

WATER:	PER COMPANY BOOKS	STAFF ADJUSTMENTS	STAFF ADJ. BALANCE
PLANT IN SERVICE	216,505.32		216,505.32
ACCUMULATED DEPRECIATION CIAC	(116,292.50)		(116,292.50)
ACCUMULATED AMORTIZ. CIAC	(103,713.00)		(103,713.00)
NET RATE BASE	64,736.00	(3,441.25)	61,294.75
	<u>61,235.82</u>	<u>(3,441.25)</u>	<u>57,794.57</u>

State of Florida

Commissioners:  
SUSAN F. CLARK, CHAIRMAN  
J. TERRY DEASON  
JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA



DIVISION OF RECORDS &  
REPORTING  
BLANCA S. BAYO  
DIRECTOR  
(904) 488-8371

**Public Service Commission**

April 18, 1995

Mr. Sanford M. Martin  
Tamiami Village Utility, Inc.  
P. O. Box 4458  
North Ft. Myers, Florida 33918-4458

Dear Mr. Martin:

RE: Docket No. 950015-WU - Tamiami Village Utility, Inc.  
Audit Control No. 95-059-4-1  
Audit Report - Transfer of Certificate

The enclosed audit report is forwarded for your review. Any company response filed with this office within ten (10) work days of the above date will be forwarded for consideration by the staff analyst in the preparation of a recommendation for this case.

Thank you for your cooperation.

Sincerely,

Blanca S. Bayo

BSB/mas  
Enclosure  
cc: Public Counsel