

Lee County Mosquito Control District

BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2014



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Lee County Mosquito Control District
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September 30, 2014

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REPORT



INDEPENDENT AUDITOR’S REPORT

Board of Commissioners
Lee County Mosquito Control District
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Lee County Mosquito Control District (the “District”), as of and for the 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Lee County Mosquito Control District as of September 30, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As described in Note 11 to the financial statements, governmental activities - cash, inventory, prepaid expenses, capital lease and net position; and general fund – cash, inventory, prepaid expenses and fund balance, are restated due to corrections of errors. Our opinion is not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

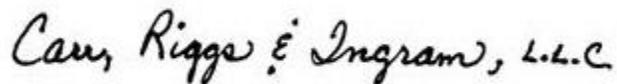
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
June 30, 2015

Lee County Mosquito Control District Management's Discussion and Analysis

We, as management of the Lee County Mosquito Control District (the "District"), offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2014. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements.

District Highlights:

- The Lee County Mosquito Control District is an independent special district, which operates under Chapter 388, Florida Statutes, and is governed by a seven member Board of Commissioners. The commissioners are elected for a four-year term.
- The District employs 78 full-time employees and numerous part-time employees.
- The primary location for operations is at the Lee County Mosquito Control District Headquarters at the old Buckingham Army Airfield with seven separate heliports located throughout the county. The District and its operations are located in Lee County, which is located on the southwest coast of Florida, near the City of Fort Myers.
- Ground and aerial mosquito control services were provided to residents and the public at large within the District's boundary in Lee County during the fiscal year ended September 30, 2014.

Financial Highlights:

- The District's assets exceed its liabilities at the close of the fiscal year by \$23,637,255 (*net position*).
- Of this amount, \$2,540,018 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$1,082,423. This decrease is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$1,828,081 during the fiscal year.
- At the close of the current fiscal year, the ending fund balance was \$13,935,836, an increase of \$966,540, or 7.45%, from the 2013 ending fund balance of \$12,969,296, as restated.
- Of this balance, \$4,151,919 is nonspendable, consisting of prepaid insurance and inventories, and \$2,255,073 is assigned for the fiscal year end September 30, 2015, budgeted decrease in fund balance. The remaining \$7,528,844 is available for spending at the District's discretion (unassigned fund balance).

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Most revenue is collected via ad valorem taxes, and the basic financial statements are comprised of the following components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Financial Statements. The District does not perform any services to individual customers on a fee basis; therefore, there are no Proprietary Funds to report.

Government-Wide Financial Statements:

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future.

The *Statement of Net Position* (Page 12) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. The District's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (Page 13) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when cost is incurred).

Fund Financial Statements:

The District accounts for its services in a *general governmental fund*. A *fund* is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable general government financial resources (and the related current liabilities). The main focus is on how money flows into and out of those funds and the balances left at year-end that are available for spending.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *Governmental Fund Financial Statements* begin on page 14 and provide a more detailed look at the District's most significant activities. An accounting method called modified accrual accounting is utilized to measure cash and all other financial assets that can readily be converted to cash. These statements provide a detailed short-term view of the general government operations and the basic services provided. You will find reconciliations on pages 15 and 17 that convert the data to an economic resource measurement focus and the accrual basis of accounting for use in the government-wide financial statements.

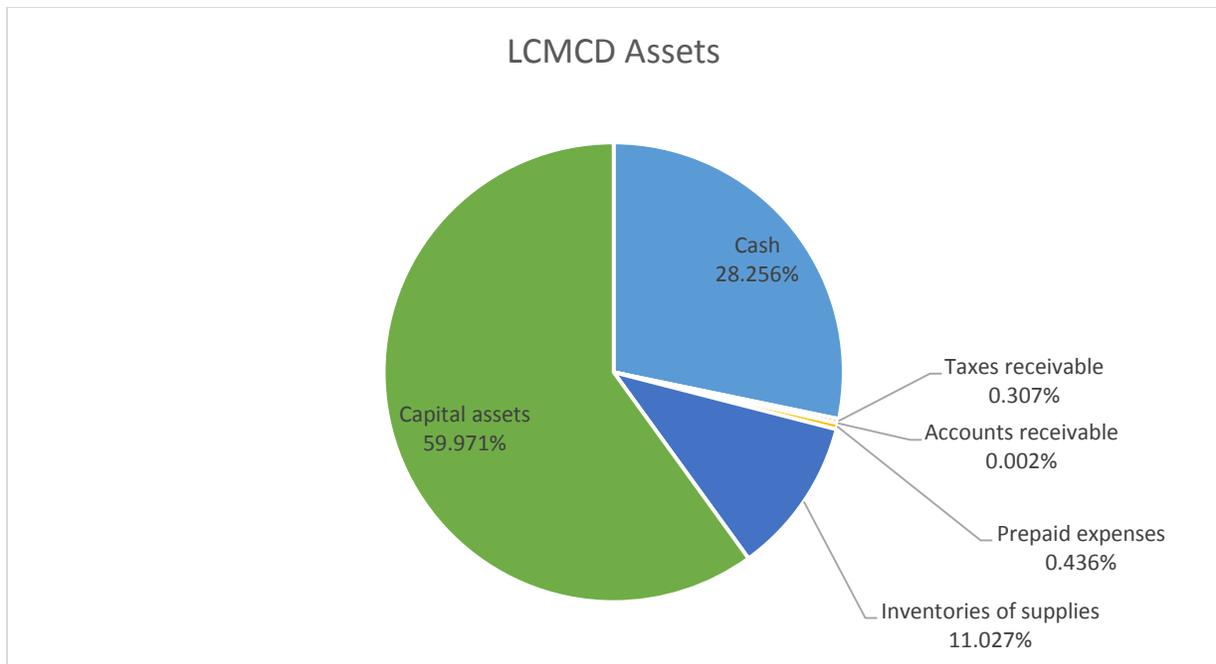
Notes to Financial Statements:

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 19. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

Net position may serve as a useful indicator of an agency’s financial position. The District’s net position as of September 30, 2014 was \$23,637,255. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$14,856,151 (*general revenue plus program revenue*). Total program expenses were \$15,873,607. Interest expense on the capital lease was \$64,967.

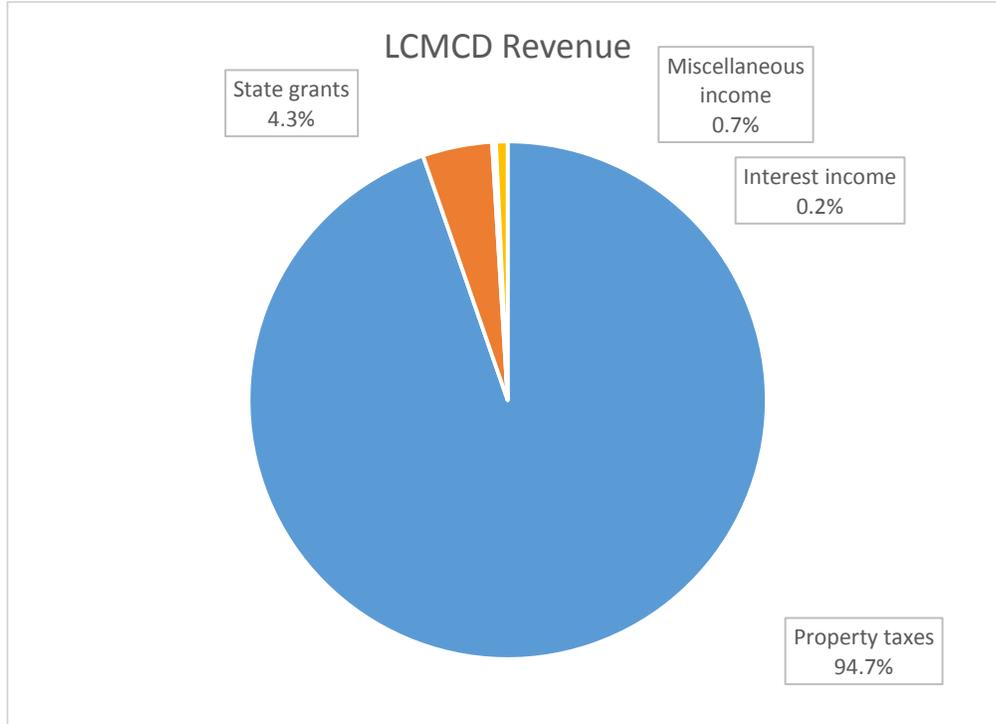
71 percent of the District’s assets represent its investment in capital assets, chemicals, and equipment parts inventory. The District utilizes and consumes these assets in order to safely provide effective mosquito control to the citizens within the District boundaries. All cash and cash equivalents are invested in Certificate of Deposit (CD) and deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.



Summary of Net Position

	9/30/2014	9/30/2013, as restated	Difference
Current and Other Assets	\$ 14,498,125	\$ 13,167,095	\$ 1,331,030
Capital Assets	21,721,182	22,306,554	(585,372)
Total Assets	<u>\$ 36,219,307</u>	<u>\$ 35,473,649</u>	<u>\$ 745,658</u>
Current and Other Liabilities	\$ 1,216,204	\$ 396,280	\$ 819,924
Long-Term Liabilities	11,365,848	10,357,691	1,008,157
Total Liabilities	<u>12,582,052</u>	<u>10,753,971</u>	<u>1,828,081</u>
Net Position			
Invested in Capital Assets	21,097,237	22,306,554	(1,209,317)
Unrestricted	<u>2,540,018</u>	<u>2,413,124</u>	<u>126,894</u>
Total Net Position	<u>\$ 23,637,255</u>	<u>\$ 24,719,678</u>	<u>\$ (1,082,423)</u>

During the past year, total assets increased by \$745,658 and total liabilities increased by \$1,828,081, producing a decrease in the net position of \$1,082,423, primarily due to OPEB expense. In fiscal year 2013-2014, total program expenses increased by \$673,256 from 2013. The balance in cash and CDs increased by approximately \$991,495. The value of the capital assets decreased in book value due to depreciation expense. Property taxes represent 94.7% of the District's revenues.

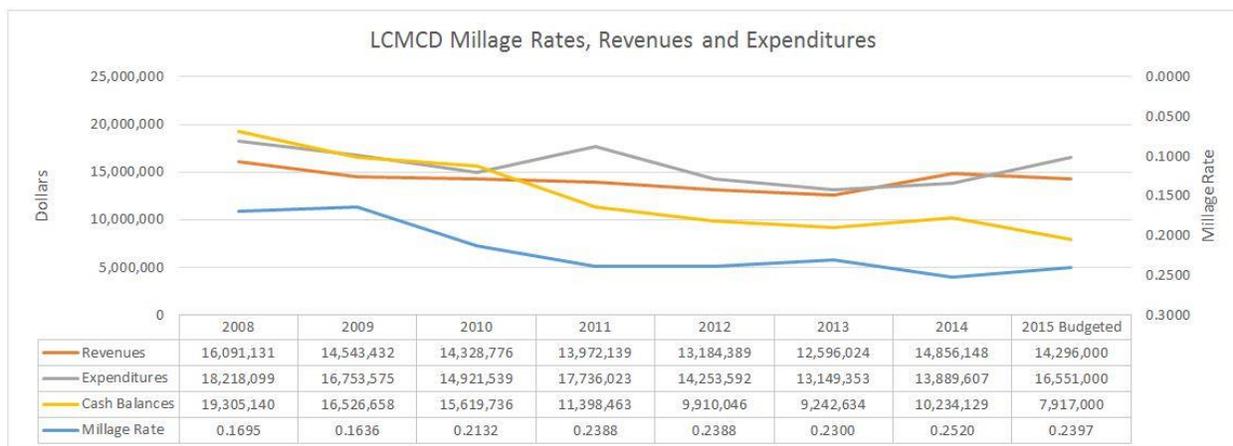


Summary Changes in Net Position

	9/30/2014	9/30/2013, as restated	Difference
Revenues			
Program revenues:			
Charges for services	\$ 60,000	\$ 158	\$ 59,842
General revenues:			
Property taxes	14,068,044	12,428,739	1,639,305
Interest	35,923	62,169	(26,246)
Miscellaneous	47,205	104,958	(57,753)
Capital grants and contributions	644,979	-	644,979
Total revenues	\$ 14,856,151	\$ 12,596,024	\$ 2,260,127
Expenses			
Physical environmental services	\$ 15,873,607	\$ 15,200,351	\$ 673,256
Interest on long term debt	64,967	55,870	9,097
Increase/decrease in Net Position	\$ (1,082,423)	\$ (2,660,197)	\$ 1,577,774
Net position - beginning of fiscal year, as restated	\$ 24,719,678	\$ 27,379,875	\$ (2,660,197)
Net position - end of fiscal year	\$ 23,637,255	\$ 24,719,678	\$ (1,082,423)

Total revenue increased by \$2,260,127. Total fund revenue increased due to an ad valorem tax rate millage increase. Total expenses increased by \$673,256, thus net position decreased at the end of the fiscal year primarily due to post-employment health insurance related expenses.

The chart below reflects revenues, expenses, and millage rates for the past nine years and projections for the upcoming fiscal year (FY 2014-2015).



Budgetary Highlights:

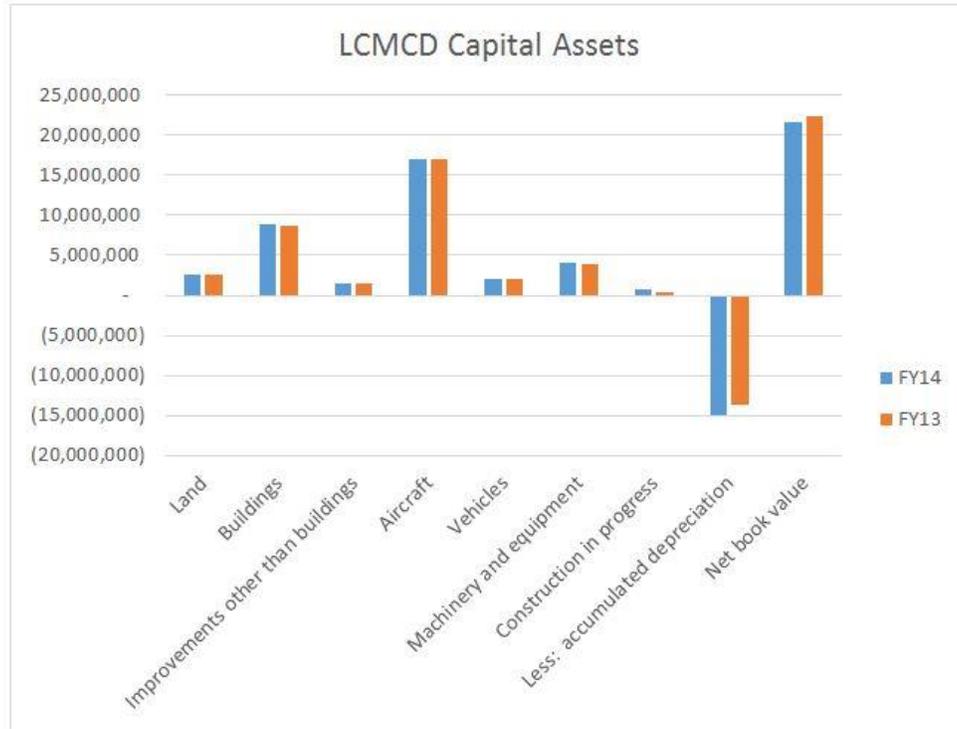
The District adopts an annual budget on a cash basis. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them.

The budget also authorizes the District to obtain funds from identified sources to finance these current period activities. The *Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund* is provided on page 18 and denotes changes in the budget from the original to the final budget. The comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the original legal budget document.

Variances from the original budget as compared to the final budget are depicted on page 18. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$3,698,354. The variance is due primarily to changes related to the following budgeted items: use of existing chemical inventory, fewer expenses for capital outlay, and fewer expenses related to personnel services.

Capital Asset and Debt Administration:

The District's investment in *capital assets* at year-end is \$21,721,182 (net of accumulated depreciation) which includes property, plant, and equipment with a threshold of \$1,000 and an estimated useful life of more than one year. Assets are recorded at the lesser of cost when purchased or constructed and at fair value at the date of donation and are depreciated utilizing the straight-line method. Maintenance and repairs of aircraft are not capitalized. Although the reported value of the District's net position continues to diminish in book value due to accumulated depreciation, the District remains financially stable, as these assets do not require replacement in the near future (see chart below).



	9/30/2014	9/30/2013
Land	2,577,473	\$ 2,577,473
Construction in progress	731,451	378,588
Buildings	8,907,933	8,634,885
Improvements other than buildings	1,535,334	1,493,434
Aircraft	16,937,180	16,937,180
Vehicles	2,034,831	2,011,935
Machinery and equipment	4,039,449	3,950,454
Total assets	36,763,651	35,983,949
Less: accumulated depreciation	(15,042,469)	(13,677,395)
Net book value	\$ 21,721,182	\$ 22,306,554

At September 30, 2014, the District's *long-term debt* consisted of a capital lease for a DC-3 airplane; the District's other *long-term liabilities* were comprised of accrued compensated absences and net OPEB obligation payables. For more information on accrued compensated absences or Other Postemployment Benefits other than Pensions, please see Note 1 on page 19 and Note 8 on page 27, respectively, of the *Notes to Financial Statements*. For more information on capital assets, please see Note 4 on page 24, of the *Notes to Financial Statements*.

Economic Factors and Next Year's Budget and Rates:

In September of 2014, the Board of Commissioners approved a \$24,467,324 dollar budget for fiscal year 2015. The millage rate is .2397 mills per thousand, which is at the rolled-back rate, resulting in an increase in revenue of approximately \$172,017. Property taxes are the largest source of revenue for the Lee County Mosquito Control District.

Contacting the District's Financial Management:

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information found in this report or requests for additional information should be directed to the District Director, Lee County Mosquito Control District, 15191 Homestead Road, Lehigh Acres, Florida 33971.



FINANCIAL STATEMENTS



**GOVERNMENT-WIDE FINANCIAL
STATEMENTS**

Lee County Mosquito Control District
Statement of Net Position
September 30, 2014

Assets	
Cash and cash equivalents	\$ 10,223,758
Restricted cash	10,371
Taxes receivable	112,077
Prepaid expenses	157,846
Inventories of supplies, at cost	3,994,073
<hr/>	
Total current assets	14,498,125
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Capital assets:	
Land	2,577,473
Construction in progress	731,451
Buildings	8,907,933
Improvements other than buildings	1,535,334
Aircraft	16,937,180
Vehicles	2,034,831
Machinery and equipment	4,039,449
Less accumulated depreciation	(15,042,469)
<hr/>	
Total capital assets	21,721,182
<hr/>	
Total assets	36,219,307
<hr/>	
Liabilities	
Accounts payable	306,563
Due to Lee County Hyacinth Control District	128,809
Accrued wages payable	153,718
Current portion of capital lease	543,243
Current portion of accrued compensated absences	83,871
Noncurrent liabilities:	
Other post-employment benefits	10,688,742
Accrued compensated absences	677,106
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Total noncurrent liabilities	11,365,848
<hr/>	
Total liabilities	12,582,052
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Net Position	
Invested in capital assets	21,097,237
Unrestricted	2,540,018
<hr/>	
Total net position	\$ 23,637,255
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The accompanying notes are an integral part of these financial statements.

**Lee County Mosquito Control District
Statement of Activities
Year Ended September 30, 2014**

Functions/Programs	Expenses	Program Revenues		Net Expense and Changes in Net Position
		Charges for Services	Total	Total
Physical environment services	\$ 15,873,607	\$ 60,000		\$ (15,813,607)
Interest on long-term debt	64,967	-		(64,967)
Total program	15,938,574	60,000		(15,878,574)
		General revenues		
		Property taxes	14,068,044	
		Government grant	644,979	
		Interest income	35,923	
		Miscellaneous income	47,205	
		Total general revenues	14,796,151	
		Change in net position		(1,082,423)
		Net position - beginning of year, as restated		24,719,678
		Net position - end of year	\$ 23,637,255	

The accompanying notes are an integral part of these financial statements.



FUND FINANCIAL STATEMENTS

**Lee County Mosquito Control District
Balance Sheet – General Fund
September 30, 2014**

ASSETS

Cash	\$	10,223,758
Restricted cash		10,371
Taxes receivable		112,075
Prepaid expenses		157,846
Inventories of supplies		3,994,073
		\$ 14,498,123
Total assets	\$	14,498,123

LIABILITIES AND FUND BALANCES

LIABILITIES

Accounts payable and accrued liabilities	\$	279,760
Due to Lee County Hyacinth Control District		128,809
Accrued wages payable		153,718
		562,287
Total liabilities		562,287

FUND BALANCES

Nonspendable:		
Prepaid and inventories		4,151,919
Assigned		2,255,073
Unassigned		7,528,844
		13,935,836
Total fund balance		13,935,836
		\$ 14,498,123
Total liabilities and fund balance	\$	14,498,123

The accompanying notes are an integral part of these financial statements.

Lee County Mosquito Control District
Reconciliation of the Balance Sheet to the Statement
of Net Position
September 30, 2014

Fund balance \$ 13,935,836

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 are, therefore, not reported on the governmental balance sheet. 21,721,182

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Capital lease obligation:		
Principal	(543,243)	
Accrued interest	<u>(26,801)</u>	(570,044)
Compensated absences (see Note 5)		(760,977)
Net OPEB obligation payable (see Note 9)		<u>(10,688,742)</u>

Net position \$ 23,637,255

The accompanying notes are an integral part of these financial statements.

**Lee County Mosquito Control District
Statement of Revenues, Expenditures, and
Changes in Fund Balance – General Fund
Year Ended September 30, 2014**

Revenues

Property taxes	\$	14,068,044
Intergovernmental revenue		644,979
Interest income		35,923
Miscellaneous income		107,202

Total revenues	\$	14,856,148
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Expenditures

Current

Physical environment - mosquito control

Personnel services	\$	8,213,657
Operating expenditures		4,619,600

Capital outlay	819,706
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Principal	198,481
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Interest	38,164
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Total expenditures	13,889,608
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Excess of revenues over expenditures	966,540
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FUND BALANCE, beginning of year, as restated	12,969,296
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FUND BALANCE, end of year	\$ 13,935,836
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The accompanying notes are an integral part of these financial statements.

**Lee County Mosquito Control District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended September 30, 2014**

Net change in fund balance \$ 966,540

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	819,706	
Less current year depreciation	<u>(1,405,079)</u>	(585,373)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in capital lease obligation (see Note 5)	198,481	
Change in compensated absences (see Note 5)	39,453	
Change in net OPEB obligation payable (see Note 5)	(1,674,724)	
Change in accrued interest	<u>(26,800)</u>	

Change in net position \$ (1,082,423)

The accompanying notes are an integral part of these financial statements.

Lee County Mosquito Control District
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
Year Ended September 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget</u>
Revenues				
Property taxes	\$ 14,013,685	\$ 14,013,685	\$ 14,059,876	\$ 46,191
Interest income	33,000	33,000	24,021	(8,979)
Miscellaneous income	90,000	106,500	106,419	(81)
Total revenues	<u>\$ 14,136,685</u>	<u>\$ 14,153,185</u>	<u>\$ 14,190,316</u>	<u>\$ 37,131</u>
Expenditures				
Current				
Physical environment - mosquito control				
Personnel services				
Salaries and wages	\$ 6,231,000	\$ 6,231,000	\$ 5,452,836	\$ 778,164
Payroll taxes and benefits	4,689,000	3,189,000	2,626,870	562,130
Operating expenditures				
Operating	855,000	855,000	702,431	152,569
Travel and per diem	60,000	60,000	33,024	26,976
Communication services	45,000	45,000	33,194	11,806
Freight services	3,000	7,800	7,779	21
Utility services	210,000	210,000	181,099	28,901
Rentals and leases	290,000	290,000	269,681	20,319
Insurance	750,000	750,000	575,701	174,299
Repairs and maintenance	1,175,000	1,175,000	1,033,530	141,470
Other charges	46,000	45,800	20,142	25,658
Office supplies	25,000	25,000	17,903	7,097
Gasoline, oil and lube	463,400	463,400	364,808	98,592
Chemicals	2,011,779	2,011,779	1,087,378	924,401
Protective clothing	5,000	7,600	7,561	39
Miscellaneous supplies	230,000	230,000	172,523	57,477
Tools and implements	15,000	15,000	13,408	1,592
Publications and dues	50,000	50,000	47,698	2,302
Training	50,000	59,500	59,231	269
Capital outlay	1,062,500	1,062,500	548,234	514,266
Contingency	170,006	170,006	-	170,006
Total expenditures	<u>18,436,685</u>	<u>16,953,385</u>	<u>13,255,031</u>	<u>3,698,354</u>
Excess of revenues over expenditures	(4,300,000)	(2,800,200)	935,285	(3,661,223)
FUND BALANCE, beginning of year, as restated	12,969,295	12,969,295	12,969,296	12,969,296
FUND BALANCE, end of year	<u>\$ 8,669,295</u>	<u>\$ 10,169,095</u>	<u>\$ 13,904,581</u>	<u>\$ 9,308,073</u>

Reconciliation to GAAP Basis

The budget is prepared on a cash basis of accounting.

The reconciling items to adjust this cash basis actual presentation to GAAP are as follows:

Effect of noncash revenue not recorded in the current year cash basis results	\$ 665,832
Effect of prior year expenditure accruals for the GAAP basis recorded in the current year cash basis results	34,443
Effect of current year expenditure accruals for the GAAP basis not recorded in the current year cash basis results	<u>(669,020)</u>
Ending fund balance on the statement of revenues, expenditures and changes in fund balance	<u>\$ 13,935,836</u>

The accompanying notes are an integral part of these financial statements.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Lee County Mosquito Control District (the "District") is an independent special district created to perform mosquito control and suppression in Lee County, Florida, in accordance with Chapter 388, Florida Statutes. The District was created by the Laws of Florida, Chapter 67-1630 and recreated by Chapter 98-461.

The business and affairs of the District are governed by a board of seven commissioners who are elected for terms of four years.

Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", as amended by GASB statements 39 and 61, provide standards for defining the financial reporting entity. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB No. 14 and amendments, there are no component units required to be included in the District's financial statements.

Basic Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities that report information about the District as a whole. The statement of net position reports all financial and capital resources.

The statement of activities demonstrates the degree to which the direct expenses of the District's program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and 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.

Property taxes 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 have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Intergovernmental revenues are recognized at the time of receipt. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

Fund Accounting

The accounts of the District are organized on the basis of a fund which is 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 fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following governmental fund is used by the District and is a major fund:

General Fund – The General Fund is the general operating fund of the District. All financial resources, which are not specifically restricted or designated as to use, are recorded in the General Fund.

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014**

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

The following procedures are used by the District in establishing the budgetary data reflected in the financial statements:

1. During the summer, the executive director submits to the Board of Commissioners for their consideration a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners. The budget is then approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
4. Budget transfers and amendments can be made throughout the year by approval of the Board of Commissioners and the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
5. Budget amounts, as shown in these financial statements, are as amended by the Board of Commissioners and approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
6. The budget for the General Fund is adopted on a cash basis.
7. The level of control for appropriations is exercised at the functional level.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year. Donated assets are recorded at their estimated fair value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. Maintenance, repairs, and minor renovations are not capitalized.

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

Assets	Years
Buildings	40
Improvements other than buildings	20
Aircraft	20
Vehicles	5
Machinery and equipment	5 - 20

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories, consisting primarily of chemicals, fuels and parts to be used in operations, are stated at the lower of cost (first-in, first-out, method) or market. The District utilizes the purchase method of accounting, which provides that expenditures are recognized when the inventory items are purchased. Reported inventories are equally offset as nonspendable fund balance in the fund financial statement, which indicate that they do not constitute “available spendable resources.”

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Compensated Absences

The District’s employees accumulate sick and annual leave based on years of continuous service. Upon termination of employment, employees can receive payment for accumulated sick and annual leave, if they meet certain criteria. Accumulated sick and annual leave payable at September 30, 2014 was \$760,977, of which \$83,871 is estimated to be currently payable.

The amount of compensated absences recorded as expenditures in the General Fund is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Only compensated absences due and payable at September 30, 2014 are recorded on the balance sheet of the General Fund. Both the current and noncurrent portion of compensated absences is reported in the Statement of Net Position.

Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable Fund Balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

- Restricted Fund Balance – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance – Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District’s highest level of decision-making authority, which is a resolution. Committed amounts cannot be used for any other purpose unless the District removes those constraints by taking the same type of action.
- Assigned Fund Balance – Assigned fund balances are amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the District Commissioners or (b) a body or official to which the District Commissioners have delegated the authority to assign amounts to be used for specific purposes. The District Commission has not delegated this authority. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year’s budget.
- Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

The District’s policy is to maintain an adequate general fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. The District adopted a financial standard to maintain a general fund minimum unassigned fund balance of approximately three months worth of operating expenditures.

NOTE 2: CASH

All cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 3: INVENTORIES

Inventories consisted of the following as of September 30, 2014:

	Carrying Amount
Chemicals	\$ 1,236,195
Vehicle and other parts	2,757,878
Total	\$ 3,994,073

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014, follows:

	Balance October 1, 2013	Increases	Decreases	Balance September 30, 2014
<i>Non-depreciated assets:</i>				
Land	\$ 2,577,473	\$ -	\$ -	\$ 2,577,473
Construction in progress	378,588	352,863	-	731,451
<i>Depreciated assets:</i>				
Buildings	8,634,885	273,048	-	8,907,933
Improvements other than buildings	1,493,434	41,900	-	1,535,334
Aircraft	16,937,180	-	-	16,937,180
Vehicles	2,011,935	62,900	(40,004)	2,034,831
Machinery and equipment	3,950,454	88,995	-	4,039,449
Total capital assets at historical cost	35,983,949	819,706	(40,004)	36,763,651
Less accumulated depreciation for:				
Buildings	2,090,486	213,291	-	2,303,777
Improvements other than buildings	539,567	906,275	-	1,445,842
Aircraft	6,331,721	-	-	6,331,721
Vehicles	1,916,650	27,517	(40,004)	1,904,163
Machinery and equipment	2,798,971	257,995	-	3,056,966
Total accumulated depreciation	13,677,395	1,405,078	(40,004)	15,042,469
Capital assets, net	\$ 22,306,554	\$ (585,372)	\$ -	\$ 21,721,182

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014**

NOTE 5: CHANGES IN LONG-TERM LIABILITIES

	Balance 10/1/2013, as restated	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Compensated absences	\$ 800,430	\$ 81,100	\$ (120,553)	\$ 760,977	\$ 83,871
Net OPEB obligation	9,014,018	1,674,724	-	10,688,742	-
Capital lease	741,724	-	(198,481)	543,243	543,243
	<u>\$ 10,556,172</u>	<u>\$ 1,755,824</u>	<u>\$ (319,034)</u>	<u>\$ 11,992,962</u>	<u>\$ 627,114</u>

NOTE 6: PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County Tax Collector's office bills and collects property taxes on behalf of the District. The tax rate levied upon all of the taxable property in the Lee County Mosquito Control District for the fiscal year ended September 30, 2014, was \$0.2520 per \$1,000 of assessed taxable property value. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds collected are remitted to the District.

NOTE 7: RETIREMENT PLANS

Employee Retirement Plan

Defined Benefit Plan. All full-time employees of the District are participants in the Florida Retirement System (the "System"), a multiple-employer, cost-sharing public retirement system. The System, which is controlled by the State Legislature and administered by the State of Florida, Department of Administration, Division of Retirement, covers more than 623,000 full-time employees of various governmental units within the State of Florida.

For employees enrolled prior to July 1, 2011, the System provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to regular employees who retire at or after age 62 with six or more years of service or has 30 years of service, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years of service credit where average compensation is computed as the average of an individual's five highest years of earnings.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 7: RETIREMENT PLANS (Continued)

Employee Retirement Plan (Continued)

For employees enrolled in the System on or after July 1, 2011, vesting of benefits begins after eight years of creditable service. Normal retirement benefits are available to these employees who retire at or after age 65 with eight or more years of service or has 33 years of services, regardless of age. Early retirement is available after a member is vested and is within 20 years of normal retirement age; however, there is a 5% reduction of benefits for each year prior to the normal retirement age. Retirement benefits are based upon age, average compensation, and years-of-service credit where average compensation is computed as the average of an individual's eight highest years of earnings.

Effective with the State fiscal year 2002, the State created a new retirement plan within the System: the Public Employee Optional Retirement Program (the FRS Investment Plan). Any regular member not in the Deferred Retirement Option Program (DRO) is eligible to participate in the FRS Investment Plan. Employer contributions are made to the FRS Investment Plan, which holds the contributions in individual investment accounts for each participating employee. The employee directs the investment funds available through the Plan. Investment accounts vest after one year of service and may be withdrawn by the employee 90 days after termination or retirement from a participating employer in the System. Alternately, the funds may remain in the investment account until the employee reaches normal retirement age or some earlier date, at the employee's choosing.

The District has no responsibility to the System other than to make the periodic contributions required by state statutes. The Florida Division of Retirement issues a publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to Florida Division of Retirement, 1317 Winewood Blvd., Building 8, Tallahassee, FL 32399-1560.

Participating employer contributions are based upon statewide rates established by the State of Florida. These rates were applied to employee salaries as follows: regular employees, 6.95% and 5.18%; DRO employees, 12.84% and 5.44%; elected officials, 33.03% and 10.23%; and senior management, 18.31% and 6.30%; for the System's years ended June 30, 2014 and 2013, respectively. Effective July 1, 2014, the rates were changed as follows: regular employees, 7.37%; DRO employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. In addition, all employees (except for those in DRO) were required to make contributions of 3% on a pretax basis, deductible from their gross salaries for each payroll beginning in July 2011. The District's contributions made during the years ended September 30, 2014, 2013, and 2012 were \$439,631, \$309,924, and \$482,736 respectively, equal to the actuarially determined contribution requirements for each year.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 7: RETIREMENT PLANS (Continued)

Employee Retirement Plan (Continued)

Defined Contribution Plan. Effective October 4, 2007, the Public Employee Optional Retirement Program (PEORP) was implemented as a defined contribution plan alternative available to all System members in lieu of the defined benefit plan. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Pension Reporting. The System publishes an annual report that provides ten-year historical trend information about progress made in accumulating sufficient assets to pay benefits when due. This report may be obtained by writing to the Division of Retirement, Research, Education and Policy Section, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling (877) 377-1737 or accessing their Internet site at www.dms.MyFlorida.com.

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

From an accrual accounting perspective, the cost of postemployment healthcare benefits generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The District recognizes the costs of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the District's future cash flows.

Plan Description. The Lee County Mosquito Control District provides post-employment health care and dental insurance benefits (OPEB) for retired employees and their spouses through a single employer defined benefit plan. The benefits, benefit levels, employee contributions are employer contributions are governed by the District and can be amended by the District at any time. The plan is not accounted for as a trust fund, as an irrevocable trust has not been implemented.

The District contributes a portion of the active health and dental premiums, 75% and 50%, respectively, for retirees and covered spouses participating in the District's group insurance plans who were hired prior to July 1, 2011. Retirees and covered spouses participating in the District's group's insurance plans who were hired after July 1, 2011 will be asked to pay the full blended premium for any coverages elected.

In June 2012, the District amended the health benefit policy to increase the service requirement from 6 years to 10 years. However, the prior eligibility requirements remain in effect for anyone hired prior to July 2, 2011, who meets the 6 year service requirement and retires by June 2015.

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014**

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

At October 1, 2012, the date of the most recent plan valuation, the Trust covered members 153 (71 active plan members and 82 retirees and/or qualifying family members receiving benefits). When the retiree reaches eligibility age for Medicare, Medicare must become the primary provider; the District would then provide the supplemental coverage for the remainder of the benefit period.

Funding Policy. The plan is not currently funded. The District pays premiums as they become due in accordance with the elections made by the retirees and their covered spouses.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) is equal to the ARC (annual required contribution) with two required adjustments that, together, are designed to keep accounting and actuarial valuations in sync going forward when an employer has contributed less or more than the ARC in past years. For an employer with no Net OPEB Obligation, Annual OPEB cost is equal to the ARC. The OPEB obligation is a liability recognized in an employer's government-wide statement of net position, that is essentially the cumulative difference between the Annual OPEB Cost determined in accordance with GASB standards and the amounts actually contributed in relation to the ARC.

The following table shows the components of the District's annual OPEB cost for the year changes in the District's net OPEB obligation.

Valuation Date	10/1/2012
Annual required contribution	\$ 1,744,779
Interest on NET OPEB Obligation	492,917
Adjustment to ARC	156,678
	<hr/>
Annual OPEB Cost	2,394,374
Estimated net contributions made	(719,650)
	<hr/>
Increase in Net OPEB obligation	1,674,724
	<hr/>
Net OPEB obligation - beginning of year	9,014,018
	<hr/>
Net OPEB obligation - end of year	\$ 10,688,742
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**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014**

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Calculations are based upon the types of benefits provided under the terms of the OPEB plan at the time of the valuation and on the pattern of sharing costs between the employer and plan members to that point. The District's annual OPEB cost and related contribution information was as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer contributions toward OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$2,394,374	\$ 719,650	30.1%	\$10,688,742
9/30/2013	1,512,973	668,659	44.2%	9,014,018
9/30/2012	1,714,633	629,238	36.7%	7,928,623

Funded Status and Funding Progress. As of the most recent actuarial valuation date, October 1, 2012, the funded status of the plan was as follows:

Actuarial Valuation Date	10/1/2012
Plan Assets at Fair Value	\$ -
Actuarial Accrued Liability	15,352,846
Unfunded AAL (UAAL)	15,352,846
Funded Ratio	0.0%
Covered Payroll	NA
UAAL as a Percentage of Covered Payroll	NA

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer (ARC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is presented as required supplementary information following the notes to the financial statements.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long term perspective of the calculations.

In any long-term actuarial valuation, certain assumptions are made regarding the population, future employment, termination, mortality, the healthcare cost rate, investment discount rate and the benefits provided. The following simplifying assumptions were made:

Mortality Rate. RP-2000 Combined Healthy Mortality Table.

Interest Rate. 5% per year, compounded annually, net of investment related expenses.

Retirement rates. 100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 6 years of service.

Health Care Participation. 100% participation assumed, with 80% electing spouse coverage.

Dental Care Participation. 60% participation assumed, with 40% electing spouse coverage.

Healthcare and dental cost trend rate. 7.5% in 2014 decreasing 1% each year until the ultimate rate of 4.5% in fiscal 2017.

Health insurance premiums. October 1, 2011 health insurance premiums for both active employees and retirees were used as the basis for calculation of the present value of total benefits to be paid.

Funding method. Entry age normal actuarial cost method (level dollar).

Amortization period. 30 year amortization period with 30 years remaining.

Payroll growth rate. 0% payroll growth rate was assumed.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 9: 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, injuries to employees and natural disasters. Insurance coverage for risk of loss is purchased from commercial insurance companies for general, automobile and aviation and pesticide applications with some self-insured portions. Buildings have a deductible of \$5,000 for most claims but the deductible is 5% of the insured value in the event of a hurricane. The District retains the total risk of loss for a number of buildings as they are not insured. The District does not insure vehicles for collision damage. Aircraft have a deductible for claims for up to \$1,000 per insured aircraft when the aircraft is not in motion and a 2.5% deductible of the insured value for an in motion claim. The District is also insured for pollution claims related to aircraft operations.

As of September 30, 2014 the District is self-insured for its above ground storage tanks (22 tanks), pollution from vehicles carrying pesticides and/or fuel and for worker's compensation. During fiscal year ended September 30, 2014 there were no expenses for claims for the above ground storage tanks or for pollution. The worker's compensation plan is administered by an independent third party who processed any claims for payment. The plan administrator calculates a premium for which the District makes an annual payment. Administrative fees are paid quarterly. During the fiscal year ended September 30, 2014, the District paid \$1,192 in claims. At September 30, 2014 the District did not have a claims liability.

In November of 2014, the District obtained insurance coverage for risk of loss for above ground storage tanks and pollution from vehicles carrying pesticides and/or fuel. In April of 2015, the District obtained insurance coverage for risk of loss for workers compensation.

The District maintains employee health insurance coverage from a commercial company for employees, retired employees and their eligible dependents. For the fiscal year ended September 30, 2014, the district reported incurred health insurance expense of \$1,820,667. There have been no claims in excess of insurance coverage as of September 30, 2014.

NOTE 10: RELATED PARTIES

The Lee County Mosquito Control Credit Union (LCMCCU), a state chartered natural person credit union, is owned and operated by current and retired District employees at the Districts' main location in Lehigh Acres, Florida as an employee benefit. As of September 30, 2014 LCMCCU had total assets of \$435,000. The District provides LCMCCU with office space and part-time personnel. The assets, liabilities, and net members' equity in the LCMCCU are not included as a component unit of the District.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014

NOTE 11: RESTATEMENT

The District has restated previously issued balances of governmental activities - cash, inventory, prepaid expenses, capital lease and net position; and general fund – cash, inventory, prepaid expenses and fund balance, due to a correction of an error, relating to a clerical error in cash, an increase to inventory of material and supplies to add helicopter parts donated from the State of Florida Bureau of Federal Property Assistance, prepaid expenses not being recorded and a cutoff issue related to capital leases. The previously reported balances, as restated, are as follows:

	2013, as previously reported	Restatements	2013, as restated
<i>Governmental activities:</i>			
Cash	\$ 9,042,634	\$ 200,000	\$ 9,242,634
Inventory	3,021,742	329,093	3,350,835
Prepaid expenses	163,355	318,534	481,889
Capital lease	905,079	163,355	741,724
Net position - beginning of the year	\$23,708,696	\$ (1,010,982)	\$ 24,719,678
<i>General fund:</i>			
Cash	\$ 9,042,634	\$ 200,000	\$ 9,242,634
Inventory	3,021,742	329,093	3,350,835
Prepaid expenses	163,355	318,534	481,889
Fund balance - beginning of the year	\$12,121,669	\$ (847,627)	\$ 12,969,296

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2014**

NOTE 12: SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
10/1/2012	\$ -	\$ 15,352,846	\$ 15,352,846	0.0%	NA	NA
10/1/2011	-	15,619,566	15,619,566	0.0%	NA	NA
10/1/2010	-	15,278,391	15,278,391	0.0%	NA	NA

NOTE 13: SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 2,394,374	30.1%	\$ 10,688,742
9/30/2013	1,512,973	44.2%	9,014,018
9/30/2012	1,714,633	36.7%	7,928,623



**REQUIRED SUPPLEMENTARY
INFORMATION**

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*

Board of Commissioners
Lee County Mosquito Control District
Fort Myers, 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 and the major fund of the Lee County Mosquito Control District (the “District”), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report thereon dated June 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses, 2014-001 and 2014-002.

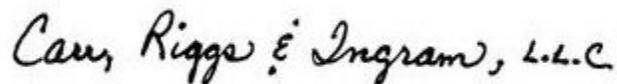
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies, 2014-003 and 2014-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*, see the attached schedule of findings and questioned costs.

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.



CARR, RIGGS & INGRAM, LLC

Clearwater, Florida
June 30, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Lee County Mosquito Control District
Fort Myers, Florida

Report on Compliance for Each Major Federal Program

We have audited the Lee County Mosquito Control District's (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended September 30, 2014. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal programs 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 occurred. An audit includes examining, on a test basis, evidence about the District'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 the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 District's internal control over compliance.

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

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 federal program 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 federal program will not be prevented, or detected and corrected, on a timely basis. We did not identify any such material weaknesses in internal control over compliance.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-006 to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

Clearwater, Florida
June 30, 2015

**Lee County Mosquito Control District
Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014**

Federal Grantor - Program Title	CFDA	Expenditures
FEDERAL AWARDS:		
U.S. Department of General Services Administration Passed Through the State of Florida's Department of Management Services Donation of Federal Surplus Personal Property	39.003	<u>\$ 644,979</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 644,979</u>



**Lee County Mosquito Control District
Notes to Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014**

NOTE 1: GENERAL

The accompanying schedule of expenditures of federal awards assistance presents the activity of all federal financial activity of the Lee County Mosquito Control District (the "District"). Federal financial assistance received directly from federal agencies, and federal financial assistance passed through other government agencies is included on the schedules. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and non-Profit organizations and the Rules of the Auditor General.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

Summary of Audit Results

As required by United States Office of Management and Budget *Circular A-133*, Section 505, the following is a summary of the results of the audit of the Lee County Mosquito Control District for the fiscal year ended September 30, 2014:

- The auditor’s report expresses an unqualified opinion on the basic financial statements of the Lee County Mosquito Control District (the District).
- Two material weaknesses and two significant deficiencies relating to the audit of the basic financial statements are reported in the 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*.
- No instances of noncompliance material to the basic financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
- One significant deficiency relating to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with *OMB Circular A-133*.
- The auditor’s report on compliance for the major federal award program for the District is unqualified.
- There was one (1) audit findings relative to the major federal award program for the District.
- The program tested as a major program included:

<u>Program</u>	<u>CFDA #</u>	<u>Expenditures</u>
Donation of Federal Surplus Personal Property	39.003	\$ 644,979

- The threshold for distinguishing between Types A and B programs was \$300,000.
- The District did not qualify as a low-risk auditee, as defined in *OMB Circular A-133*.

**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

Findings – Financial Statement Audit

Material Weakness

2014-001: Financial Reporting

Criteria

The District should have policies and procedures in place such that there are no material misstatements to the financial records and all accounts should be recorded in accordance with generally accepted accounting principles.

Condition

There has been significant turnover in the accounting and finance department at the District during the year. One of the main improvements brought is with this change was the implementation and use of a general ledger system. As part of this general ledger implementation the following items were identified by management that caused previously issued financial statements to be materially misstated:

1. Understatement of cash of \$200,000.
2. Net understatement of inventory of approximately \$329,000.
3. Net understatement of prepaid expenses of approximately \$319,000.
4. Overstatement of capital lease obligation of approximately \$163,000.
5. Resulting understatement of net position and fund balance of approximately \$1,011,000 and \$848,000, respectively.

Cause

By not utilizing a formal general ledger system, the District was not able to completely and accurately report the financial position of the organization.

Effect

Numerous financial statement accounts were materially misstated in previously issued financial reports.

Recommendation

The District should continue to utilize the general ledger system and record all transactions through the system.

Response and Corrective Action Plan

See attached Corrective Action Plan.

**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014**

**Material Weakness
2014-002: Inventory**

Criteria

The information technology systems in place to perform inventory management and purchasing are not integrated with the general ledger.

Condition

The lack of integration between the inventory management and purchasing systems causes significant difficulty in ensuring that inventory balances are reported in accordance with generally accepted accounting principles. The District has many different inventory items on hand and the manual nature of double recording quantities purchased and unit prices is cumbersome.

Cause

Significant manual effort is required to support inventory balances as of the end of the year to ensure there are not material misstatements to inventory.

Effect

The District's financial statements could be misstated and it would not be timely prevented or detected and corrected by management. In addition, the lack of system integration provides an opportunity for misappropriation of inventory assets.

Recommendation

The District should consider creating a link between the inventory management and purchasing systems.

Response and Corrective Action Plan

See attached Corrective Action Plan.

**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014**

Significant Deficiency

2014-003: Scrap material

Criteria

The District does not have a formal policy in place to identify, monitor, price and dispose of scrap material.

Condition

The District accumulates significant amounts of scrap of various types of metals. In the aviation maintenance process there is a significant volume of surplus or scrap parts and materials. The District also has an area on the premises called “the boneyard” that contains a large amount of various metal components. There are inconsistent policies and procedures in place to appropriately manage these scrap items.

Cause

The operational procedures that are critical to the District create lots of scrap and surplus materials.

Effect

The District’s financial statements could be misstated and it would not be timely prevented or detected and corrected by management. Operationally, there is opportunity for the District to benefit from the effective disposal of any and all recyclable materials. In addition, the lack of monitoring of scrap materials provides an opportunity for misappropriation of assets.

Recommendation

The District should consider creating and following formal procedures to identify, monitor, price and dispose of scrap material.

Response and Corrective Action Plan

See attached Corrective Action Plan.

**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014**

Significant Deficiency

2014-004: Allocation of shared expenses

Criteria

Generally accepted accounting policies require shared common expenses to be allocated on a reasonable basis in accordance with the relative use of services utilized by entities sharing resources.

Condition

The Lee County Mosquito Control District and Lee County Hyacinth Control District share facilities, personnel and numerous other common expenditures. The District does not have a formal policy in place to identify all common expenditures and allocation them appropriately to each district.

Cause

The amount of common expenditures and shared services causes a significant amount of cost allocation that is necessary.

Effect

The District's financial statements could not accurately reflect the actual expenditures to provide the services of the District.

Recommendation

The District should consider creating a formal policy and procedure for allocating expenses between the Lee County Mosquito Control District and the Lee County Hyacinth Control District.

Response and Corrective Action Plan

See attached Corrective Action Plan.



**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014**

Other Matter

2014-005: Capital Asset Inventory

Condition

The District has not completed an entire inventory of capital assets to identify all property owned by the District and to identify any potentially disposed property that remains on the listing of capital assets.

Recommendation

The District should do a complete two-way capital asset inventory to ensure all items on the listing of capital assets are still in the possession of the District and in operation and to identify any unrecorded capital assets.

Response and Corrective Action Plan

See attached Corrective Action Plan.

**Lee County Mosquito Control District
Schedule of Findings and Questioned Costs
For the year ended September 30, 2014**

Findings and Questioned Costs for Major Federal Award Programs

Finding 2014-006: Donated property management

Federal Agency:	U.S. Dept. of General Services Administration
State Agency:	Florida Department of Management Services
Programs:	Donation of Federal Surplus Property (39.003)
Finding Type:	Noncompliance and Significant Deficiency
Questioned Costs:	\$0

Criteria

As a part of the agreement with the General Services Administration (GSA) the District has a requirement to track and maintain all donated surplus assets. In addition, if the District has no ongoing use with any donated item they are required to return it to the GSA or sell the item and return the funds to the GSA.

Finding

The District does not have a formal policy and procedure in place for the tracking and ongoing use function of all donated surplus property.

Condition

The District could potentially violate the agreement with GSA.

Cause

The District has obtained surplus property for use in operations and to be used strictly for parts in other aircraft. The operational difficulty in tracking removed parts from aircraft presents significant challenges.

Effect

We have not identified any actual misuse of property or funds obtained from sale of property during the course of our audit. However, the procedures in place would not prevent or detect and correct a misuse of property or funds.

Recommendation

The District should implement a formal policy and procedure for maintaining and tracking of all surplus donated property.

Response and Corrective Action Plan

See attached Corrective Action Plan.

Contact and Telephone Number

Lee County Mosquito Control District, Finance Director, 239-694-2174

MANAGEMENT LETTER

Board of Commissioners
Lee County Mosquito Control District
Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Lee County Mosquito Control District (the "District"), as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated June 30, 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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*, Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of Auditor General. Disclosures in those reports and schedule, which are dated June 30, 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. No audit findings or recommendations were noted in the preceding annual financial audit report.

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 the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions 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 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. This assessment was done as of the fiscal year end.

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 10.554(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 do not have any additional items to communicate outside of items included in our Schedule of Findings and Questioned Costs.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we do not have any additional items to communicate outside of items included in our Schedule of Findings and Questioned Costs.

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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Carr, Riggs & Ingram, LLC

Clearwater, FL
June 30, 2015

Lee County Mosquito Control District Corrective Action Plan

BOARD OF COMMISSIONERS
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T. WAYNE GALE, DIRECTOR

RESPONSE TO MANAGEMENT LETTER AND CORRECTIVE ACTION PLAN

June 30, 2015

Carr, Riggs & Ingram, LLC
2111 Drew Street
Clearwater, FL 33765

We are in receipt of the financial statements, management letter and findings for our audited financial statements for the year ended September 30, 2014. Management has reviewed the reports and concurs with your findings.

We offer the following response to the current year findings and our corrective action plan as follows:

Response and Corrective Action Plan: Material Weakness 2014-001: Financial Reporting

Management concurs with the finding. The District implemented a general ledger system prior to the audit for the year ended September 30, 2014 and as a result discovered an error in the previously issued financial statements. The general ledger system will continue to be used for future financial statements.

Response and Corrective Action Plan: Material Weakness 2014-002: Inventory

Management concurs with the finding. The District has begun the process to review all inventory items reported in the current system for obsolescence and fair market value. The District has also put into place a manual system to determine that cost of inventory reported in the inventory/purchasing system is in agreement with the general ledger. Upon completion and reclassification of items the District will review and implement an integrated technology system.

Response and Corrective Action Plan: Significant Deficiency 2014-003: Scrap Material

Management concurs with the finding. The District has begun creating formal procedures to identify, monitor, price and dispose of scrap material. The District has also identified and begun the removal process of a significant amount of scrap materials.

Lee County Mosquito Control District
Corrective Action Plan

Page 2

Response and Corrective Action Plan: Significant Deficiency 2014-004: Allocation of shared expenses

Management concurs with the finding. Prior to the start of the audit the District adopted an interlocal agreement with the Lee County Hyacinth Control District that would allow identifiable shared costs to be allocated. The District then began the process of identifying those shared costs for the fiscal year ended September 30, 2015 and developing accounting policies and procedures to allocate facilities, personnel and common expenditures. Shared costs will be allocated in accordance with the adopted policy for the year ended September 30, 2015.

Response and Corrective Action Plan: Other Matters 2014-005: Capital Asset Inventory

Management concurs with the finding that there is potential for capital assets to be missed due to existing inventory counting procedures. The District is in the process of establishing custodians for all existing capital assets and will complete the inventory of capital assets within the next fiscal year.

Response and Corrective Action Plan: Finding 2014-006: Indirect Cost Expenditures

Management concurs with the finding. The District will adopt a formal policy and procedure for the tracking and ongoing use function of all donated surplus property.

Yours truly,



T. Wayne Gale, Executive Director



Russell T. Baker, CFO

INDEPENDENT ACCOUNTANT'S REPORT IN ACCORDANCE WITH SECTION 218.415, FLORIDA STATUTES, *LOCAL GOVERNMENT INVESTMENT POLICIES*

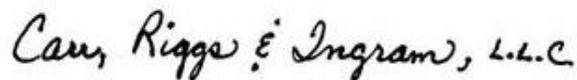
Board of Commissioners
Lee County Mosquito Control District
Fort Myers, Florida

We have examined Lee County Mosquito Control District's, (the "District"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during 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 considered 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 District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2014.

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

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

Carr, Riggs & Ingram, LLC

Clearwater, Florida
June 30, 2015