

**East Flagler Mosquito Control District
Annual Financial Report
For the Year Ended September 30, 2014**

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Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Commissioners
East Flagler Mosquito Control District
Palm Coast, FL

We have audited the accompanying financial statements of the governmental activity, of East Flagler Mosquito Control District, as of and for the year ended September 30, 2014, 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, 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.

Auditors' Responsibility

Our Responsibility is to express an opinion 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 on *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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

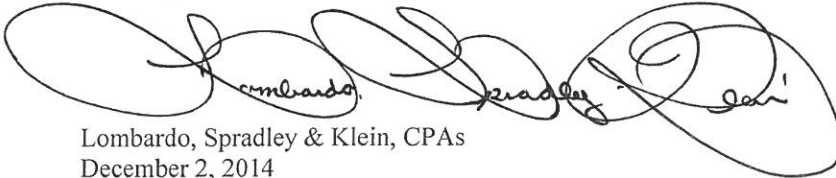
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 24 through 25, be presented to supplement the basic financial statements. Such information, although not 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 managements 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2014 on our consideration of East Flagler Mosquito Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Lombardo, Spradley & Klein, CPAs
December 2, 2014

Management Discussion and Analysis

**East Flagler Mosquito Control District
Management Discussion and Analysis
For the Year Ended September 30, 2014**

Our discussion and analysis of the East Flagler Mosquito Control District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2014. Please read it in conjunction with the District's financial statements, which begin on page 10.

FINANCIAL HIGHLIGHTS

Mosquito populations are historically unpredictable and the Board of Commissioners, as in previous years, funded the budget to accommodate an exceptional mosquito season. With a late start to the mosquito season, every line item came in under budget (Statement of Revenues, Expenditures and Changes in Fund Balance-Budget (Budgetary Basis) and Actual, page 24).

In preparing for the 2013/2014 budget, the Board of Commissioners noted an excess of revenues over expenditures and adopted the rolled back millage rate of .2533. There were no significant capital expenditures in the current year and the Board approved a \$1,842,236 budget for the construction & consolidation of all District offices and staff at the Flagler County Airport. The District has signed a lease with the Flagler County Airport for a piece of property which the new building will be constructed on, along with a \$250 deposit. Completion of the new facility is anticipated to be the fall of 2015.

At the conclusion of the fiscal year, September 30, 2014, the District had assets totaling \$4,083,671, liabilities of \$91,808, and net position of \$3,991,863 (Statement of Net Position).

District revenues were \$1,493,366, while expenses totaled \$1,383,560. Ad valorem taxes provided \$1,450,072; a slight increase over the preceding year. Net assets increased \$109,806 (Statement of Activities).

In the Financial Statements for the Year Ended September 30, 2007 (Note 13—Subsequent Events), it was noted that the State Board of Administration's Local Government Surplus Trust Funds Investment Pool (Pool) was frozen due to unprecedented withdrawals from the fund. These withdrawals were driven by the absence of market liquidity and at risk securities within the pool. The pool was split into Pool A, (Florida Prime), and Pool B. Pool A participants could make withdrawals with certain restrictions. Pool B, containing the at risk securities, was frozen. Pool A, (Florida Prime), no longer has restrictions and the District has access to 100% of those funds. Pool B has recovered its original amount frozen of \$159,404 as of September 30, 2014. The current net asset value of Fund B is zero and it has been closed as of September 30, 2014 by the State Board of Administration (SBA). An unrealized gain of \$5,093 was recognized in the year ended September 30, 2012, an unrealized gain in the amount of \$2,328 was recognized in 2013 and an unrealized loss of \$1,265 was recognized in the current year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the District's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position (page 10) and the Statement of Activities (page 11) provide information about the activities of the District and present a longer-term view of the District's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The Fund Financial Statements begin on page 12. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliations on pages 13 and 15 that convert this data to the economic resources measurement focus and the accrual basis of accounting for use in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

**East Flagler Mosquito Control District
Management Discussion and Analysis
For the Year Ended September 30, 2014**

THE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

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 the resources available for that purpose, and whether it can continue to meet its objectives in the foreseeable future. For purposes of these statements, only governmental type activities are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

Fund Financial Statements

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

Notes to the Financial Statements

The Notes to the Financial Statements provide information that is essential to understanding the financial information presented in the Government-wide Financial Statements and the Fund Financial Statements. The notes can be found beginning on page 16.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain unaudited information to accompany the audited basic financial statements and the accompanying footnotes.

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position as of September 30,

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 3,130,249	\$ 2,908,647
Capital Assets, net	953,422	1,036,801
Total Assets	<u>\$ 4,083,671</u>	<u>\$ 3,945,448</u>
Current Liabilities	58,835	23,637
Non-Current Liabilities	32,973	39,754
Total Liabilities	<u>91,808</u>	<u>63,391</u>
Net Position:		
Net Investment in Capital Assets	953,422	1,036,801
Restricted	16,605	24,963
Unrestricted	3,021,836	2,820,293
Total Net Position	<u>\$ 3,991,863</u>	<u>\$ 3,882,057</u>

**East Flagler Mosquito Control District
Management Discussion and Analysis
For the Year Ended September 30, 2014**

Condensed Statement of Changes in Net Position for the Fiscal Year Ended September 30,

	2014	2013
General Revenues:		
Property Taxes	\$ 1,450,072	\$ 1,445,346
Interest Income	5,212	6,299
Intergovernmental	29,456	24,803
Other	8,626	16,323
Total General Revenues	<u>1,493,366</u>	<u>1,492,771</u>
Expenses - Mosquito Control		
Personal Services	503,736	511,638
Personal Service Benefits	168,523	158,929
Operating Expenses	622,424	556,371
Depreciation Expense	88,877	97,123
Total Expenses	<u>1,383,560</u>	<u>1,324,061</u>
Change in Net Position	109,806	168,710
Beginning Net Position	3,882,057	3,713,347
Ending Net Position	<u>\$ 3,991,863</u>	<u>\$ 3,882,057</u>

An Analysis of the District's overall Financial Position and Results of Operations

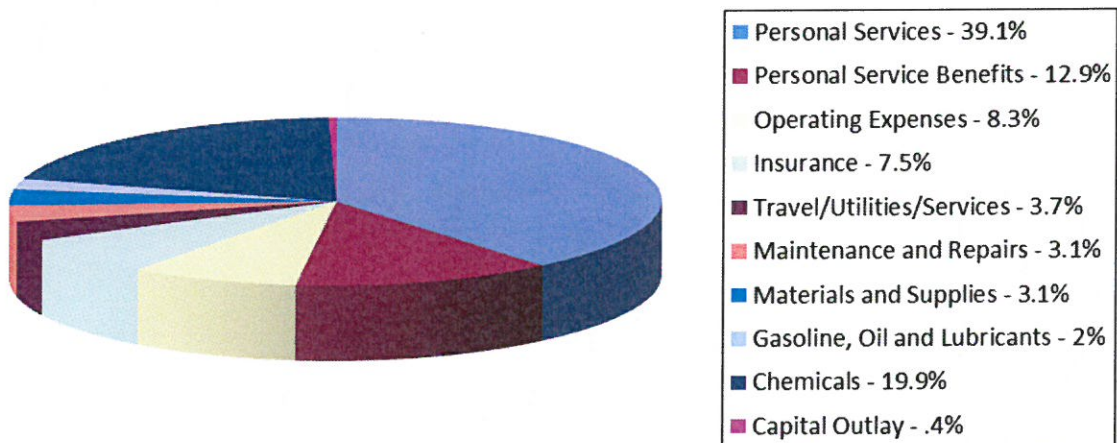
As of September 30, 2014, the District's cash and investments totaled \$3,026,577, representing 74% of total assets.

Current cash and investments exceeded total current liabilities by \$2,967,742 and total liabilities by \$2,934,769.

Total current assets exceeded total liabilities by \$3,038,441.

Net position on September 30, 2014 was \$3,991,863, an increase of \$109,806, or 2.83% over the preceding year.

Program Expenditures by Percentage:



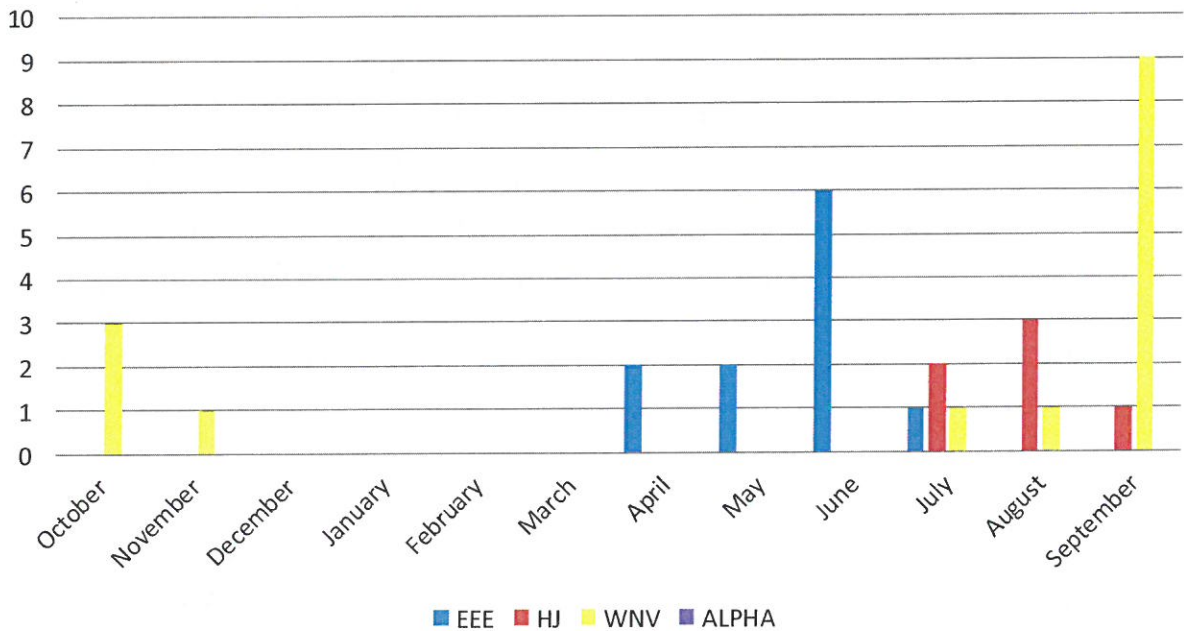
**East Flagler Mosquito Control District
Management Discussion and Analysis
For the Year Ended September 30, 2014**

An Analysis of the District's overall Financial Position and Results of Operations (continued)

Summary of Operations:

- In September 2013, the Board adopted a millage rate of .2533; a rate equal to the rolled back rate. The Board continued efforts to operate efficiently. \$1,842,236 was budgeted for capital items and a new facility, but only \$5,498 of that was spent because the District was unable to finalize building plans. Although a lease has been signed with the Flagler County Airport for the property, the District is still in the design phase of the building project. The District also continued its focus on maintaining older equipment.
- There was sporadic mosquito activity through the fall and spring of the fiscal year, with occasional spraying. In July, and again in September of 2014, two rain events of 9.9 and 9.5 inches, respectively, produced sufficient numbers of mosquitoes to warrant ground and aerial spray operations in July, August and September. There was no hurricane activity in the current year and the District had a savings in the chemical budget of \$185,344.
- Arbovirus activity for the year was significant. Eastern Equine Encephalitis (EEE) peaked in June with six positives. West Nile Virus (WNV) was at its peak in September with nine positives. No human cases were reported.

Positive Sentinel Chickens by Month



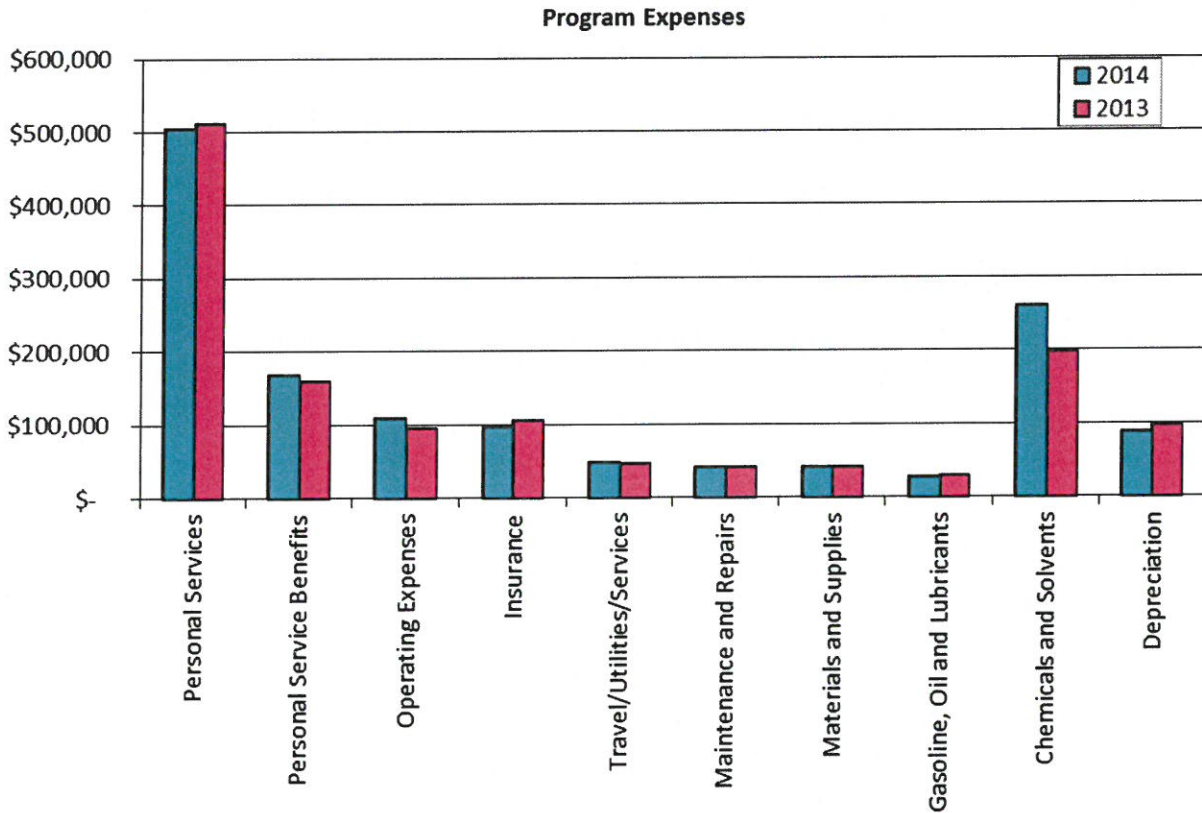
An Analysis of Balances in the Governmental Fund (The General Fund)

The governmental fund for the District is its only fund – the General Fund. The fund balance (as presented on the balance sheet on page 12) increased by \$186,404 for the year ended September 30, 2014.

The District collected \$1,450,072 in property taxes and all revenues totaled \$1,493,366. Expenditures were \$1,306,962 and revenues exceeded expenditures by \$186,404.

East Flagler Mosquito Control District
 Management Discussion and Analysis
 For the Year Ended September 30, 2014

An Analysis of Balances in the Governmental Fund (The General Fund) (continued)



The State of Florida provides, under the provision of Chapter 388 Florida Statutes, state aid to assist the District in providing mosquito control services. As of September 30, 2014, \$16,605 of the fund balance is restricted for the purposes outlined in Chapter 388 Florida Statutes.

An Analysis of Significant Variations in the Budget

The District's budget is shown on the Statement of Revenue, Expenditures and Changes in Fund Balance-Budget (Budgetary Basis) and Actual-General Fund (page 24). There were significant variations between the final budget amounts and actual budget results. The following is a summary of the significant variations and reasons for the variations:

Personal Services

Actual expenditures were \$113,188 under budget. The District anticipated hiring additional employees to replace retired personnel, including a supervisor. The District remained unable to fill the supervisor position in the current fiscal year and is actively continuing its search for a supervisor replacement.

Personal Service Benefits

Actual expenditures were \$48,977 under budget but slightly more than the prior year. The District anticipated that these expenditures would increase, especially with the significant increase in FRS Employer contribution rates. Additional employees were also factored in.

**East Flagler Mosquito Control District
Management Discussion and Analysis
For the Year Ended September 30, 2014**

An Analysis of Significant Variations in the Budget (continued)

Chemicals

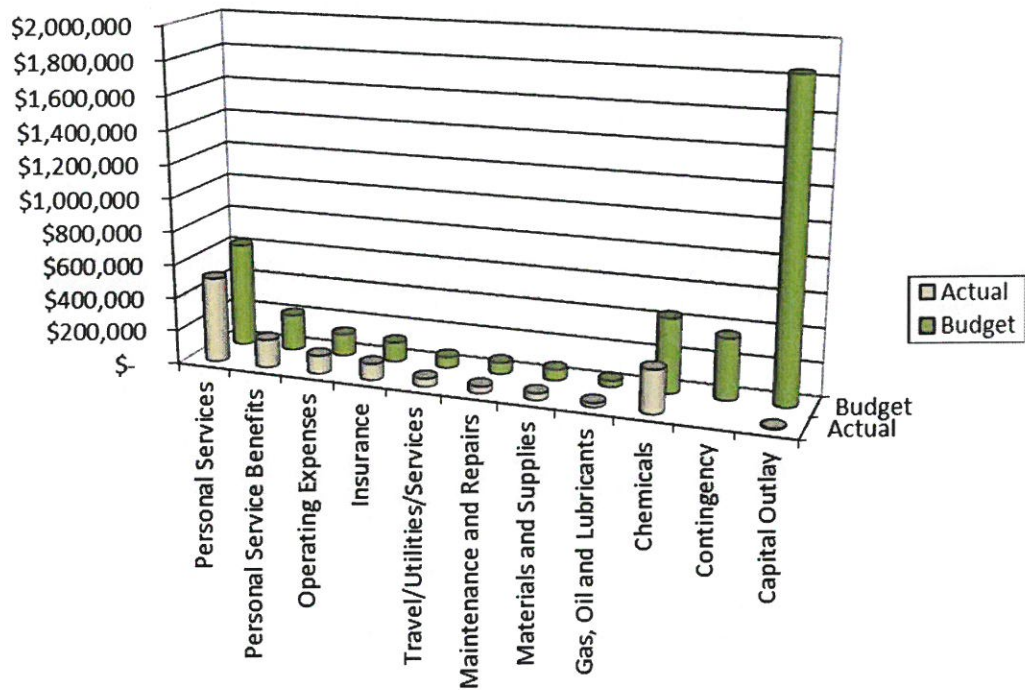
There was a difference between the original budget and the final budget in the amount of \$103,824. The District moved funds from the unreserved fund balance into the chemical expense to cover any unforeseen shortfalls. Mosquito populations vary from year to year in response to environmental factors. The District budgets amounts sufficient to control the mosquito population in an above average year. A late start to the mosquito season resulted in a budget surplus of \$185,344.

Capital Outlay

Actual expenditures were \$1,836,738 under budget. The District anticipated the start of construction for the new facility. The District currently remains in the design phase but completion is projected to be the fall of 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Budget to Actual Comparison



Capital Assets

The District's capital assets as of September 30, 2014 reflect a current year investment of (\$83,379), net of accumulated depreciation. Capital outlays during the fiscal year consisted of the following purchases:

- HP ENVY Touchsmart Computer \$1,260
- Surface Pro Tablet \$1,681
- 1/18 HP Engine \$1,258
- Longray Pulsejet \$1,299

**East Flagler Mosquito Control District
Management Discussion and Analysis
For the Year Ended September 30, 2014**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

A lawn mower, which was all fully depreciated, was sold for \$50 and removed from the property records.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The District's principal source of income is property tax revenue generated from property assessments within the District. Property taxes provided 97% of the District's total revenue. Taxable Value of the District in 2014 was \$6.2 billion, an increase over 2013. As a result, the millage rate is .2423 per thousand of taxable value, which is 0% of the rolled back rate.

Expectations are that property values will continue to stabilize, provided the economy continues to recover. The Board enters the 2015 year with a budget that is 1.75% higher than 2014, despite the fact that the District will not be entitled to state aid in the upcoming year due to changes in the Florida Statute.

REQUEST FOR INFORMATION

The District's general purpose external financial statements (the basic financial statements and required supplementary information) are designed to provide a financial overview of the District's finances. Requests for additional information or questions concerning the financial information contained in this report should be addressed to the Director of the East Flagler Mosquito Control District, 24 Utility Drive, Palm Coast, FL 32137.

Basic Financial Statements

Government-wide Financial Statements

East Flagler Mosquito Control District

Statement of Net Position

September 30, 2014

	<u>Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 185,657
Investments	2,840,920
Due from Other Governments	15,573
Grants Receivable	79
Inventory	88,020
Total Current Assets	<u>3,130,249</u>
Capital Assets:	
Land	41,560
Buildings and Improvements	\$ 429,299
Less: Accumulated Depreciation	<u>(212,320)</u>
	216,979
Vehicles and Equipment	1,718,782
Less: Accumulated Depreciation	<u>(1,023,899)</u>
	694,883
Total Capital Assets	<u>953,422</u>
Total Assets	<u>4,083,671</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 32,134
Accrued Payroll	26,701
Total Current Liabilities	<u>58,835</u>
Noncurrent Liabilities less Current Portion:	
Compensated Absences	32,973
Total Noncurrent Liabilities	<u>32,973</u>
Total Liabilities	<u>91,808</u>
NET POSITION	
Net Investment in Capital Assets	953,422
Restricted - State Funds	16,605
Unrestricted	<u>3,021,836</u>
Total Net Position	<u>\$ 3,991,863</u>

See accompanying notes to financial statements.

East Flagler Mosquito Control District

Statement of Activities

Year Ended September 30, 2014

Human Services - Mosquito Control:	
Personal Services	\$ 503,736
Personal Service Benefits	168,523
Operating Expenses	108,804
Insurance	97,549
Travel/Utilities/Services	48,176
Maintenance and Repairs	40,368
Materials and Supplies	40,830
Gasoline, Oil and Lubricants	26,398
Chemicals and Solvents	260,299
Depreciation	88,877
	<hr/>
Total Program Expenses	1,383,560
General Revenues:	
Property Taxes	1,450,072
Interest Income	5,212
Intergovernmental	29,456
Net Unrealized Loss on SBA Investments	(1,265)
Gain on Disposition of Assets	50
Other	9,841
	<hr/>
Total General Revenues	1,493,366
Increase in Net Position	109,806
Net Position Beginning of Year	<hr/> 3,882,057
Net Position End of Year	<hr/> <u>\$ 3,991,863</u>

See accompanying notes to financial statements.

Fund Financial Statements

East Flagler Mosquito Control District

Balance Sheet
Governmental Fund - General Fund
September 30, 2014

ASSETS

Cash and Cash Equivalents	\$	185,657
Investments		2,840,920
Due from Other Governments		15,573
Grants Receivable		79
Inventory		88,020
Total Assets	\$	<u>3,130,249</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$	32,134
Accrued Payroll		26,701
Total Liabilities		<u>58,835</u>

Fund Balances:

Nonspendable - Inventory		88,020
Assigned for Future Capital Outlay/Contingencies		2,186,738
Unassigned		796,656
		<u>3,071,414</u>

Total Fund Balances 3,071,414

Total Liabilities and Fund Balances \$ 3,130,249

East Flagler Mosquito Control District

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position September 30, 2014

Total Fund Balances-Governmental Fund \$ 3,071,414

Amounts reported in the Statement of Net Assets are different because of the following:

1. Capital assets used in governmental activities are not financial resources and therefore not reported in the fund as assets:

Land		41,560
Buildings & improvements	\$ 429,299	
Less: accumulated depreciation	<u>(212,320)</u>	216,979
Equipment	1,718,782	
Less: accumulated depreciation	<u>(1,023,899)</u>	694,883

2. Compensated Absences not due and payable in the fund (32,973)

Net Position of Governmental Activities \$ 3,991,863

East Flagler Mosquito Control District

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Fund - General Fund Year Ended September 30, 2014

Revenues:	
Property Taxes	\$ 1,450,072
Interest Income	5,212
Intergovernmental	29,456
Net Unrealized Loss on SBA Investments	(1,265)
Gain on Disposition of Assets	50
Other	9,841
Total Revenues	<u>1,493,366</u>
Expenditures:	
Personal Services	510,517
Personal Service Benefits	168,523
Operating Expenses	108,804
Insurance	97,549
Travel/Utilities/Services	48,176
Maintenance and Repairs	40,368
Materials and Supplies	40,830
Gasoline, Oil and Lubricants	26,398
Chemicals	260,299
Capital Outlay	5,498
Total Expenditures	<u>1,306,962</u>
Excess of Revenues Over Expenditures - Net Change in Fund Balance	186,404
Fund Balance Beginning of Year	<u>2,885,010</u>
Fund Balance End of Year	<u>\$ 3,071,414</u>

See accompanying notes to financial statements.

East Flagler Mosquito Control District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Fund - General Fund with the Statement of Activities
 September 30, 2014

Increase in Net Position - Statement of Activities	\$ 109,806
Net Change in Fund Balance - General Fund	<u>186,404</u>
Difference	<u><u>\$ (76,598)</u></u>

A reconciliation of the difference is as follows:

1. Governmental Fund (General Fund) reports capital outlays as expenditures. The Statement of Activities reports capital outlays as assets subject to depreciation over their estimated useful lives and recognizes depreciation expense:

Capital Outlay	\$ 5,498	
Depreciation Expense	<u>(88,877)</u>	\$ (83,379)

2. Some expenses reported on the Statement of Activities are not fund expenditures normally liquidated with current financial resources:

Compensated Absences Payable	<u>6,781</u>
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Difference reconciled	<u><u>\$ (76,598)</u></u>
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**East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Flagler Mosquito Control District, (herein after referred to as "The District"), was created, as an "Independent Special District" on July 21, 1952, in accordance with Chapter 388, Florida Statutes. Pursuant to the results of a special election, the Board of County Commissioners of Flagler County, Florida, ORDERED the creation of the District at a special meeting held on July 21, 1952. East Flagler Mosquito Control District was created to achieve and maintain such levels of arthropod control, as well as protect human health and safety, and foster the quality of life of the people, promote the economic development of the state, and facilitate the enjoyment of its natural attractions by reducing the number of pestiferous and disease-carrying arthropods.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below:

A. Reporting Entity

The financial statements of the District consist only of the statement of East Flagler Mosquito Control District. The District has no oversight responsibilities for any other governmental entity since no other entities are considered to be controlled by or dependent upon the District. The District is a special-purpose independent governmental agency engaged in a single governmental program – mosquito control.

B. Basis of Accounting/Measurement Focus

In Accordance with Governmental Accounting Standards Board (GASB) *Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both the government-wide and fund financial statements.

Government-wide Financial Statements

The Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities. Government-wide financial statements report information about the District as a whole similar to information for a private-sector business. The Statement of Net Position presents assets and liabilities with the net difference reported as net position. The net position reflects the financial position of the District as of the last day of the fiscal year. The Statement of Activities reports expenses and supporting sources of revenue during the fiscal year. This statement is similar to a statement of profit or loss in the private sector.

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to information reported for a private-sector business. Accordingly, all of the District's assets & liabilities, including depreciable capital assets, are included in the Statement of Net Position. The Statement of Activities presents changes in net position during the fiscal year. Since the District is a special purpose independent governmental agency engaged in a single governmental program – mosquito control- the expenses shown on the Statement of Activities are for that function alone.

Under the accrual basis of accounting, revenues are recorded when earned. Expenses are recognized when incurred.

Governmental Fund Financial Statements

Fund financial statements are provided for governmental funds.

The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental fund types. The measurement focus is upon determination of changes in financial position, rather than upon income determination. The following are the District's governmental fund types:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources.

All governmental funds are accounted for on a "spending" or "current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported undesignated fund balance (net current assets) is considered a measure of "available spendable or appropriable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Instead, they are reported as liabilities in the Statement of Activities. Capital assets are recorded as expenditures in the General Fund. In the Statement of Activities, they are reported as assets subject to depreciation.

The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are available if collected within sixty days of year end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated vacation and sick leave pay which are not accrued, but rather reflected in the General Long-Term Debt Account Group.

A reconciliation is provided that lists the differences between the net position presented in the Government-wide Financial Statements and the net position presented in the Governmental Fund Financial Statements.

C. Budget Policy and Control

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- A Detailed Work Plan Budget for the District is presented to the Board of Commissioners. The Detailed Work Plan Budget is due to the Department of Agriculture and Consumer Services (DACS), Division of Agricultural Environmental Services by the 15th day of July of each year for their review and approval.
- The Annual Certified Budget is due to the Bureau of Entomology and Pest Control, DACS, no later than September 30th of each year for approval.
- Prior to October 1st the budget is legally enacted through passage of a resolution.
- Budget amendments are approved by the Board of Commissioners and submitted to the Bureau of Entomology and Pest Control, DACS, for approval. During the fiscal year, there were two budget amendments to adjust DACS fund balance to audited financial statements.

**East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The budgeted revenue and expenditures shown in these financial statements includes all budget amendments approved by the District's Board of Commissioners and the Bureau of Entomology and Pest Control (DACs).
- The level of classification detail at which expenditures may not legally exceed appropriations is within budgetary accounts by fund.
- Appropriations lapse at the end of each year. An appropriation for capital or other programs shall be re-budgeted on an annual basis until the purpose for which it was made has been accomplished or abandoned.
- The budget for the General Fund that was either adopted or amended during the year by the Board of Commissioners and was prepared on the same basis of accounting as used for financial reporting purposes, with the exception of inventory & other immaterial items. Under the budgetary basis, the District accounts for inventory of chemicals and fuels by the purchase method, whereby these items are recorded as expenditures when purchased.

D. Assets, Liabilities and Net Position

Cash and cash equivalents

Cash and cash equivalents are cash held in demand deposits at local banks.

Investments

Investments consist of excess funds deposited with the Local Government Surplus Trust Funds. The Local Government Surplus Trust Funds Investment Pool is a "2A7-like pool" which is stated at cost

Due from other governments

Due from other governments represents amounts due from state and local governmental entities.

Inventory

Inventory is valued at the lower of cost or market based on the first-in-first-out method (FIFO). Inventory is recorded under the consumption method. Cost is recorded as an expenditure at the time inventory is used. The inventory balance, as reported in the fund financial statements, is offset by a fund balance reserve account in the General Fund to indicate it is not available for appropriation and not an expendable available financial resource of the General Fund.

Capital Assets

In the Government-wide Financial Statements, capital assets include land, buildings, building improvements, and equipment. According to the District's capitalization policy, capital assets are capitalized and depreciated if they have a life of more than one year and cost \$1,000 or more. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the Government-wide Financial Statements, depreciation is recorded on capital assets using the straight-line method and the following useful lives:

Buildings	20-40 years
Building improvements	10-40 years
Equipment	5-20 years

Fixed assets purchased in the governmental fund are recorded as expenditures at the time of purchase.

Long Term Debt

In the Government-wide Financial Statements outstanding debt is reported as a liability. The governmental fund financial statements recognize loan proceeds as other financing sources.

Compensated Absences

A liability for unused vacation and sick time for employees is calculated and reported in the Government-wide Financial Statements. A liability for unused sick leave is accrued only to the extent that the leave will result in cash payments upon termination. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement or resignation.

Fund Equity

Beginning with the fiscal year 2012, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Commissioners or as delegated to the District Director by the Board.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

Such fund balance classifications are established to demonstrate the current unavailability for certain assets to pay current expenditures and budgetary fund segregation for future planning and contingencies. The following is a description of the nonspendable and assigned fund balances used by the District:

Nonspendable - inventory (\$88,020) – Amounts set aside for chemical and fuel inventories.

Assigned for future capital outlay/contingencies (\$2,186,738) – Amounts assigned for future capital outlay, payment of annual/sick leave, and contingencies.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers unrestricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of unassigned funds, and then assigned funds, as needed, unless the Board has provided otherwise in its assignment actions.

**East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain assets, liabilities, revenues, expenditures and note disclosures. Actual results could differ from those estimates.

NOTE 2 – PROPERTY TAXES

All real and tangible personal property taxes are due and payable November 1st of each year, or as soon thereafter as the assessment roll is certified by the Flagler County Property Appraiser (levy date). Flagler County mails a notice of the taxes due to each property owner on the assessment roll. The County collects the taxes for the District. Unpaid real and tangible personal property taxes due November 1st become delinquent April 1st of the following year. Collection dates are from November 1st to June 1st of the following year. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in the month of November; three percent (3%) if paid in the month of December; two percent (2%) if paid in the month of January; and one percent (1%) if paid in the month of February.

Taxes paid during the month of March are without discount. On or before June 1st (lien date) of the year following the year in which taxes were assessed, tax certificates are sold on all real estate parcels with outstanding real property taxes.

The District makes an annual levy on property for general governmental services. Revenue recognized during this fiscal year amounted to \$1,450,072.

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

A. Deposits

At September 30, 2014, the reconciled book cash balances with financial institutions amounted to \$185,657. Bank balances were also \$185,657 as of September 30, 2014, and were entirely covered by federal depository insurance and are held in qualified public depositories pursuant to Florida Security for Public Deposits Act. Under the Act, the District's deposits in qualified public depositories are totally insured. All of the cash deposits of the District are placed with qualified financial institutions and are classified as category one credit risk, which means they are insured or collateralized.

B. Investments

State statutes govern the District's investment policies. The District is authorized by its Commission and Florida Statutes to invest available funds in the Local Government Surplus Trust Funds. The District invests excess cash in the SBA as described in Note 1. The SBA has established two different pools (Florida Prime and Fund B), whereby participants own a share of the respective pools and not the underlying securities.

Florida Prime – Florida Prime (formerly known as Pool A or Fund A) meets the requirements of, and is classified as a "2a-7 like" pool. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, Florida Prime has a policy that it will, and does, operate in a manner consistent with Rule 2a-7 under the Investment Company Act of 1940. The fair value of the position in the pool is equal to the value of the pool's shares. Such investments are stated at amortized cost in the accompanying financial statements. Florida Prime is currently rated AAAM by Standard and Poors. The weighted average days to maturity (WAM) at September 30, 2014 is 39 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM.

Fund B – The original principle balances have been distributed in full at September 30, 2014 and the weighted average life is effectively zero.

**East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014**

NOTE 3 – CASH DEPOSITS AND INVESTMENTS (continued)

Florida Prime has not participated in a securities lending program in the year ended September 30, 2014. The SBA provides separate financial statements for the Florida Prime for the fiscal year ended June 30, 2014. It does not issue financial statements for the period ending September 30th.

On September 30, 2014 the District had \$2,840,920 invested in the Florida Prime with no liquidity restrictions and Fund B is closed with a zero balance. An unrealized loss in the amount of \$1,265 was recognized in the current year financial statements.

NOTE 4 – DUE FROM OTHER GOVERNMENTS

As of September 30, 2014, the District had receivables due from other governmental entities in the amount of \$15,573 for excess fees, delinquent taxes and contractual services (West Flagler).

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 41,560	\$	\$ 0	\$ 41,560
Depreciable Assets:				
Buildings & Improvements	429,299			429,299
Equipment	1,715,912	5,498	(2,628)	1,718,782
Total Depreciable Assets	2,145,211	5,498	(2,628)	2,148,081
Accumulated Depreciation:				
Buildings & Improvements	(197,612)	(14,708)		(212,320)
Equipment	(952,358)	(74,169)	2,628	(1,023,899)
Total Accumulated Depreciation	(1,149,970)	(88,877)	2,628	(1,236,219)
Capital Assets, net	\$ 1,036,801	\$ (83,379)	\$ 0	\$ 953,422

Current period depreciation expense charged to the Statement of Activities amounted to \$88,877.

NOTE 6 – LONG-TERM LIABILITIES

During the year ended September 30, 2014 the following changes occurred in the District's long-term liabilities:

	Compensated Absences
Balance September 30, 2013	\$ 44,188
Increases	59,362
(Decreases)	(60,873)
Balance September 30, 2014	\$ 42,677
Portion of long-term liabilities due in one year	\$ 9,704

**East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014**

NOTE 7 - PENSION PLAN

In accordance with Florida law, the District participates in the Florida Retirement System (FRS) a cost-sharing, multiple-employer defined benefit public employee retirement system. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries.

This plan was created by the Florida Legislature and is administered by the State of Florida, Department of Administration. The payroll for the District's employees covered by the plan for the year ended September 30, 2014 was \$490,462; the District's total payroll was \$502,578.

All permanent full-time, regular part-time employees and seasonal positions are eligible to participate in the plan. The retirement age and other retirement benefits & options are stated in the Summary Plan Description issued by the FRS.

The funding methods and the determination of benefits payable are provided in various acts of the State Legislature. These acts provided that employers, such as the District, were required to contribute 6.95% from October 1, 2013 to June 30, 2014 and 7.37% from July 1, 2014 to September 30, 2014 for regular employees; 33.03% from October 1, 2013 to June 30, 2014 and 43.24% from July 1, 2014 to September 30, 2014 for elected officials; 12.84% from October 1, 2013 to June 30, 2014 and 12.28% from July 1, 2014 to September 30, 2014 for employees under the DROP Program; and 3.39% from October 1, 2013 to June 30, 2014 and 3.80% from July 1, 2014 to September 30, 2014 for retirees. The District's contributions include 1.11% for a post-retirement health insurance subsidy.

As of July 1, 2011, employees are required to contribute 3% to the Florida Retirement System, except for those participating in the DROP Program and retirees.

The District contributed the following amounts for those employees covered under the Florida Retirement System:

Year Ended	District's	Percent of
September 30,	Contribution	Covered
		Payroll
2014	\$ 38,641	7.88%
2013	\$ 29,987	5.86%
2012	\$ 26,874	5.00%
2011	\$ 50,933	9.00%
2010	\$ 51,270	10.00%
2009	\$ 51,025	10.39%

The plan's financial statements, investments, actuarial report and statistical tables, summary plan description and other information are presented in the plan's annual report. A copy of the plan's annual report can be obtained from the State of Florida, Division of Retirement, Tallahassee, Florida.

NOTE 8 – DEFERRED COMPENSATION AND ROTH PLANS

The District offers its full time employees a Deferred Compensation Plan and a Roth Plan created in accordance with Internal Revenue Code Section 457. The Deferred Compensation Plan allows employees to defer a portion of their salary until future years, whereas the Roth Plan does not. Funds are not available to employees until termination, retirement, or death, but they do have a loan option available, with a maximum amount being the lesser of 50% of their vested account balance or \$50,000, which must be paid back within 5 years.

As of September 30, 2014, plan assets equaled \$439,154 and the amount due to employees equaled \$439,154. Funds are held by a third party administrator and therefore, the assets and any related liabilities are not reflected in these financial statements.

**East Flagler Mosquito Control District
Notes to Financial Statements
For the Year Ended September 30, 2014**

NOTE 9 – ECONOMIC DEPENDENCY

The District is dependent on real and personal property taxes levied on Flagler County residents, within the District, to support its operational costs. A significant portion of the District’s available assets are invested in the Local Government Surplus Trust Funds.

NOTE 10 – PROPERTY LEASE OBLIGATION

On April 1, 2001, the District entered into a lease with Flagler County Airport. Under the terms of the lease the District rents the property for a period of thirty years. The current rental rate is \$871 a month, due on the first day of the month. The rental rate is adjusted annually on October 1st, based on the change in the Consumer Price Index-All Products, as published by the United States Department of Labor, Bureau of Labor Statistics. Rent in the amount of \$10,452 was paid for the year ended September 30, 2014.

The District leased this property and constructed a permanent structure for use as an aircraft hangar, storage facility and office.

The annual future minimum rental payments based on a 1.60% annual increase in the Consumer Price Index for the remainder of the lease would be as follows:

For the year Ended September 30,	Future Minimum Rent Payment
2015	\$ 10,616
2016	10,786
2017	10,959
2018	11,134
2019	11,312
2020-2024	59,335
2025-2029	64,237
2030-2031	27,157
	<u>\$ 205,536</u>

On July 7, 2014, the District entered into a lease agreement with Flagler County to rent additional property located at the Flagler County Airport. The District plans to construct its new facility on this property. Rent payments shall be paid in advance, on the first day of each calendar month, following the issuance of the Certificate of Occupancy for the building being constructed. The rent shall be \$1,089 per month, per acre, or a portion thereof, and will be adjusted annually for increases in the Consumer Price Index.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers’ compensation, employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditors’ report.

Required Supplementary Information

East Flagler Mosquito Control District

Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Budgetary Basis) and Actual - General Fund Year Ended September 30, 2014

	Required Supplementary Information			Variance Over\ (Under)
	Budgeted Amounts		Actual	
	Original	Final		
Revenues:				
Property Taxes	\$ 1,426,810	\$ 1,426,810	\$ 1,450,072	\$ 23,262
Interest Income	5,500	5,500	5,212	(288)
Intergovernmental	15,000	15,000	29,456	14,456
Other			9,891	9,891
Total Revenues	<u>1,447,310</u>	<u>1,447,310</u>	<u>1,494,631</u>	<u>47,321</u>
Expenditures:				
Personal Services	623,705	623,705	510,517	(113,188)
Personal Service Benefits	217,500	217,500	168,523	(48,977)
Operating Expenses	132,710	132,710	108,804	(23,906)
Insurance	119,000	119,000	97,549	(21,451)
Travel/Utilities/Services	66,100	66,100	48,176	(17,924)
Maintenance and Repairs	69,060	69,060	40,368	(28,692)
Materials and Supplies	66,285	66,285	40,830	(25,455)
Gas, Oil and Lubricants	39,315	39,315	24,365	(14,950)
Chemicals	339,185	443,009	257,665	(185,344)
Contingency	213,100	363,400		(363,400)
Capital Outlay	1,842,236	1,842,236	5,498	(1,836,738)
Total Expenditures	<u>3,728,196</u>	<u>3,982,320</u>	<u>1,302,295</u>	<u>(2,680,025)</u>
Excess (deficiency) of Revenues over Expenditures	(2,280,886)	(2,535,010)	192,336	-
Fund Balance Beginning of Year	2,885,010	2,885,010	2,885,010	-
Fund Balance End of Year	<u>\$ 604,124</u>	<u>\$ 350,000</u>	<u>\$ 3,077,346</u>	<u>\$ -</u>

** See Notes to Required Supplementary Information -
Note 1. - "Budgetary - GAAP Reporting Reconciliation"

See accompanying notes to financial statements.

East Flagler Mosquito Control District
 Notes to Required Supplementary Information
 For the Year Ended September 30, 2014

NOTE 1 – BUDGETARY-GAAP REPORTING RECONCILIATION

The Statement of Revenue, Expenditures, and Changes in Fund Balance--Budget (Budgetary Basis) and Actual--General Fund, as shown in the required supplementary information, presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because the accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis, timing, perspective, and entity differences in the excess (deficiency) of revenue and other sources of financial resources over expenditures and other uses of financial resources for the year ended September 30, 2014 is presented below:

	General Fund
Excess of revenue over expenditures (budgetary basis)	\$ 192,336
Adjustments - Increase / (Decrease):	
To adjust revenue for unrealized loss SBA	(1,265)
To adjust expenditures for reserve for inventory	<u>(4,667)</u>
Excess of Revenue over Expenditures (GAAP Basis)	<u>\$ 186,404</u>



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Honorable Board of Commissioners
East Flagler Mosquito Control District
Palm Coast, FL

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of East Flagler Mosquito Control 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 and have issued our report thereon dated December 2, 2014.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

To the Honorable Board of Commissioners
East Flagler Mosquito Control District
December 2, 2014
Page 2

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 Districts' internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A large, stylized handwritten signature in black ink, appearing to read "Lombardo, Spradley & Klein, CPAs". The signature is highly cursive and loops around itself.

Lombardo, Spradley & Klein, CPAs
Certified Public Accountants
December 2, 2014

Lombardo Spradley Klein

Certified Public Accountants

INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE FLORIDA AUDITOR GENERAL

To the Honorable Board of Commissioners
East Flagler Mosquito Control District
Palm Coast, FL

Report on the Financial Statements

We have audited the financial statements of the governmental activities of East Flagler Mosquito Control District, as of and for the year ended September 30, 2014, and have issued our report thereon dated December 2, 2014.

Auditor's Responsibility

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.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report dated December 2, 2014, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Findings and Recommendations

None

Compliance

None

Other Comments

None

Status of Prior Year Findings – Significant Deficiencies

None

To the Honorable Board of Commissioners
East Flagler Mosquito Control District
December 2, 2014
Page 2

Other Matters Required By the Rules of the Auditor General

In accordance with the Rules of the Auditor General of the State of Florida, the following is noted:

Annual Financial Report

1. The annual financial report for the East Flagler Mosquito Control District of Flagler County, Florida for the fiscal year ended September 30, 2014, filed with the 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.

Financial Condition

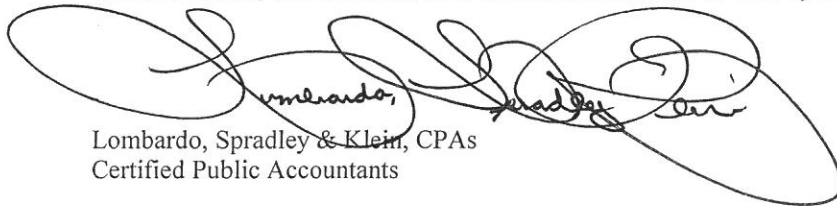
2. The auditors applied financial condition assessment procedures per Auditor General Rule 10.556 (8). It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

3. Based on our audit procedures performed, no indication came to our attention that caused us to believe that the District met any of the conditions described in Florida Statutes Section 218.503(1).

Compliance-Investment of Public Funds

4. East Flagler Mosquito Control District has complied with Section 218.415, Florida Statutes with regards to the investment of public funds.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee members, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the Florida Department of Agriculture, management, and the Board of Commissioners, and is not intended to be and should not be used by anyone other than those specified parties.



Lombardo, Spradley & Klein, CPAs
Certified Public Accountants

December 2, 2014

**Lombardo
Spradley Klein**
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH
FLORIDA STATUTES 218.415 - INVESTMENT OF PUBLIC FUNDS

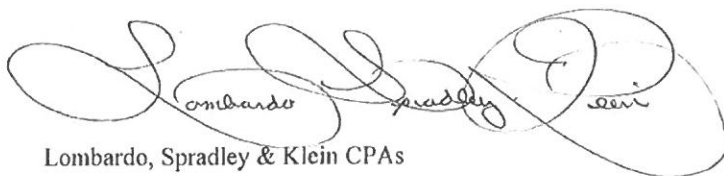
Board of Commissioners
East Flagler Mosquito Control District
Palm Coast, FL

We have examined the East Flagler Mosquito Control District of (the District) compliance with Section 218.415, Florida Statutes during the fiscal 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 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 East Flagler Mosquito Control District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Commissioners of the East Flagler Control District, and management, and is not intended to be and should not be used by anyone other than these specified parties.



Lombardo, Spradley & Klein CPAs

December 2, 2014