

# Lee County Hyacinth Control District

## BASIC FINANCIAL STATEMENTS

Year Ended September 30, 2014



**CRI** CARR  
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**Lee County Hyacinth Control District**  
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**September 30, 2014**

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# REPORT



## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Lee County Hyacinth 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 Hyacinth 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 Hyacinth 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 10 to the financial statements, governmental activities prepaid expenses and net position and general fund prepaid expenses and fund balance, are restated due to a correction of an error. 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 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.

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida  
June 30, 2015

## **Lee County Hyacinth Control District Management's Discussion and Analysis**

We, as management of the Lee County Hyacinth 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 Hyacinth Control District is an independent special district, which was created under Chapter 67-1629, Florida Statutes, and recreated under 98-462. It is governed by a seven member Board of Commissioners. The commissioners are elected for a four-year term.
- The District employs twelve full-time employees.
- The primary location for operations is at the District headquarters in Lehigh Acres at the old Buckingham Army Airfield. 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.
- Hyacinth 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 \$2,780,172 (*net position*).
- Of this amount, \$1,330,586 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- The District restated its prior year net position to reflect an adjustment for prepaid expenses of \$67,092. Total net position decreased by \$188,541 between fiscal years after the restatement. This decrease and restatement are discussed further in the government-wide financial analysis.
- Total liabilities increased by \$344,518 during the fiscal year.
- At the close of the current fiscal year, the ending fund balance was \$3,113,172, an increase of \$46,655, or 1.52%, from the 2013 restated ending fund balance of \$3,066,517.
- Of this balance, \$139,903 is nonspendable, consisting of prepaid insurance and inventories, \$205,995 is assigned for the fiscal year end September 30, 2015, budgeted decrease in fund balance and approximately \$2,767,274 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, which include governmental funds that will be described later in this analysis, and 3) Notes to Financial Statements.

**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.



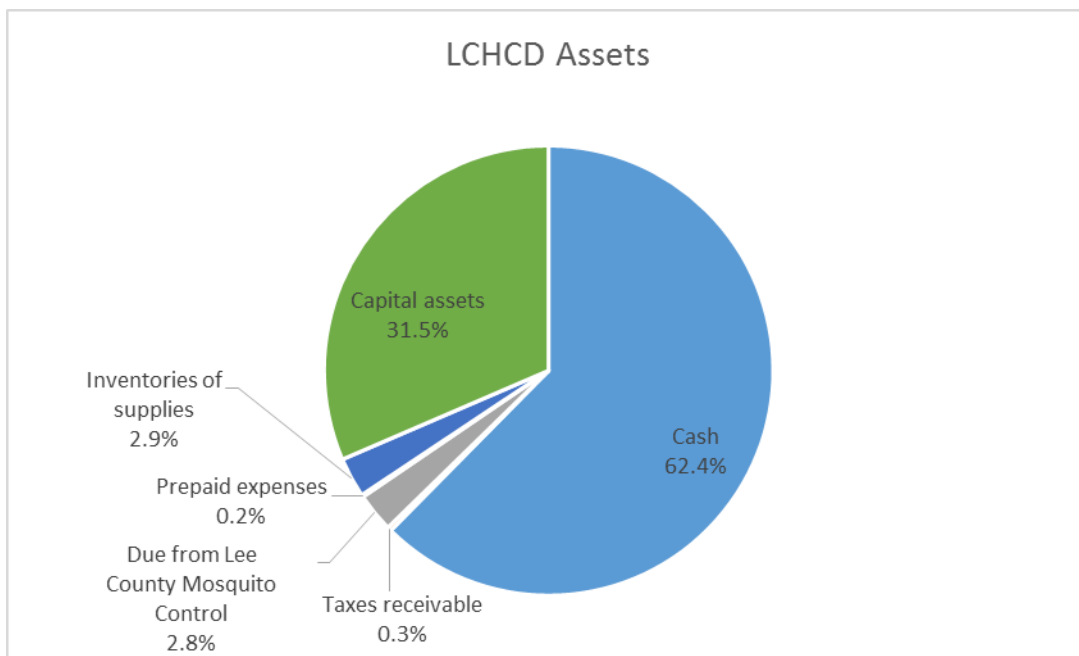
**Notes to Financial Statements:**

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 \$2,780,172. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$1,707,359 (*general revenue plus program revenue*). Total program expenses were \$1,895,900.

Thirty-four percent of the District’s assets represent its investment in capital assets, prepaid expenses, and chemicals inventory. The District utilizes and consumes these assets in order to safely provide effective hyacinth control to the citizens within the District’s boundaries. The assets that remain are invested in deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.

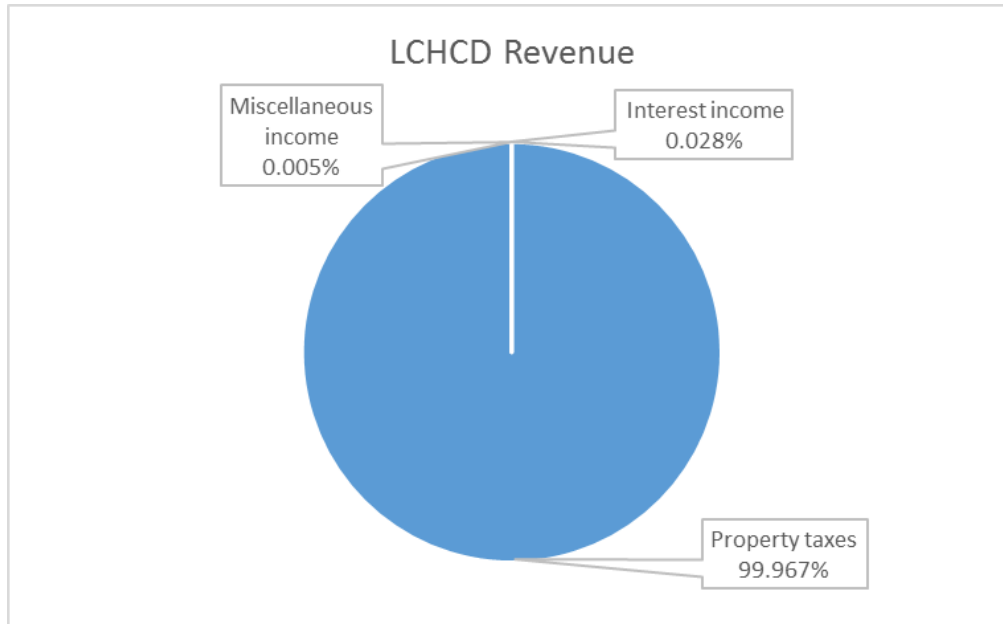


## Summary of Net Position

	<u>9/30/2014</u>	<u>9/30/2013, as restated</u>	<u>Difference</u>
Current and Other Assets	\$ 3,157,761	\$ 3,089,245	\$ 68,516
Capital Assets, net	<u>1,449,586</u>	<u>1,362,125</u>	<u>87,461</u>
Total Assets	<u>\$ 4,607,347</u>	<u>\$ 4,451,370</u>	<u>\$ 155,977</u>
Current and Other Liabilities	\$ 44,589	\$ 22,728	\$ 21,861
Long-Term Liabilities	<u>1,782,586</u>	<u>1,459,929</u>	<u>322,657</u>
Total Liabilities	<u>1,827,175</u>	<u>1,482,657</u>	<u>344,518</u>
Net Position			
Invested in Capital Assets	1,449,586	1,362,125	87,461
Unrestricted	<u>1,330,586</u>	<u>1,606,588</u>	<u>(276,002)</u>
Total Net Position	<u>\$ 2,780,172</u>	<u>\$ 2,968,713</u>	<u>\$ (188,541)</u>

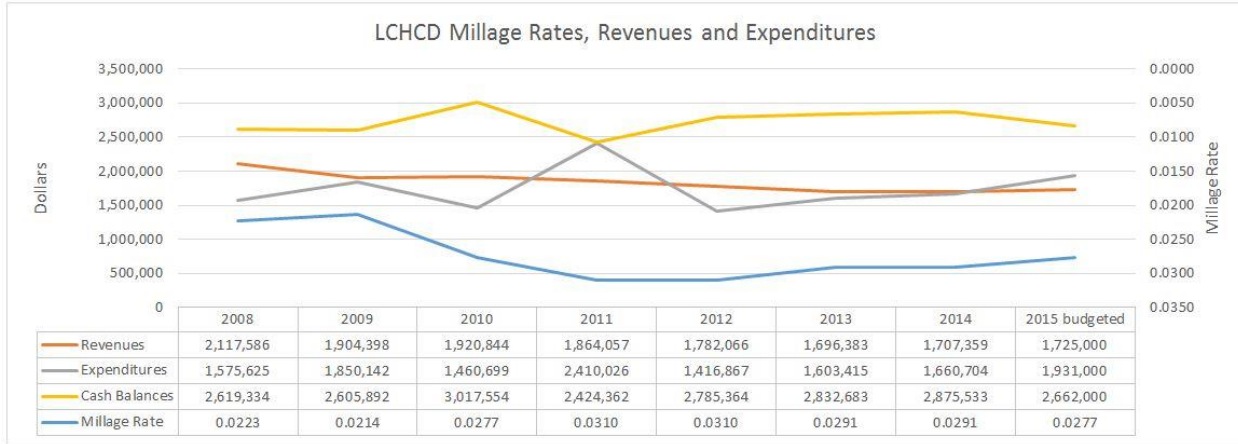
During the past year, total assets increased by \$155,977 and total liabilities increased by \$344,518, producing a decrease in the net position of \$188,541, as indicated in the above table. A restatement of the prior fiscal period was recorded to increase prepaid assets and fund net position. The prepaid adjustment increased fund balance by \$67,092 for the 2012-2013 fiscal year over what was previously reported.

In fiscal year 2013-2014, total fund revenue increased by \$10,976 and total program expenses increased by \$125,651 from 2013. The expense for Other Post Employment Benefits (OPEB) was \$366,162; this represents the current cost of future benefits for District retirees. Other expenses for chemicals, \$78,953, and repairs and maintenance, \$14,631, decreased during the year. The balance in cash and CDs increased by approximately \$42,850 due to fluctuations in District operating activities, which are difficult to predict from year to year. The value of the capital assets decreased in book value due to depreciation expense. Property taxes represent 99.9% of the District's revenues.



### Summary Changes in Net Position

	<u>9/30/2014</u>	<u>9/30/2013, as restated</u>	<u>Difference</u>
Revenues			
General revenues:			
Property taxes	\$ 1,706,799	\$ 1,692,997	\$ 13,802
Interest	470	2,842	(2,372)
Miscellaneous	90	544	(454)
Total revenues	<u>\$ 1,707,359</u>	<u>\$ 1,696,383</u>	<u>\$ 10,976</u>
Expenses			
Physical environmental services	<u>\$ 1,895,900</u>	<u>\$ 1,770,249</u>	<u>\$ 125,651</u>
Increase/decrease in Net Position	\$ (188,541)	\$ (73,866)	\$ (114,675)
Net position - beginning of fiscal year, as restated	<u>\$ 2,968,713</u>	<u>\$ 3,042,579</u>	<u>\$ (73,866)</u>
Net position - end of fiscal year	<u><u>\$ 2,780,172</u></u>	<u><u>\$ 2,968,713</u></u>	<u><u>\$ (188,541)</u></u>



The chart above reflects revenues, expenditures, and millage rates for the past seven years and projections for the upcoming fiscal year (FY 2014-2015).

**Budgetary Highlights:**

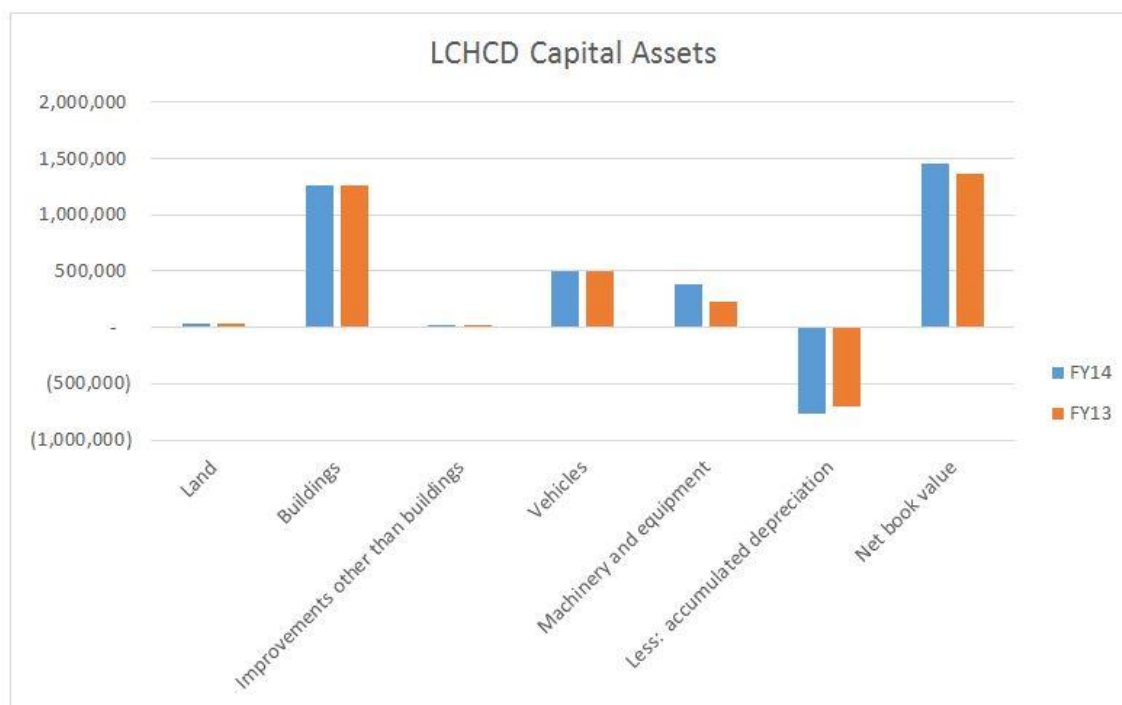
The District adopts an annual budget on a GAAP basis. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them.

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 GAAP basis of accounting and is presented using the same format, language, and classifications as the original legal budget document.

Revenue 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 \$743,534. The variance is due primarily to changes related to the following budgeted items: reductions in personnel and benefit expenditures, reduction in the purchase of chemical inventory, and operating and miscellaneous supply expenses.

**Capital Asset and Debt Administration:**

The District’s investment in *capital assets* at year-end is \$1,449,586 (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.



#### Capital Assets

	9/30/2014	9/30/2013
Land	\$ 38,912	\$ 38,912
Buildings	1,267,682	1,267,682
Improvements other than buildings	26,420	26,420
Vehicles	501,281	501,281
Machinery and equipment	384,913	233,026
<b>Total assets</b>	<b>2,219,208</b>	<b>2,067,321</b>
Less: accumulated depreciation	(769,622)	(705,196)
<b>Net book value</b>	<b>\$ 1,449,586</b>	<b>\$ 1,362,125</b>

At September 30, 2014, the District had no *long-term debt*; its *other long-term liabilities* were comprised of accrued compensated absences and net OPEB obligation payables. For more information on accrued compensated absences or Postemployment Benefits other than Pensions, please see Note 1 on page 22 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 \$4.5 million dollar budget for fiscal year 2015. The millage rate is .0277 mills per thousand, which is at the rolled-back rate, resulting in an increase in revenue of approximately \$21,000. Property taxes are the largest source of revenue for the Lee County Hyacinth 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 Hyacinth Control District, 15191 Homestead Road, Lehigh Acres, Florida 33971.



# **FINANCIAL STATEMENTS**



**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**



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

**Assets**

Cash	\$ 2,875,533
Due from Lee County Mosquito Control District	128,809
Taxes receivable	13,516
Prepaid expenses	7,576
Inventories of supplies	132,327
Capital assets:	
Land	38,912
Buildings	1,267,682
Improvements other than buildings	26,420
Machinery and equipment	886,194
Less accumulated depreciation	(769,622)
Total capital assets	1,449,586
Total assets	4,607,347

**Liabilities**

Accounts payable	7,304
Accrued wages payable	37,285
Noncurrent liabilities:	
Other post-employment benefits	1,658,811
Accrued compensated absences	123,775
Total noncurrent liabilities	1,782,586
Total liabilities	1,827,175

**Net Position**

Invested in capital assets	1,449,586
Unrestricted	1,330,586
Total net position	\$ 2,780,172

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

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

<b>Expenses</b>	
Physical environment - Hyacinth control	
Personnel services	\$ 1,217,640
Operating	613,834
Depreciation	64,426
Total program expenses	1,895,900
 <b>General revenues</b>	
Property taxes	1,706,799
Interest income	470
Miscellaneous income	90
Total general revenues	1,707,359
 Change in net position	 (188,541)
<b>Net position beginning of year, as restated</b>	<b>2,968,713</b>
<b>Net position end of year</b>	<b>\$ 2,780,172</b>

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



# FUND FINANCIAL STATEMENTS

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

**ASSETS**

Cash	\$	2,875,533
Due from other governments		128,809
Taxes receivable		13,516
Prepaid expenses		7,576
Inventories of supplies		132,327
Total assets		\$ 3,157,761

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$	7,304
Accrued wages payable		37,285
Total liabilities		44,589

**FUND BALANCES**

Nonspendable:		
Prepaid and inventories		139,903
Assigned		205,995
Unassigned		2,767,274
Total fund balance		3,113,172

Total liabilities and fund balance		\$ 3,157,761
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*The accompanying notes are an integral part of these financial statements.*

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

Fund balance	\$	3,113,172
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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.		1,449,586
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences (see Note 5)		(123,775)
Net OPEB obligation payable (see Note 9)		<u>(1,658,811)</u>

Net position	\$	<u>2,780,172</u>
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*The accompanying notes are an integral part of these financial statements.*

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

**Revenues**

Property taxes	\$	1,706,799
Interest income		470
Miscellaneous income		90
Total revenues		1,707,359

**Expenditures**

Current		
Physical environment - hyacinth control		
Personnel services		1,217,640
Operating expenditures		291,177
Capital outlay		151,887
Total expenditures		1,660,704

Excess of expenditures over revenues		46,655
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FUND BALANCE, beginning of year, as restated		3,066,517
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FUND BALANCE, end of year	\$	3,113,172
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*The accompanying notes are an integral part of these financial statements.*

**Lee County Hyacinth 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	\$	46,655
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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	151,887	
Less current year depreciation	<u>(64,426)</u>	87,461

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 compensated absences (see Note 5)		43,505
Change in net OPEB obligation payable (see Note 5)		<u>(366,162)</u>

Change in net position	\$	<u><u>(188,541)</u></u>
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*The accompanying notes are an integral part of these financial statements.*

**Lee County Hyacinth 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>
<b>Revenues</b>				
Property taxes	\$ 1,700,238	\$ 1,700,238	\$ 1,706,799	\$ (6,561)
Interest income	4,000	4,000	470	3,530
Miscellaneous income			90	(90)
Total revenues	<u>\$ 1,704,238</u>	<u>\$ 1,704,238</u>	<u>\$ 1,707,359</u>	<u>\$ (3,121)</u>
<b>Expenditures</b>				
Current				
Physical environment - hyacinth control				
Personnel services				
Salaries and wages	\$ 1,009,000	\$ 1,009,000	\$ 943,584	\$ 65,416
Payroll taxes and benefits	1,442,000	442,000	274,055	167,945
Operating expenditures				
Operating	139,600	139,600	107,241	32,359
Travel and per diem	6,000	6,000	704	5,296
Communication services	10,000	10,000	3,983	6,017
Freight services	1,000	1,000	-	1,000
Utility services	21,000	21,000	15,733	5,267
Rentals and leases	4,000	4,000	1,162	2,838
Insurance	60,000	60,000	48,910	11,090
Repairs and maintenance	31,500	31,500	8,078	23,422
Other charges	3,500	3,500	690	2,810
Office supplies	2,000	2,000	820	1,180
Gasoline, oil and lube	32,075	32,075	29,905	2,170
Chemicals	190,156	190,156	53,307	136,849
Protective clothing	500	500	168	332
Miscellaneous supplies	42,125	38,725	15,252	23,473
Tools and implements	1,000	1,000	-	1,000
Publications and dues	2,500	2,500	1,869	631
Training		3,400	3,356	44
Capital outlay	178,000	178,000	151,887	26,113
Contingency	228,282	228,282	-	228,282
Total expenditures	<u>3,404,238</u>	<u>2,404,238</u>	<u>1,660,704</u>	<u>743,534</u>
Excess of revenues over expenditures	(1,700,000)	(700,000)	46,655	(746,655)
FUND BALANCE, beginning of year, as restated	2,700,000	2,700,000	3,066,517	(366,517)
FUND BALANCE, end of year	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>	<u>3,113,172</u>	<u>\$ (1,113,172)</u>

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



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

**NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

The Lee County Hyacinth Control District (the "District") is an independent special district created to perform aquatic plant control and elimination in Lee County, Florida, in accordance with Chapter 388, Florida Statutes. The District was created by the Laws of Florida, Chapter 67-1629 and recreated by Chapter 98-462.

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 Hyacinth 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 Hyacinth 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.
4. Budget transfers and amendments can be made throughout the year by approval of the Board of Commissioners.
5. Budget amounts, as shown in these financial statements, are as amended by the Board of Commissioners.
6. The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
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:

<b>Assets</b>	<b>Years</b>
Buildings	40
Improvements other than buildings	40
Machinery and equipment	5 - 20

**Lee County Hyacinth 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 \$123,775, of which \$0 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 Hyacinth 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 Hyacinth 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	\$ 101,618
Vehicle and other parts	30,709
<b>Total</b>	<b>\$ 132,327</b>

**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	\$ 38,912	\$ -	\$ -	\$ 38,912
<i>Depreciated assets:</i>				
Buildings	1,267,682	-	-	1,267,682
Improvements other than buildings	26,420	-	-	26,420
Machinery and equipment	734,307	151,887	-	886,194
<b>Total capital assets at historical cost</b>	<b>2,067,321</b>	<b>151,887</b>	<b>-</b>	<b>2,219,208</b>
Less accumulated depreciation for:				
Buildings	66,760	31,692	-	98,452
Improvements other than buildings	26,420	-	-	26,420
Machinery and equipment	612,016	32,734	-	644,750
<b>Total accumulated depreciation</b>	<b>705,196</b>	<b>64,426</b>	<b>-</b>	<b>769,622</b>
<b>Capital assets, net</b>	<b>\$ 1,362,125</b>	<b>\$ 87,461</b>	<b>\$ -</b>	<b>\$ 1,449,586</b>

**NOTE 5: CHANGES IN LONG TERM LIABILITIES**

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Compensated absences	\$ 167,280	\$ 7,932	\$ (51,437)	\$ 123,775	\$ -
Net OPEB obligation	1,292,649	366,162	-	1,658,811	-
	<b>\$ 1,459,929</b>	<b>\$ 374,094</b>	<b>\$ (51,437)</b>	<b>\$ 1,782,586</b>	<b>\$ -</b>

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

**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 Hyacinth Control District for the fiscal year ended September 30, 2014, was \$0.0291 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.

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.

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

**NOTE 7: RETIREMENT PLANS (Continued)**

***Employee Retirement Plan (Continued)***

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 (DROP) 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%; DROP 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%; DROP employees, 12.28%; elected officials, 43.24%; and senior management, 21.14%. In addition, all employees (except for those in DROP) 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 \$78,742, \$55,630, and \$39,795 respectively, equal to the actuarially determined contribution requirements for each year.

***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.



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

**NOTE 7: RETIREMENT PLANS (Continued)**

**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](http://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 Hyacinth 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.

At October 1, 2012, the date of the most recent plan valuation, the Trust covered 18 members (12 active plan members and 6 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.

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

**NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*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 actual 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	\$	265,410
Interest on NET OPEB Obligation		73,661
Adjustment to ARC		78,450
<hr/>		
Annual OPEB Cost		417,521
Estimated net contributions made		(51,359)
<hr/>		
Increase in Net OPEB obligation		366,162
<hr/>		
Net OPEB obligation - beginning of year		1,292,649
Net OPEB obligation - end of year	\$	1,658,811
<hr/>		

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
<hr/>				
9/30/2014	\$ 417,521	\$ 51,359	12.3%	\$1,658,811
9/30/2013	228,723	48,151	21.1%	1,292,649
9/30/2012	254,400	57,361	22.5%	1,095,610

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

**NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*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	2,260,085
Unfunded AAL (UAAL)	2,260,085
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.

*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.

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

**NOTE 8: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

*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.

**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 pollution from vehicles carrying pesticides and for worker's compensation. 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 had no paid 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 pollution from vehicles carrying pesticides and/or fuel. In April of 2015, the District obtained insurance coverage for risk of loss for workers compensation.

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

**NOTE 9: RISK MANAGEMENT (Continued)**

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 \$245,965. There have been no claims in excess of insurance coverage as of September 30, 2014.

**NOTE 10: RESTATEMENT**

The District has restated previously issued balances of governmental activities prepaid expenses and net position and general fund prepaid expenses and fund balance, due to a correction of an error, relating to an error in cutoff. The previously reported balances, as restated, are as follows:

	2013, as previously reported	Restatements	2013, as restated
<u>Governmental activities:</u>			
Prepaid expenses	\$ -	\$ 67,092	\$ 67,092
Net position - beginning of the year	2,901,621	67,092	2,968,713
<u>General fund:</u>			
Prepaid expenses	-	67,092	67,092
<u>Fund balance - beginning of the year</u>	<u>\$ 2,999,425</u>	<u>\$ 67,092</u>	<u>\$ 3,066,517</u>

**Lee County Hyacinth Control District  
Required Supplementary Information  
September 30, 2014**

**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	\$ -	\$ 2,260,085	\$ 2,260,085	0.0%	NA	NA
10/1/2011	-	2,412,322	2,412,322	0.0%	NA	NA
10/1/2010	-	2,424,290	2,424,290	0.0%	NA	NA

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2014	\$ 417,521	12.3%	\$ 1,658,811
9/30/2013	228,723	21.1%	1,292,649
9/30/2012	254,400	22.5%	1,095,610



**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 Hyacinth 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 Hyacinth 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 deficiency described in the accompanying schedule of findings to be a material weaknesses, 2014-001.



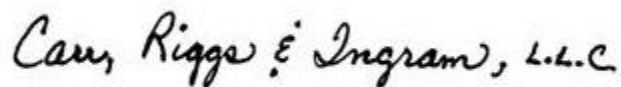
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### **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 did not disclose any instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida

June 30, 2015

**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 with this change was the implementation and use of a general ledger system. As part of this general ledger implementation a material misstatement of previously issued financial statements was discovered by management relating to prepaid expenses.

**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**

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.

## **MANAGEMENT LETTER**

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

### **Report on the Financial Statements**

We have audited the financial statements of the Lee County Hyacinth 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*, a Schedule of Findings an 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.

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.

**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 Hyacinth Control District Corrective Action Plan

**BOARD OF COMMISSIONERS**  
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BRIAN F. FARRAR, VICE CHAIRMAN  
MICHAEL W. ELLIS, SECRETARY-TREASURER  
MELISSA DORTCH  
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LEHIGH ACRES, FLORIDA 33971  
WWW.LCMCD.ORG  
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.

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***

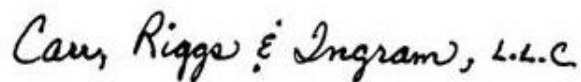
Board of Commissioners  
Lee County Hyacinth Control District  
Fort Myers, Florida

We have examined Lee County Hyacinth 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 style.

Carr, Riggs & Ingram, LLC

Clearwater, Florida  
June 30, 2015