

Meeting Date
July 7, 2015



AGENDA	
Section	CONSENT AGENDA
Item No.	<i>II.D.2</i>

AGENDA REPORT
BREVARD COUNTY BOARD OF COUNTY COMMISSIONERS

SUBJECT:	ACKNOWLEDGE RECEIPT OF FY 2013-2014 AUDITED ANNUAL FINANCIAL STATEMENTS, ENDED SEPTEMBER 30, 2014, FROM THE MELBOURNE-TILLMAN WATER CONTROL DISTRICT
DEPT/OFFICE:	BUDGET OFFICE

Requested Action:

It is requested that the Board accept the FY 2013-2014 Audited Annual Financial Statements, ended September 30, 2014, from the Melbourne-Tillman Water Control District.

Summary Explanation & Background:

In accordance with Florida Statutes 189.418 (9) and 218.32 (1)(a) and the Rules of the Auditor General, the Melbourne-Tillman Water Control District submits their Audited Annual Financial Statements for FY 2013-2014.

Fiscal Impact: There is no fiscal impact.

Clerk to the Board instruction: Maintain necessary documents for records retention.

Exhibits Attached: No attachments are provided. The FY 2014 Audited Financial Statements for the Melbourne-Tillman Water Control District are maintained in the Budget Office.

Contract /Agreement (If attached): Reviewed by County Attorney		Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	PR	<input type="checkbox"/>
County Manager		Department Director / Extension					
Stockton Whitten		Assistant County Manager	Tom Rosenberg/52834 Thomas.rosenberg@brevardcounty.us				



Tammy Etheridge, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972

July 8, 2015

MEMORANDUM

TO: Tom Rosenberg, Budget Office Director

RE: Item II.D.2., Acknowledge Receipt of FY 2013-2014 Audited Annual Financial Statements, Ending September 30, 2014, from the Melbourne-Tillman Water Control District

The Board of County Commissioners, in regular session on July 7, 2015, acknowledged receipt of the FY 2013-2014 Audited Annual Financial Statements, ending September 30, 2014, from the Melbourne-Tillman Water Control District.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Etheridge

Tammy Etheridge, Deputy Clerk

cc: Finance

Melbourne-Tillman Water Control District



May 4, 2015

Jill Hayes, Assistant Budget Director
Brevard County Budget Office
2725 Judge Fran Jameson Way
Building C
Viera, FL 32940

RE: Annual Financial Audit Report

Dear Ms. Hayes,

Enclosed is one (1) copy of the Melbourne-Tillman Water Control District's Annual Audited Financial Statements for FY 2013/2014 as per Florida Statutes and the Rules of the Auditor General. Our auditors for this fiscal year were Carr, Riggs, & Ingram, L.L.C., 215 Baytree Drive, Melbourne, Florida 32940.

If you have any questions, please do not hesitate to contact me.

Sincerely,

MELBOURNE-TILLMAN WATER CONTROL DISTRICT

A handwritten signature in blue ink that reads "Debbie Leclair".

Debbie Leclair
Assistant Manager
Administrative Operations

Enclosure

**Melbourne-Tillman
Water Control District**

FINANCIAL STATEMENTS

Year Ended September 30, 2014



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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Melbourne-Tillman Water Control District
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September 30, 2014

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**Melbourne-Tillman Water Control District
Board of Directors
as of September 30, 2014**

President

Joseph N. Hale

Vice President

Keith Mills

Other Directors

Robert Hinkel

David Isnardi

James C. Tapp, Jr.

Timothy D. Ford

Drew Powshok

FINANCIAL SECTION



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Melbourne-Tillman Water Control District

Report on the Financial Statements

We have audited the accompanying financial statements of Melbourne-Tillman Water Control District (the "District"), a dependent special district of Brevard County, Florida, 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.

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 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 auditors' 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 financial position of Melbourne-Tillman Water Control District as of September 30, 2014, and the changes in financial position and cash flows thereof for the year then ended in accordance 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 that the Management's Discussion and Analysis on pages 9 through 12 and the Other Post-Employment Benefits Schedule of Funding Progress on page 33 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 April 6, 2015, on our consideration of Melbourne-Tillman Water Control 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 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* in considering Melbourne-Tillman Water Control District's internal control over financial reporting and compliance.

Carr Riggs & Ingram, LLC

Melbourne, Florida
April 6, 2015

Melbourne-Tillman Water Control District Management's Discussion and Analysis September 30, 2014

The Melbourne Tillman Water Control District, a dependent special District of Brevard County, operates as an enterprise fund. A discussion of the District's financial performance for the year ending September 30, 2014 can be best understood given a brief background of the District.

History

The Melbourne-Tillman Water Control District is a dependent water control District of Brevard County reorganized in 1986 from its initial authorization as an independent District by the Florida Legislature in 1922. The District contains 100.8 square miles within its boundaries, approximately 64,491 acres. It is located in southern Brevard County and includes portions of the City of Palm Bay and the City of West Melbourne.

The District was initiated in the summer of 1921 through the presentation of a petition to the Circuit Court of Brevard County. This petition was for land reclamation for agricultural development and was signed by the required majority of landowners, by acreage, within the proposed boundaries of the District. After proper legal advertisement, a Decree was issued January 7, 1922 organizing and establishing the Melbourne-Tillman Drainage District under Chapter 6458, Laws of Florida, Acts of 1913. The proposed plan called for a network of canals that would, in conjunction with a western levee separating surface flows from the St. Johns River, divert runoff eastward to Turkey Creek. Construction of the approved canal and levee system began in November of 1922.

Construction of the canals and levee system continued through 1928 when operations ceased due to funding difficulties. Work was estimated to be 85 percent complete and did not include the outfall dam. Throughout the following decades the District persevered and was reorganized in 1986 as a dependent District of Brevard County under Chapter 86-418, Florida Statutes and later codified under its current authorization as Chapter 2001-336, Laws of Florida, as amended by Chapter 2003-334, Laws of Florida.

Today, the District successfully operates and maintains seventy-one canals, totaling over 163 miles, and a major water control structure. The primary canal serving the District, Canal C-1, traverses the District from the western levee, east to the primary water control structure at the outfall to Turkey Creek, a distance of approximately 9 miles.

Legislative Authority

The District operates under the authority of Chapter 2001-336, Laws of Florida, as amended by Chapter 2003-334, Laws of Florida. In 1986, the Florida Legislature "declared and determined ... that a special District ... would be the most responsive, efficient, and effective local government entity to secure, operate, and maintain an adequate, dependable surface water management system ...". The Legislature created and incorporated the Melbourne-Tillman Water Control District as a dependent special District for the purpose of constructing, reconstructing and repairing, maintaining, and operating a surface water management system, previously managed by an independent District of the same name created pursuant to Chapter 298, Florida Statutes.

**Melbourne-Tillman Water Control District
Management's Discussion and Analysis
September 30, 2014**

The District is governed by a seven (7) member Board appointed by the City of Palm Bay (3 members), Brevard County (3 members), and the City of West Melbourne (1 member). The singular qualification is that members must reside within District boundaries for the tenure of their service. The Board of Directors has the power to establish a water management system to prevent damage from flooding, soil erosion, and excessive drainage; to promote the conservation, development, and proper utilization of surface and ground water; to preserve natural resources, fish, and wildlife; maintain water quality; and to preserve and protect natural systems within and surrounding the District.

The Board may authorize the cleaning, straightening, widening or the change of course or flow, alter or deepen any canal, ditch, drain, watercourse or natural stream within the District boundaries. The building and construction of other works and improvements to preserve and maintain the works of the District are also authorized.

Funding

As a dependent district, the Board of Directors adopts a tentative annual operating budget for each fiscal year, to be approved by the Board of County Commissioners as an Enterprise Fund under the County's budget process.

District revenues consist of Operating Revenues (User Fee Charges for Services, Interest Income and Permit Fees) and Non-Operating Revenues (Balance Forward from Reserves for Operating and Capital). The User Fee Charges for Services, a non-ad valorem fee based on the county's assessment of property size and use, represents the largest component of the District's revenues, generally 80 to 90 percent.

Basic Financial Statements: This and Past Fiscal Years

The most recent fiscal year, 2014, concluded with operations within the approved budget limitations; similar to the performance of the previous year, 2013.

Assets

As of September 30, 2014, the District's total assets include cash, investments, inventories, property and equipment. Total assets decreased from \$5,656k in 2013 to \$5,042k in 2014, due mainly to an approximate \$442k decrease in net cash and investments from a budgeted operating loss and an approximately \$183k decrease in property and equipment as a result of depreciation of \$275k offset by approximately \$92k in asset additions.

**Melbourne-Tillman Water Control District
Management's Discussion and Analysis
September 30, 2014**

Liabilities

As of September 30, 2014, total liabilities of approximately \$332k include accounts payable, wages and benefits payable, accrued compensated absences and postemployment benefit obligations. Total liabilities decreased approximately \$22k from 2013 to 2014, due to a decrease of approximately \$12k of postemployment benefit obligations, a decrease of approximately \$18k of accounts payable and accrued wages and an increase of approximately \$8k in accrued compensated absences.

Revenues

The District's total operating revenues for 2014 decreased from 2013, with \$1,646k received in revenue compared with \$1,668k budgeted in 2014 and \$1,651k received in 2013. The increase was an accumulation of an increase in payment of user fees and permit fees.

Program Expenses

The District's expenses are divided into four areas: wages and benefits; material and supplies; depreciation expense; repairs, maintenance and other.

Wages and benefits cover salaries and benefits for the District's staff of twenty-two. These costs decreased approximately \$20k from 2013 to 2014. Total wages and benefits expenditures in 2014 were \$1,282k compared with \$1,302k in 2013. The decrease in 2014 was due to personnel changes from the previous year.

Material and supplies expense increased from \$328k to \$425k from 2013 to 2014, and includes primarily aquatic herbicide, parts for in-house repairs, fuels and oils, and tax assessment and collection fees, and transfer expenses. The increase was due to an increase in herbicide purchases.

Repair and maintenance expenses include primarily vehicle and equipment repair, facility and canal maintenance, repair and supply, and general insurance. Other expenses include communications, utilities, travel, training, professional services and administrative requirements. Total repair, maintenance and other expenses decreased from \$282k in 2013 to \$281k in 2014. The decrease is mainly due to a decrease in fuel, gas and oil purchases.

Overall Financial Position

The District's net position decreased by \$592k due to operations. The District's net position is not part of the fiscal operating budget. As of September 30, 2014, the District has an unrestricted net position of \$3,424k and \$1,286k invested in capital assets net of related debt.

The overall financial position of the District is good. No significant change is anticipated.

**Melbourne-Tillman Water Control District
Management's Discussion and Analysis
September 30, 2014**

Significant Capital Assets and Long-Term Debt Activity

The District added capital assets in 2014 through the replacement of aged equipment and the addition of new equipment. These assets included a 25 ft. 60-in. Diamond Boom mower (\$60,626 replacement), rebuilding an existing Diamond Boom mower (\$7,406), two Kubota utility vehicles (\$17,200 new), changes to an existing Thompson pump skid mount to trailer mount (\$2,422), three Solar pond aerators (\$3,306 new) and a Dell Laptop computer (\$784 new).

“New” means a piece of equipment not previously inventoried by the District – the actual equipment may be new or used. “Replacement” means a piece of equipment currently inventoried is being replaced.

No additional long-term debt was incurred and current long-term debt is zero (\$0).

Description of Currently Known Facts Expected To Have a Significant Effect on Financial Position

The District’s user fee structure does not differentiate between developed and undeveloped parcels. Therefore, future growth or lack thereof, is not significant to the District’s revenue stream. Growth, as defined by the development of agricultural lands or the build-out of large tracts of undeveloped residential parcels (not platted), can have a minor impact on increased revenues.

Lands identified as such represent approximately 20 percent of the District and could generate an additional 38 percent in revenues.

The first phase of the St. John’s Heritage Parkway from Malabar to Emerson Drive is complete, and the second phase is under construction. The parkway goes through undeveloped and agricultural portions of the District that have the potential for future growth.

The District retained 20 acres from the land sale of 2005. The extension of existing residential roadways westward to intersect the parkway is complete and now allows access to the District’s western property. There are no immediate future plans for development of the 20 acres.

**MELBOURNE-TILLMAN
WATER CONTROL DISTRICT**

Basic Financial Statements

**Melbourne-Tillman Water Control District
Statement of Net Position**

September 30, 2014

ASSETS

Current assets

Cash and cash equivalents	\$ 1,589,208
Investments, current	1,301,899
Inventories	19,478
Total current assets	2,910,585

Noncurrent assets

Investments, noncurrent	845,083
Property and equipment, at cost less accumulated depreciation of \$10,693,521	1,286,023
Total noncurrent assets	2,131,106

Total assets 5,041,691

LIABILITIES

Current liabilities

Accounts payable	19,426
Accrued wages payable	28,107
Accrued compensated absences	112,163
Total current liabilities	159,696

Noncurrent liabilities

Post-employment benefit obligations	171,989
Total noncurrent liabilities	171,989

Total liabilities 331,685

NET POSITION

Invested in capital assets	1,286,023
Unrestricted	3,423,983
Total net position	\$ 4,710,006

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

**Melbourne-Tillman Water Control District
Statement of Revenues, Expenses and Changes in Net Position**

<i>For the year ended September 30,</i>	2014
Operating revenues	
User fees	\$ 1,598,003
Miscellaneous	48,070
Total operating revenues	1,646,073
Operating and maintenance expenses	
Wages and benefits	1,281,531
Material and supplies	425,199
Depreciation expense	274,597
Repairs, maintenance and other expenses	280,539
Total operating and maintenance expenses	2,261,866
Operating loss	(615,793)
Non-operating revenues	
Interest income	28,328
Loss on investments	(8,683)
Gain on sale of fixed assets	4,093
Total non-operating revenues	23,738
Change in net position	(592,055)
Net position, beginning of year	5,302,061
Net position, end of year	\$ 4,710,006

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

Melbourne-Tillman Water Control District
Statement of Cash Flows

For the year ended September 30, **2014**

Cash flows from operating activities	
Cash received from users and government agencies	\$ 1,646,073
Cash paid to suppliers for goods and services	(698,560)
Cash paid to employees for services	(1,301,414)
Net cash used in operating activities	(353,901)
Cash flows from capital and related financing activities	
Acquisition of capital assets	(91,744)
Proceeds from sale of capital assets	4,500
Net cash used in capital and related financing activities	(87,244)
Cash flows from investing activities	
Interest on investments	28,328
Cash proceeds from maturity of certificates of deposit	39,832
Net cash provided by investing activities	68,160
Decrease in cash and cash equivalents	(372,985)
Cash and cash equivalents, beginning of year	1,962,193
Cash and cash equivalents, end of year	\$ 1,589,208

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

Melbourne-Tillman Water Control District
Statement of Cash Flows (Continued)

For the year ended September 30,

2014

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED
IN OPERATING ACTIVITIES**

Operating loss	\$ (615,793)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	274,597
Changes in assets and liabilities:	
Decrease in inventories	9,296
Decrease in accounts payable	(2,118)
Decrease in post-employment benefit obligations	(11,511)
Decrease in accrued wages and benefits payable	(8,372)
Total adjustments	261,892
Net cash used in operating activities	\$ (353,901)

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

Melbourne-Tillman Water Control District Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Melbourne-Tillman Water Control District (the "District"), a dependent special District of Brevard County, Florida as defined under Sections 165.031(5) and 200.001(8)(d), Florida Statutes, was restructured October 1, 1986 by Chapter 86-418, Special Acts of Florida, from an independent District to a dependent District, to continue to provide a surface water management system by means of dikes and canals for 62,000 acres of land in South Brevard County. The District was originally organized and established by decree of the Circuit Court of Brevard County on January 7, 1922 as the Melbourne-Tillman Drainage District under Chapter 6458, Laws of Florida, Acts of 1913.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The more significant of these accounting policies are described below.

A. REPORTING ENTITY

The Melbourne-Tillman Water Control District, a dependent special District of Brevard County, is governed by a seven member Board of Directors comprised of three members appointed by the Brevard County Board of Commissioners, three members appointed by the City of Palm Bay and one member appointed by the City of West Melbourne. The District was previously reported as a component unit in Brevard County's financial statements. As of October 1, 2012, the District is no longer considered a component unit under GASB 61, the Financial Entity, effective for periods beginning after June 15, 2012. Melbourne-Tillman Water Control District does not meet the fiscal dependency and financial benefit or burden criteria and the County has determined that it would not be misleading to exclude the District from its reporting entity; therefore it is no longer included in the County's financial statements. The District remains a dependent special district of the County because the County approves the user fees.

B. BASIS OF PRESENTATION

The District uses the proprietary fund basis of presentation for its financial statements. The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles are those applicable to similar businesses in the private sector. These funds are maintained on the accrual basis of accounting. The following is a description of the sole proprietary fund of the District.

Enterprise Fund - The District operates as an enterprise fund that accounts for the construction, operation and maintenance of the District.

This fund is used to account for the acquisition, operation and maintenance of District facilities and services that are entirely or predominantly self-supported by user fees. The operations of enterprise funds are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Melbourne-Tillman Water Control District

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF ACCOUNTING

Basis of accounting refers to the point at which revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when incurred.

Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund is user fees charged to customers for services. Operating expenses include the cost of services, which mainly consists of wages, benefits, and materials, as well as administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. BUDGETARY DATA

The budgetary policy for the Board of Directors of the District involves establishing an annual operating expense budget. A tentative annual operating expense budget is to be adopted prior to July 1 of each year, and approved by the Brevard County Board of County Commissioners. Brevard County Board of County Commissioners action is required for the approval of a supplemental or amended budget.

Budgetary control is maintained at the line item level. The budget is prepared on an accrual basis of accounting, which is consistent with generally accepted accounting principles. All appropriations which are not expensed or committed lapse at year end.

Actual results of operations presented in accordance with generally accepted accounting principles (GAAP basis) and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the actual goods or services are received and a liability is incurred. It is necessary to include budgetary encumbrances to reflect actual revenues and expenditures on a basis consistent with the District's legally adopted budget.

E. ASSETS, LIABILITIES AND NET POSITION

1. Deposits and Investments

Cash and cash equivalents include amounts in demand deposits and all highly liquid debt instruments with original maturities of three months or less. Banks and savings and loans must meet the criteria to be a qualified public depository as described in the Florida Security for Public Deposits Act in accordance with Chapter 280, Florida Statutes before any investment of public funds can be made with them.

Melbourne-Tillman Water Control District

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES AND NET POSITION (Continued)

1. Deposits and Investments (continued)

The investing of public funds with the State Board of Administration is governed by Section 218.407, Florida Statutes. The investments with the State Board of Administration and Florida Counties Investment Trust consist largely of Federal Agency Obligations, Certificates of Deposit, Repurchase Agreements, Bankers Acceptance and Commercial Paper.

The District invests certain surplus funds in an external investment pool, the Local Government Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. During the year ended September 30, 2008, the SBA reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restriction on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" (formally LGIP) and "Fund B"). In fiscal year 2014 the SBA distributed the principal Fund B balances in full to each Fund B participant, and the weighted average life of the fund's assets is effectively zero and is considered closed.

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The District's investment in the Florida PRIME is reported at amortized cost. The fair value of the District's position in the pool is equal to the value of pooled shares.

The District pools the investments of its governmental funds. Investment earnings of the pool are allocated to the participating funds at the end of each month based on the ratio of each participant funds' investment to the total pooled investment.

The District also invests in certificates of deposit held by a bank. These investments are stated at fair value.

2. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market method. Inventories consist of herbicides and supplies held for use in maintaining the canals.

3. Property and Equipment

Land, buildings, improvements and equipment are valued at historical cost or at fair market value for those assets contributed.

Melbourne-Tillman Water Control District

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. ASSETS, LIABILITIES AND NET POSITION (Continued)

3. Property and Equipment (continued)

Depreciation of the District's exhaustible fixed assets is charged as an expense against their operations and is closed to net position. Accumulated depreciation is reported on the District's statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	25 years
Improvements other than buildings	5-25 years
Equipment	5-7 years

4. Liabilities and Net Position

All liabilities associated with the activity of the District are included in the statement of net position. The reported net position is segregated into separate components.

5. Accrued Compensated Absences

All regular full-time employees of the District are eligible for annual leave. Each employee working a normal week earns vacation leave at certain rates depending on the employee's length of service. All annual leave is accrued when earned in the statement of net position.

Sick leave is accumulated at a rate of 8 hours per month with less than 10 years of service, and at a rate of 12 hours per month with greater than 10 years of service. Sick leave may be accumulated up to 960 hours. Employees may trade earned sick leave for vacation leave or for payment up to a total of 320 hours annually. Employees who resign in good standing will be paid for half of any unused sick leave up to a maximum of 480 hours.

F. REVENUES

The District is permitted by state law to levy user fees. The user fees assessed are computed by the designation of land classification to parcels of land, based on three different classifications of land use, multiplied by a specified billing rate. The billing rate used has been determined by the Board of Directors and approved by Brevard County Commission.

User fee assessment and collection have been consolidated with Brevard County. A service fee is paid to the County for a proportionate share of the tax roll cost. The County tax collector periodically remits collections and sends invoices monthly for the collection fees. Brevard County's assessments calendar is as follows:

Lien date	-	January 1
Levy date	-	Prior to September 30
Due date	-	November 1
Delinquent date	-	April 1

**Melbourne-Tillman Water Control District
Notes to Financial Statements**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. REVENUES (Continued)

All property taxes, user fees and non-ad valorem assessments considered a part of the County tax for enforcement and collection purposes remaining unpaid at May 30 are subject to a tax certificate sale by the Tax Collector.

The District also recognizes revenue from the issuance of permits, interest earnings on investments, charges for services and other miscellaneous sources.

G. SUBSEQUENT EVENTS

Subsequent events have been reviewed through the date of this report, which is the date the financial statements were available to be issued.

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS AND INVESTMENTS

At September 30, 2014, the District's carrying amount of cash deposits was \$100,698 and the bank balance was \$119,410. In addition, the District reported petty cash of \$200. As of September 30, 2014, the District maintains cash balances at several banks that are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act.

At September 30, 2014, the District had the following investments:

Investment type	Fair Value	Investment Maturities (in years)				Rating	Agency
		Less than 1	1 - 5	6 - 10	More than 10		
SBA: Florida Prime Certificates of Deposit	\$ 1,488,310	\$ 1,488,310	\$ -	\$ -	\$ -	AAAm	S&P
	2,146,982	1,301,899	845,083	-	-	NR	
	<u>\$ 3,635,292</u>	<u>\$ 2,790,209</u>	<u>\$ 845,083</u>	<u>\$ -</u>	<u>\$ -</u>		

The District recognized an \$8,683 loss on the Fund B funds during the year ended September 30, 2014. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration.

**Melbourne-Tillman Water Control District
Notes to Financial Statements**

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

A. DEPOSITS AND INVESTMENTS (Continued)

Credit risk

Fixed income securities have inherent financial risks, including credit risk and interest rate risk. Credit risk for fixed income securities is the risk that the issuer will not fulfill its obligations. As of September 30, 2014, the District's investment in the Florida PRIME was rated AAAM by Standard & Poor's.

Interest rate risk

As of September 30, 2014, the Florida PRIME had a weighted average maturity of 39 days.

Foreign currency risk

The District's investments were not exposed to any foreign currency risk during the period of October 1, 2013 through September 30, 2014.

Concentration of credit risk

Concentration of credit risk is an increased risk of loss that occurs as more investments are acquired from one issuer (i.e. lack of diversification). The District's investment policy does not specifically address concentration of credit risk.

Melbourne-Tillman Water Control District
Notes to Financial Statements

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. CAPITAL ASSETS

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

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 277,820	\$ -	\$ -	\$ 277,820
Rights-of-way	1	-	-	1
Total capital assets, not being depreciated	277,821	-	-	277,821
Capital assets, being depreciated:				
Buildings	388,389	-	-	388,389
Improvements other than buildings				
Outfalls	7,043,643	-	-	7,043,643
Water control structure	1,105,535	-	-	1,105,535
Site plan improvements	483,800	2,422	-	486,222
Equipment				
Vehicles and heavy equipment	2,546,642	85,232	(47,549)	2,584,325
Small equipment	42,112	3,306	-	45,418
Office furniture and fixtures	71,896	784	(24,489)	48,191
Total capital assets being depreciated	11,682,017	91,744	(72,038)	11,701,723
Less accumulated depreciation for:				
Buildings	(230,016)	(14,368)	-	(244,384)
Improvements other than buildings				
Outfalls	(7,016,075)	(6,327)	-	(7,022,402)
Water control structure	(1,080,854)	(5,277)	-	(1,086,131)
Site plan improvements	(130,991)	(42,136)	-	(173,127)
Equipment				
Vehicles and heavy equipment	(1,937,647)	(200,972)	47,549	(2,091,070)
Small equipment	(23,972)	(5,214)	-	(29,186)
Office furniture and fixtures	(71,000)	(303)	24,082	(47,221)
Total accumulated depreciation	(10,490,555)	(274,597)	71,631	(10,693,521)
Total capital assets being depreciated, net	1,191,462	(182,853)	(407)	1,008,202
Business-type activities capital assets, net	\$ 1,469,283	\$ (182,853)	\$ (407)	\$ 1,286,023

**Melbourne-Tillman Water Control District
Notes to Financial Statements**

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

B. CAPITAL ASSETS (Continued)

Depreciation expense for the year ended September 30, 2014 was \$274,597.

The rights-of-way consist of canals and rights of access to the canals acquired by the District at the inception of the District. Due to the uncertainty of the fair market value, management determined all the rights-of-way were recorded at a nominal value of \$1 in total, as of inception of the District.

C. OPERATING LEASES

The District leases office equipment under a non-cancellable operating lease. The following schedule represents minimum future expense related to this lease.

Year ending September 30,		
2015	\$	1,491
2016		1,491
2017		1,491
2018		1,118
Total minimum future lease expense	\$	5,591

Lease expense for the year ended September 30, 2014, was \$1,491.

D. COMPENSATED ABSENCES

Following is a summary of changes in compensated absences for the year ended September 30, 2014.

September 30,		2013	Additions	Reductions		2014
Compensated Absences	\$	104,245	\$ 116,244	\$ (108,326)	\$	112,163

E. RETIREMENT PLAN

All regular employees of the District participate in the Florida Retirement System (the "System"), a cost-sharing, multiple-employer public employee retirement system administered by the State of Florida Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Chapter 121, Florida Statutes, establishes the authority for participant eligibility, contribution requirements, vesting eligibility and benefit provisions. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to State of Florida Division of Retirement, 2639-C North Monroe Street, Tallahassee, FL 32399-1560.

Melbourne-Tillman Water Control District Notes to Financial Statements

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

E. RETIREMENT PLAN (Continued)

Generally, membership is compulsory for all full-time and part-time employees. Employees contribute 3% of their pay to fund the retirement plan and the District pays the rest. The rates as a percent of covered payroll as of the years ended September 30, 2014, 2013 and 2012 were 6.95%, 5.18% and 4.91%, respectively. The contribution requirements of the District are determined based on actuarial rates established by State Statutes. The District's contributions to the System for the years ended September 30, 2014, 2013 and 2012 were \$70,989, \$53,700 and \$44,098, respectively, and is equal to the required contributions for the year.

F. POST-EMPLOYMENT BENEFIT OBLIGATIONS

Plan description. As a dependent District of Brevard County, Florida (the "County"), the District is a member of the County's benefit plan. The Brevard County Board of County Commissioners (the "Board") administers a single employer defined benefit healthcare plan (the "Plan") that provides health care benefits including medical coverage and prescription drug benefits to its employees and their eligible dependents. Pursuant to Section 112.0801 Florida Statutes, the District is required to provide eligible retirees (as defined in the County's pension plan) the opportunity to participate in this Plan at the same cost that is applicable to active employees.

Employees who are active participants in the Plan at the time of retirement and are either age 62 with completion of six years of service or have 30 years of service are eligible to receive benefits. The District's portion of the Plan includes 5 retirees and spouses receiving benefits and has a total of 52 active participants and dependents. Of that total, 47 are not yet eligible to receive benefits.

Benefit provisions can only be amended by the Board. On at least an annual basis, and prior to the enrollment process, the Board approves the rates for the coming year for the retiree, employee and County contributions. The Board or District does not issue stand-alone financial statements for this Plan. All financial information related to the Plan is accounted for in the District's basic financial statements.

Funding policy. The maximum employer contribution target is 56% of the annual premium cost of the Plan. The annual premium costs are between \$8,909 and \$15,255 for retirees and spouses under age 65 and between \$5,503 and \$9,207 for retirees and spouses over age 65. Employees hired prior to January 1, 2006 are eligible to receive 100% of the earned percentage of benefits for their lifetime upon attainment of age 62 and completion of six years of service or upon completing 30 years of service, if earlier. Employees hired on or after January 1, 2006 are eligible to receive a graduated earned percentage of benefits upon retirement based on years of service.

For the year ended September 30, 2014, the portion of contribution attributed to the District is \$26,039, which includes both an estimate of the implied subsidy described above and the explicit subsidy paid on behalf of eligible retirees.

**Melbourne-Tillman Water Control District
Notes to Financial Statements**

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Annual OPEB cost and net OPEB obligation. The District's annual Other Postemployment Benefits ("OPEB") cost (expense) is calculated based on the annual required contribution (the "ARC") of the employer, an amount actuarially determined in accordance with the parameters of GASB 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial accrued liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year ended September 30, 2014, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 19,732
Interest on net OPEB obligation	1,835
Adjustment to annual required contribution	(7,039)
Annual OPEB cost (expense)	14,528
Contributions made	(26,039)
Decrease in net OPEB obligation	(11,511)
Net OPEB obligation – beginning of year	183,500
Net OPEB obligation – end of year	\$ 171,989

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the last three fiscal years ending September 30, 2014 was as follows:

<i>For the fiscal year ended September 30,</i>	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2014	\$ 14,528	179%	\$ 171,989
2013	\$ 43,652	71%	\$ 183,500
2012	\$ 43,385	70%	\$ 170,645

Melbourne-Tillman Water Control District Notes to Financial Statements

NOTE 2 - DETAIL NOTES - ALL FUNDS AND ACCOUNT GROUPS (Continued)

F. POST-EMPLOYMENT BENEFIT OBLIGATIONS (Continued)

Funded status and funding progress. Because the Plan has more than 200 members, the Board is required to obtain an actuarial valuation at least every two years. The most recent actuarial valuation was performed as of October 1, 2013. Accordingly, the Board will be required to obtain a subsequent actuarial valuation within two years of that date. For the year ended September 30, 2014, the actuarial accrued liability for benefits for the District was estimated by the actuary to be \$270,300, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$767,263, and the ratio of unfunded actuarial accrued liability (the "UAAL") to the covered payroll was 35.2%.

Although the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may be, deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress is presented as required supplementary information following the notes to the financial statements, and presents multi-year trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the 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 actuarial 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 the October 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 7.75% investment rate of return and an annual healthcare cost trend rate of 7.00% initially, reduced by decrements to an ultimate rate of 5% after five years. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The UAAL is being amortized using a level-percentage of compensation over a maximum allowable period of 30 years.

NOTE 3 - RELATED PARTY TRANSACTIONS

Due to the District's structure and the nature in which Board Members are appointed, the County is considered a related party to the District. During the year ended September 30, 2014, the District paid tax assessment and collection fees to the County of \$20,028.

Melbourne-Tillman Water Control District Notes to Financial Statements

NOTE 4 - RISK MANAGEMENT

The District is exposed to various risks of loss including, but not limited to theft, natural disasters, damage to or destruction of assets, equipment, and monetary assets as well as liability for personal injury, property damage and consequence of public officials. In order to limit this exposure, the District purchases insurance related to property and inland marine coverage, general liability, public officials and employment practices liability, automobile, crime, workers' compensation, pollution liability and common declaration and endorsements to cover heavy equipment. Settled claims have not exceeded the coverage in any of the past three fiscal years and there has not been a reduction in coverage levels for the fiscal year ended September 30, 2014.

NOTE 5 – COST-SHARING ARRANGEMENT

On September 3, 2014 the District entered into a cost-sharing arrangement for canal improvements with the St. Johns River Water Management District ("St. Johns") to remove vegetation and trees along one of the District's canals. The District incurred costs of \$40,000 during fiscal year 2014 and St. Johns agreed to reimburse 50% of the costs up to \$20,000 after the work was performed. Pursuant to the agreement a final acceptance by St. Johns was required before the reimbursement was to be made. This approval occurred after year-end on October 22, 2014, therefore the reimbursement of \$20,000 was not recognized as revenue as of September 30, 2014 and will be recognized in the subsequent fiscal year.

NOTE 6 - FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued statements that will become effective in subsequent fiscal years. The statements address:

- Accounting and financial reporting for pensions;
- Mergers, acquisitions and transfers of operations; and
- Financial guarantees.

The District is currently evaluating the effects that these statements will have on its financial statements for subsequent fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**Melbourne-Tillman Water Control District
Other Post-Employment Benefits - Schedule of Funding Progress
Most Recent Actuarial Valuation**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability AAL (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL a % of Covered Payroll ((b-a)/c)
10/1/2009	\$ -	\$ 659,830	\$ 659,830	0.0%	\$ 891,662	74.0%
10/1/2011	\$ -	\$ 753,827	\$ 753,827	0.0%	\$ 1,106,426	68.1%
10/1/2013	\$ -	\$ 270,300	\$ 270,300	0.0%	\$ 767,263	35.2%

**ADDITIONAL ELEMENTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS AND THE RULES OF THE AUDITOR GENERAL**



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

**INDEPENDENT AUDITORS' 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***

To the Board of Directors
Melbourne-Tillman Water Control District

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 Melbourne-Tillman Water Control District as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise Melbourne-Tillman Water Control District's basic financial statements, and have issued our report thereon dated April 6, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Melbourne-Tillman Water 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 Melbourne-Tillman Water Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of Melbourne-Tillman Water Control 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Melbourne-Tillman Water Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr Riggs & Ingram, LLC

Melbourne, Florida

April 6, 2015



Carr, Riggs & Ingram, LLC
215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the Board of Directors
Melbourne-Tillman Water Control District

Report on the Financial Statements

We have audited the financial statements of the Melbourne-Tillman Water Control District as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 6, 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.

Other Reports and Schedule

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated April 6, 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. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The legal authority of the Melbourne-Tillman Water Control District is disclosed in the footnotes. Melbourne-Tillman Water Control District has no component units.

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 Melbourne-Tillman Water Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Melbourne-Tillman Water Control 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 Melbourne-Tillman Water Control 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.

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 Melbourne-Tillman Water Control 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.

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 did not have any such recommendations.

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 did not have any such findings.

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

Carr Riggs & Ingram, LLC

Melbourne, Florida
April 6, 2015



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215 Baytree Drive
Melbourne, Florida 32940
(321) 255-0088
(321) 259-8648 (fax)
www.cricpa.com

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH LOCAL
GOVERNMENT INVESTMENT POLICIES**

To the Board of Directors
Melbourne-Tillman Water Control District

We have examined Melbourne-Tillman Water Control District's 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 Melbourne-Tillman Water Control District's compliance with those requirements. Our responsibility is to express an opinion on Melbourne-Tillman Water Control 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 Melbourne-Tillman Water Control 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 Melbourne-Tillman Water Control District's compliance with specified requirements.

In our opinion, Melbourne-Tillman Water Control 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.

Carr Riggs & Ingram, LLC

Melbourne, Florida
April 6, 2015