

# Lee County Hyacinth Control District

## FINANCIAL STATEMENTS

Year Ended September 30, 2018



**CRI** CARR  
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**Lee County Hyacinth Control District**  
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**September 30, 2018**

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**REPORT**



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## **INDEPENDENT AUDITORS' 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, 2018, 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 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 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 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, 2018, 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.

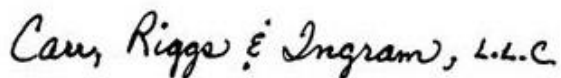
## Other Matters

### *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 28, 2019, 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 solely 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 effectiveness of the District's 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, LLC

Tampa, Florida  
June 28, 2019



**MANAGEMENT DISCUSSION AND  
ANALYSIS**

## **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, 2018. 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 eight 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, 2018.

### **Financial Highlights:**

- Total net position decreased by \$554,359 between fiscal years. This decrease is discussed further in the government-wide financial analysis.
- Total liabilities decreased by \$64,953 between the two fiscal years. This decrease is primarily due to a decrease in the Other Post Employment Benefits liability.
- At the close of the current fiscal year, the ending fund balance was \$1,434,770, a decrease of \$568,883, or 28.4%, from the 2017 ending fund balance of \$2,003,653.
- Of the ending fund balance, \$83,664 is non-spendable, consisting of inventories, \$252,700 is assigned for the fiscal year end September 30, 2019, budgeted decrease in fund balance and \$1,098,406 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.



## **Government-Wide Financial Statements: (Continued)**

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, 2018 was \$143,170. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$1,979,811 (general revenue plus program revenue). Total program expenses were \$2,534,170.

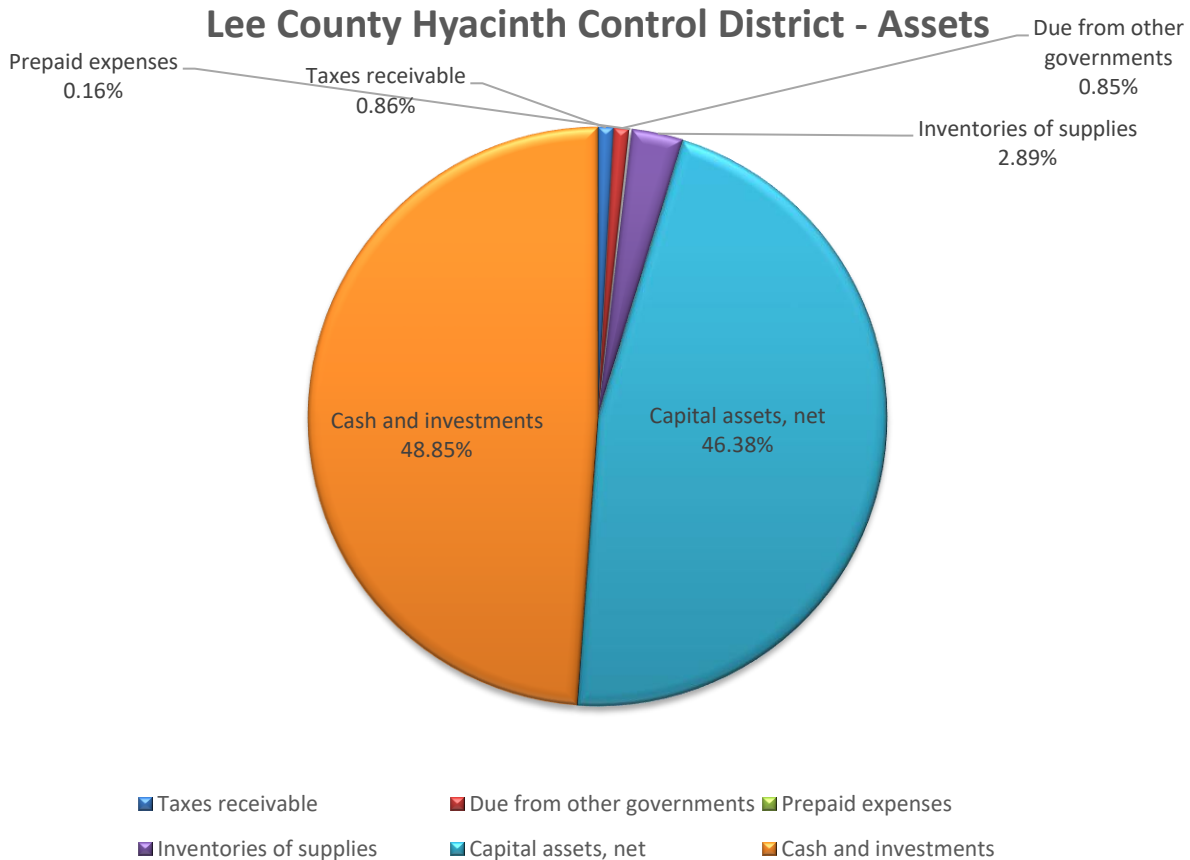
## **Notes to Financial Statements: (Continued)**

Forty nine percent of the District's assets represent its investment in capital assets and herbicide 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. All cash and investments are invested pursuant to F.S. 218.415 (17) in deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.

### **Summary of Net Position**

	<u>09/30/18</u>	<u>09/30/17</u>	<u>Difference</u>
Current and Other Assets	\$ 1,468,827	\$ 2,034,762	\$ (565,935)
Capital Assets, net	<u>1,270,581</u>	<u>1,336,466</u>	<u>(65,885)</u>
Total Assets	<u>2,739,408</u>	<u>3,371,228</u>	<u>(631,820)</u>
Deferred Outflows	371,677	376,824	(5,147)
Current and Other Liabilities	34,933	73,406	(38,473)
Long-Term Liabilities	<u>2,685,565</u>	<u>2,712,045</u>	<u>(26,480)</u>
Total Liabilities	<u>2,720,498</u>	<u>2,785,451</u>	<u>(64,953)</u>
Deferred Inflows	247,417	265,072	(17,655)
Net Position			
Invested in Capital Assets	1,270,581	1,336,466	(65,885)
Unrestricted	<u>(1,127,411)</u>	<u>(638,937)</u>	<u>(488,474)</u>
Total Net Position	<u>\$ 143,170</u>	<u>\$ 697,529</u>	<u>\$ (554,359)</u>

**Summary of Net Position (Continued)**

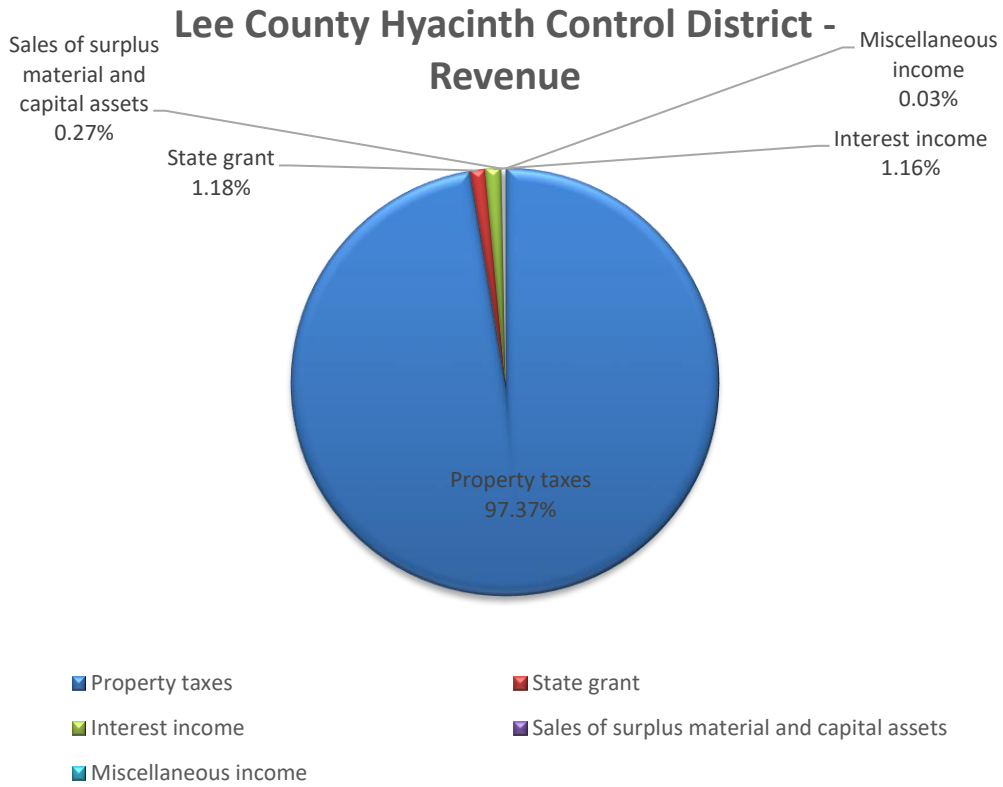


During the past year, total assets decreased by \$631,820 and total liabilities decreased by \$64,953. The decrease in total assets was primarily in cash and investments, which decreased \$559,283 and was due primarily to a contribution of \$500,000 to the Retiree Health Insurance Trust for future health benefits for qualifying employees. This was in accordance with the District Board’s adopted budget plan for 2018. The book value of capital assets decreased due to depreciation expense. Total liabilities decreased primarily due to the annual adjustment for Other Post Employment Benefits which was lower due to funding paid to the Retiree Health Insurance Trust. Deferred outflows decreased by \$5,147 and deferred inflows decreased by \$17,655. These increases and decreases related to actuarial estimates for pension and retiree benefit costs. Net position decreased by \$554,359 primarily due to the \$500,000 contribution for retirement benefits mentioned previously.

In fiscal year 2018, total fund revenue increased by \$66,360. The Board adopted the ad valorem tax rate of .0248 mils and there was only a small increase in ad valorem from growth in the District’s boundaries. Property taxes represent 97.37% of the District’s revenues. Miscellaneous revenue increased during the year due to funds received from the State of Florida for Hurricane Irma cleanup and repair.

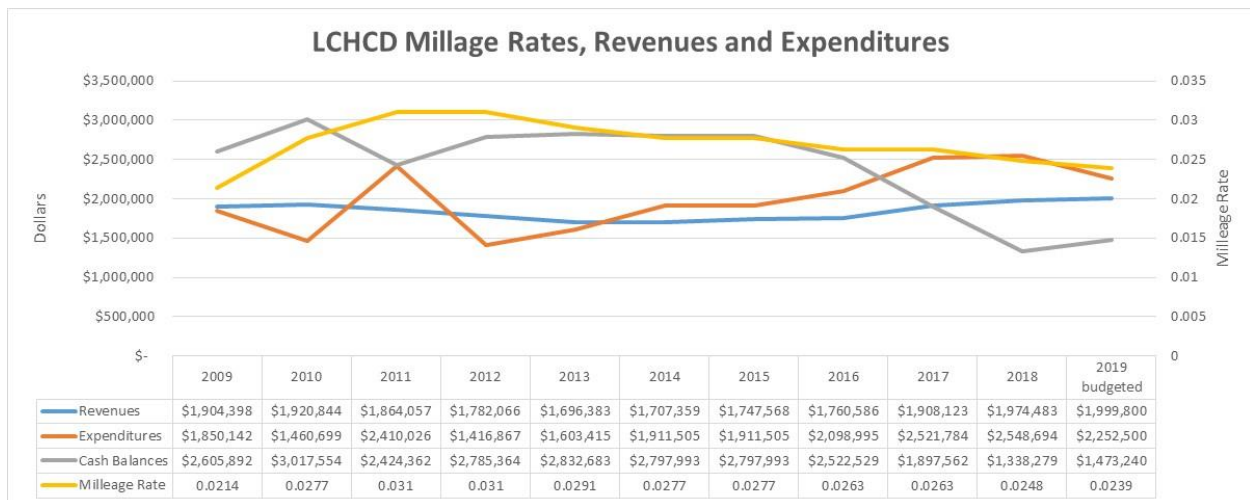
**Summary of Net Position (Continued)**

Total program expenditures increased by \$33,070 from 2017. Actual cash expenditures for contributions to the Retiree Health Insurance Trust Fund decreased by \$250,000 from the prior year to \$500,000.



## Summary of Net Position (Continued)

	09/30/18	09/30/17	Difference
Revenues			
General revenues:			
Property taxes	\$ 1,927,743	\$ 1,890,529	\$ 37,214
State grant	23,281	-	23,281
Interest income	22,921	-	22,921
Gain on sales of surplus material and capital assets	5,328	-	5,328
Miscellaneous	538	17,594	(17,056)
<b>Total revenues</b>	<b>\$ 1,979,811</b>	<b>\$ 1,908,123</b>	<b>\$ 71,688</b>
Expenses			
Personnel services	\$ 1,985,770	\$ 2,080,814	\$ (95,044)
Operating	471,106	336,102	135,004
Depreciation	77,294	84,184	(6,890)
<b>Total program expenses</b>	<b>\$ 2,534,170</b>	<b>\$ 2,501,100</b>	<b>\$ 33,070</b>
 Decrease in Net Position	 \$ (554,359)	 \$ (592,977)	 \$ 38,618
 Net position - beginning of fiscal year	 \$ 697,529	 \$ 1,290,506	 \$ (592,977)
 Net position - end of fiscal year	 \$ 143,170	 \$ 697,529	 \$ (554,359)



The chart above reflects revenues, expenditures, and millage rates for the past ten years and projections for the upcoming fiscal year (FY 2018-2019).

### **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.

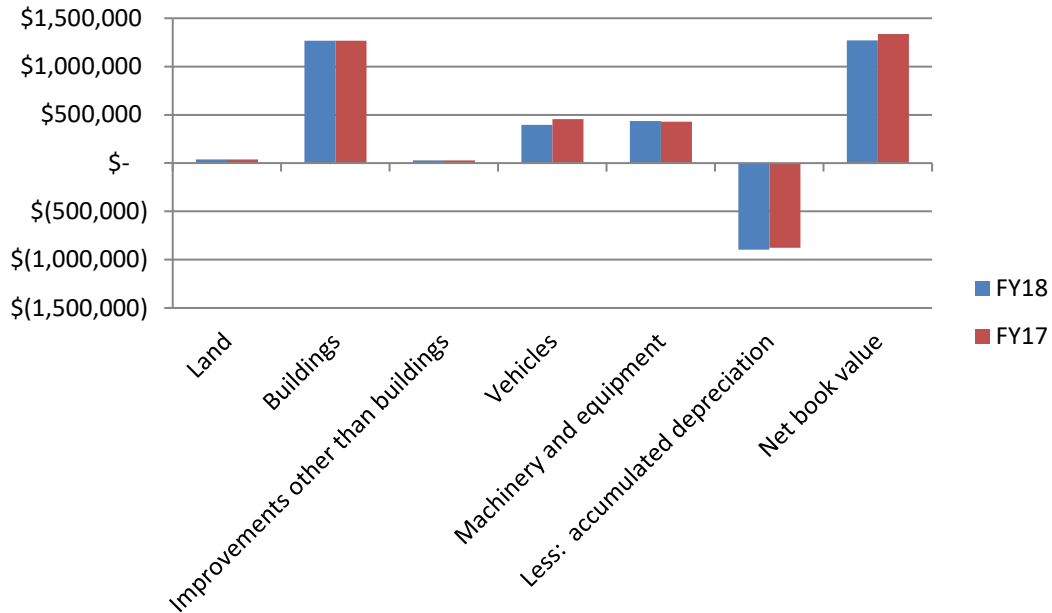
Revenue variances from the original budget as compared to the final budget are depicted on page 18. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$12,006. The variance is due primarily to a net effect of being under budget for health insurance, capital outlay, fuel and supplies and over budget for chemical purchases. Chemical purchases exceeded the budgeted amount due to operational needs for 2018; in the prior two years existing chemical stocks were used instead of purchasing chemicals for hyacinth treatment.

### **Capital Asset and Debt Administration:**

The District's investment in capital assets at year-end is \$1,270,581 (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 Asset and Debt Administration (Continued)**

**Lee County Hyacinth Control District -  
Capital Assets**



	09/30/18	09/30/17
Land	\$ 38,912	\$ 38,912
Buildings	1,267,682	1,267,682
Improvements other than buildings	26,420	26,420
Vehicles	395,749	453,911
Machinery and equipment	436,871	427,712
<b>Total assets</b>	<b>2,165,634</b>	<b>2,214,637</b>
Less: accumulated depreciation	(895,053)	(878,171)
<b>Net book value</b>	<b>\$ 1,270,581</b>	<b>\$ 1,336,466</b>

At September 30, 2018, the District had no long-term debt; its other long-term liabilities were comprised of accrued compensated absences, net OPEB obligation payables, and net pension liabilities for the District's portion of the Florida Retirement System pension liability. 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 31, respectively, of the Notes to Financial Statements. For more information on the Florida Retirement System pension liability see Note 7 on page 26. For more information on capital assets, please see Note 4 on page 25, of the Notes to Financial Statements.

**Economic Factors and Next Year's Budget and Rates:**

In September of 2018, the Board of Commissioners approved budgeted revenues of \$1,999,800 for fiscal year 2019. The Board opted to adopt the rolled-back millage rate of .0239 mills in keeping with their plan to reduce fund balance while maintaining current service levels. The rate of .0239 per thousand produced Ad Valorem taxes in the amount of \$1,969,800, an increase of \$84,800 over the prior year. Property taxes are the largest source of revenue for the Lee County Hyacinth Control District.

Budgeted expenditures decreased for fiscal year 2019 to \$2,252,500. Also included in the budgeted expenditure total for 2019 is a contribution to the Retiree Health Insurance Trust Fund for \$100,000 for post-employment health insurance benefits for Hyacinth retirees.

**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 Executive Director, Lee County Hyacinth Control District, 15191 Homestead Road, Lehigh Acres, Florida 33971.





**GOVERNMENT-WIDE FINANCIAL  
STATEMENTS**

**Lee County Hyacinth Control District**  
**Statement of Net Position**  
**September 30, 2018**

<b>Assets</b>	
Cash and investments	\$ 1,338,279
Taxes receivable	23,603
Due from other governments	23,281
Prepaid expenses	4,383
Inventories of supplies	79,281
Total current assets	1,468,827
Capital assets:	
Land	38,912
Buildings	1,267,682
Improvements other than buildings	26,420
Machinery and equipment	832,620
Less accumulated depreciation	(895,053)
Total capital assets	1,270,581
Total assets	2,739,408
<b>Deferred Outflow of Resources</b>	
Deferred outflows for pension	371,677
<b>Liabilities</b>	
Accounts payable	1,817
Accrued wages payable	14,725
Due to other governments	17,515
Current portion of accrued compensated absences	876
Total current liabilities	34,933
Noncurrent liabilities:	
Net OPEB liability	1,826,705
Accrued compensated absences	100,960
Net pension liability	757,900
Total noncurrent liabilities	2,685,565
Total liabilities	2,720,498
<b>Deferred Inflow of Resources</b>	
Deferred inflows for OPEB	989
Deferred Inflows for pension	246,428
Total deferred inflows	247,417
<b>Net Position</b>	
Invested in capital assets	1,270,581
Unrestricted (deficit)	(1,127,411)
Total net position	\$ 143,170

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

**Lee County Hyacinth Control District  
Statement of Activities  
Year Ended September 30, 2018**

<b>Program expenses</b>	
Physical environment - Hyacinth control	
Personnel services	\$ 1,985,770
Operating	471,106
Depreciation	77,294
Total program expenses	2,534,170
 <b>General revenues</b>	
Property taxes	1,927,743
State grant	23,281
Interest income	22,921
Gain on sales of surplus material and capital assets	5,328
Miscellaneous income	538
Total general revenues	1,979,811
Change in net position	(554,359)
<b>Net position - beginning of year</b>	697,529
<b>Net position end of year</b>	\$ 143,170

*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, 2018**

**ASSETS**

Cash and investments	\$	1,338,279
Taxes receivable		23,603
Due from other governments		23,281
Prepaid expenditures		4,383
Inventories of supplies		79,281
Total assets		\$ 1,468,827

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable	\$	1,817
Accrued wages payable		14,725
Due to other governments		17,515
Total liabilities		34,057

**FUND BALANCES**

Nonspendable:		
Prepaid and inventories		83,664
Assigned for subsequent year's budget deficit		252,700
Unassigned		1,098,406
Total fund balance		1,434,770
Total liabilities and fund balance		\$ 1,468,827

*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, 2018**

**Fund balance** \$ 1,434,770

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. 1,270,581

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) (101,836)

Net pension liability (See Note 7) (757,900)

Net OPEB liability (see Note 8) (1,826,705)

Deferred outflows and inflows associated with pensions are not reported in the governmental funds (See Note 7)

Deferred outflows related to pensions 371,677

Deferred inflows related to pensions (246,428)

Deferred inflows OPEB (989)

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**Net position** **\$ 143,170**

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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, 2018**

**Revenues**

Property taxes	\$	1,927,743
State grant		23,281
Interest income		22,921
Miscellaneous income		538
Total revenues		1,974,483

**Expenditures**

Current		
Physical environment - hyacinth control		
Personnel services	2,066,179	
Operating expenditures	471,106	
Capital outlay		11,409
Total expenditures		2,548,694

**Other financing sources**

Sales of surplus material and capital assets	5,328
Total other financing sources	5,328

Excess of expenditures over revenues	(568,883)
Fund balance, beginning of year	2,003,653
Fund balance, end of year	\$ 1,434,770

*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, 2018**

Net change in fund balance \$ (568,883)

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	11,409	
Less current year depreciation	<u>(77,294)</u>	(65,885)

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)	12,413	
Change in net pension liability (See Note 7)	(30,718)	
Change in deferred outflows related to pensions	(5,147)	
Change in deferred inflows related to pensions	16,351	
Change in net OPEB liability (see Note 8)	87,510	80,409

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Change in net position		<u>\$ (554,359)</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, 2018**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues</b>				
Ad valorem Taxes	\$ 2,044,000	\$ 2,044,000	\$ 1,927,743	\$ (116,257)
State grant	-	-	23,281	23,281
Miscellaneous income				
Interest	15,000	15,000	22,921	7,921
Miscellaneous	1,000	1,000	538	(462)
<b>Total revenues</b>	<b>\$ 2,060,000</b>	<b>\$ 2,060,000</b>	<b>\$ 1,974,483</b>	<b>\$ (85,517)</b>
<b>Expenditures</b>				
Physical environment - mosquito control				
Personnel services				
Personnel services	\$ 1,059,000	\$ 1,093,000	\$ 1,092,153	\$ 847
Benefits	1,043,000	987,300	974,026	13,274
Operating expenditures				
Operating expenses	87,000	76,600	77,989	(1,389)
Travel and per diem	7,000	6,400	5,911	489
Communications services	9,500	11,300	11,276	24
Freight & postage services	1,000	1,000	301	699
Utilities	27,500	33,500	32,889	611
Rentals and leases	4,500	1,700	1,510	190
Insurance	48,000	38,500	38,406	94
Repairs & maintenance	61,500	39,500	35,632	3,868
Printing & binding	-	300	228	72
Promotional activities	-	150	103	47
Other current charges	26,700	26,700	31,986	(5,286)
Office supplies	7,500	7,500	2,904	4,596
Gasoline/oil/lube	18,000	18,000	13,637	4,363
Chemicals	86,000	134,000	157,708	(23,708)
Protective devices	5,000	5,000	4,233	767
Miscellaneous supplies	33,000	38,400	38,239	161
Tools & implements	-	450	405	45
Books-pubs-subscriber	8,500	12,200	10,183	2,017
Training	8,000	8,100	7,566	534
Capital outlay	20,000	21,100	11,409	9,691
<b>Total expenditures</b>	<b>2,560,700</b>	<b>2,560,700</b>	<b>2,548,694</b>	<b>12,006</b>
<b>Other financing sources</b>				
Sales of surplus material and capital assets	1,000	1,000	5,328	4,328
<b>Total other financing sources</b>	<b>1,000</b>	<b>1,000</b>	<b>5,328</b>	<b>4,328</b>
Excess of expenditures over revenues	(499,700)	(499,700)	(568,883)	93,195
Fund balance, beginning of year	1,850,000	1,850,000	2,003,653	153,653
Fund balance, end of year	\$ 1,350,300	\$ 1,350,300	\$ 1,434,770	\$ 246,848

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

**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

**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) requires the financial statements of a reporting entity to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government or financial reporting entity are financially accountable. Based on the aforementioned criteria, there are no component units 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, 2018**

**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, 2018**

**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, 2018**

**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. 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, 2018 was \$101,836, of which \$879 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, 2018 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.

***Postemployment Benefits Other Than Pensions (OPEB)***

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

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

***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.
- **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.

**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

**NOTE 2: CASH AND INVESTMENTS**

***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.

***Investments***

Florida Statutes authorize the District to invest in the Local Government Surplus Funds Trust Fund administered by the State Board of Administration, obligations of the U.S. Treasury, and interest-bearing time deposits and savings accounts held in Federal or State chartered banks and savings and loan associations doing business in Florida provided that such deposits are secured by collateral as may be prescribed. It is the District's policy to only invest funds in vehicles specifically authorized by Florida Statutes. The District does not have formal policies relating to credit risk or interest rate risk aside from the policy of only investing in certificates of deposits ("CDs") with qualified public depositories.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All District investment funds are held in CDs that are valued at amortized cost and not required to be categorized by fair value hierarchy level.

Interest Rate Risk – The District manages its exposure to fair value losses arising from increasing interest rates through its adopted investment policies. The District limits the effective duration of its investment portfolio through the adoption of nationally recognized risk measure benchmarks.

Credit Risk – The District has limited its credit risk by limiting investments to the safest types of securities, primarily government investment pools. The District's investment objectives are prioritized by safety, liquidity and yield. Time Deposits, including Certificates of Deposit, are collateralized under the State of Florida Qualified Public Depository Program, whereby member institutions are collectively responsible for any individual member's default.

Concentrations of Credit Risk – Concentration of credit risk represents the risk of investments in any one issue that represents 5% or more of investments. The District does not have any policies related to this risk.

**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

**NOTE 3: INVENTORIES**

Inventories consisted of the following as of September 30, 2018:

	Carrying Amount
Chemicals	\$ 79,281
Total	\$ 79,281

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018, follows:

	Balance October 01, 2017	Increases	Decreases	Balance September 30, 2018
<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	881,623	11,409	(60,412)	832,620
Total capital assets at historical cost	2,214,637	11,409	(60,412)	2,165,634
<i>Less accumulated depreciation for:</i>				
Buildings	193,528	31,692	-	225,220
Improvements other than buildings	26,420	-	-	26,420
Machinery and equipment	658,223	45,602	(60,412)	643,413
Total accumulated depreciation	878,171	77,294	(60,412)	895,053
Capital assets, net	\$ 1,336,466	\$ (65,885)	\$ -	\$ 1,270,581

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

	Balance October 01, 2017	Additions	Reductions	Balance September 30, 2018	Due Within One Year
Compensated absences	\$ 114,249	\$ 2,700	\$ (15,113)	\$ 101,836	\$ 876
Net OPEB liability	1,912,911	-	(86,206)	1,826,705	-
Net pension liability	727,182	30,719	-	757,901	-
	\$ 2,754,342	\$ 33,419	\$ (101,319)	\$ 2,686,442	\$ 876



**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

**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, 2018, was \$0.0248 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: STATE OF FLORIDA PENSION PLANS**

***Defined Benefit Plans***

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The Plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315-9000 or by calling (844) 377-1888.

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 7: STATE OF FLORIDA PENSION PLANS (Continued)**

***Benefits Provided***

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

***Contributions***

The contribution requirements of plan members and the District are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS. The District's contribution rates as of September 30, 2018, were as follows:

	FRS	HIS
Regular Class	6.20%	1.66%
Special Risk Class	22.84%	1.66%
Senior Management Service Class	22.40%	1.66%
Elected Officials	47.04%	1.66%
DROP from FRS	12.37%	1.66%

The District's contributions for the year ended September 30, 2018, were \$55,347 to the FRS and \$9,656 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2018, the District reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2018. The District's proportions of the net pension liabilities were based on the District's share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

**NOTE 7: STATE OF FLORIDA PENSION PLANS (Continued)**

***Pension Liabilities and Pension Expense (Continued)***

	FRS	HIS
Net pension liability	\$ 571,417	\$ 186,483
Proportion at:		
Current measurement date	0.001897105%	0.001761914%
Prior measurement date	0.001800373%	0.001820395%
Pension expense (benefit)	\$ 86,277	\$ (1,757)

***Deferred Outflows/Inflows of Resources Related to Pensions***

At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,408	\$ (1,757)	\$ 2,855	\$ (317)
Changes of assumptions	186,712	-	20,739	(19,716)
Net difference between projected and actual earnings on pension plan investments	-	(44,149)	113	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	82,902	(106,691)	13,983	(73,798)
Employer contributions subsequent to the measurement date	13,664	-	2,301	-
<b>Total</b>	<b>\$ 331,686</b>	<b>\$ (152,597)</b>	<b>\$ 39,991</b>	<b>\$ (93,831)</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2018. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending September 30,	FRS	HIS
2019	\$ 61,891	\$ (13,060)
2020	31,432	(13,060)
2021	(2,644)	(14,493)
2022	41,152	(10,616)
2023	30,625	(3,216)
Thereafter	2,969	(1,696)
<b>Total</b>	<b>\$ 165,425</b>	<b>\$ (56,141)</b>

**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 7: STATE OF FLORIDA PENSION PLANS (Continued)**

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans, measured as of June 30, 2018, was determined by an actuarial valuation dated July 1, 2018, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.87%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions used in the valuation dated July 1, 2017 were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

The following changes in key actuarial assumptions occurred in 2017:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation. The reduced investment return assumption of 7.10 percent, which was adopted by the Florida Retirement System Actuarial Assumption Conference, conflicts with the consulting actuary's judgment of a reasonable assumption as defined by Actuarial Standards of Practice No. 27.

**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 7: STATE OF FLORIDA PENSION PLANS (Continued)**

***Actuarial Assumptions (Continued)***

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate (property)	11%	6.6%	6.0%
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
	<u>100%</u>		

***Discount Rate***

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

***Sensitivity Analysis***

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the District's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS			HIS		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Employer's proportionate share of the net pension liability	\$ 1,042,862	\$ 571,417	\$ 179,856	\$ 212,393	\$ 186,483	\$ 164,885

**Lee County Hyacinth Control District**  
**Notes to Financial Statements**  
**September 30, 2018**

**NOTE 7: STATE OF FLORIDA PENSION PLANS (Continued)**

***Pension Plans' Fiduciary Net Position***

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

***Defined Contribution Plan***

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. There were no required employer contributions during the year ended September 30, 2018.

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT PLAN**

The Plan has adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

*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 cost-sharing multiple-employer defined benefit plan, the Lee County Mosquito Control District/Lee County Hyacinth Control District OPEB Plan (the "Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the Plan and can be amended by the Plan at any time. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report may be obtained by writing to Lee County Mosquito Control, 15191 Homestead Road, Lehigh Acres, FL 33971 or by calling (239) 694-2174.

*Benefits provided.* 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 insurance plans who were hired after July 1, 2011 will be asked to pay the full blended premium for any coverages elected.

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

**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

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 contribution requirements of plan members and the District are established and may be amended by the District Commission. The contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the District Commission. These contributions are neither mandated nor guaranteed. The District has retained the right to unilaterally modify its payment for retiree health care and life insurance benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

For the 2018 fiscal year, the District contributed \$500,000 to the plan to prefund future benefits. Plan members receiving benefits contributed \$69,478.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At September 30, 2018, the District reported a liability of \$1,826,705 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At September 30, 2018, the District's proportion was 10.78 percent.

For the year ended September 30, 2018, the District recognized OPEB expense of \$159,551. At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings on		
OPEB plan investments	\$ -	\$ 989
Total	\$ -	\$ 989

**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ended September 30:		
2019	\$	(104)
2020		(104)
2021		(104)
2022		(677)
2023		-
Thereafter		-
<b>Total</b>	<b>\$</b>	<b>(989)</b>

*Actuarial assumptions.* The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.25%
Discount rate	6.00%
Investment rate of return	6.00%
Healthcare cost trend rates	4.00% - 8.50%

Mortality rates were based on the RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, male lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

The Long-Term Expected Rate of Return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

Asset Class Target Allocation	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30%	8.12%
International Equity	10%	3.38%
Bonds	50%	3.55%
Convertibles	10%	6.68%
<b>Total</b>	<b>100%</b>	<b>5.22%</b>

*Discount rate.* The discount rate used to measure the total OPEB liability was 6.00 percent. The projection of cash flows used to determine the Discount Rate assumed that current Sponsor contributions will be made at the current contribution rate which is above the Actuarially Determined Contribution. Based on this assumption, the OPEB Plan's Fiduciary Net Position was projected to provide all future benefit payments.

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the Net OPEB Liability of the Sponsor, as well as what the Sponsor's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB Liability (asset)	\$ 2,166,087	\$ 1,826,705	\$ 1,549,686

*Sensitivity of the District's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the Net OPEB Liability of the Sponsor, as well as what the Sponsor's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00%-7.75%	Healthcare Cost Trend Rates 4.00%-8.50%	1% Increase 5.00%-9.75%
Net OPEB Liability (asset)	\$ 1,509,937	\$ 1,826,705	\$ 2,215,142

**Lee County Hyacinth Control District  
Notes to Financial Statements  
September 30, 2018**

**NOTE 9: RISK MANAGEMENT**

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, 2018, the District reported incurred health insurance expense of \$170,286. There have been no claims in excess of insurance coverage as of September 30, 2018.

**NOTE 10: RELATED PARTIES**

The Lee County Mosquito Control Credit Union (LCMCCU), a state chartered natural person credit union, is owned and operated by current and retired District employees at the District's main location in Lehigh Acres, Florida as an employee benefit. As of September 30, 2018 LCMCCU had total assets of \$385,925. The District provides LCMCCU with District space and part-time personnel. The assets, liabilities, and net members' equity in the LCMCCU are not included as a component unit of the District.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**Lee County Hyacinth Control District**  
**Schedules of Proportionate Share of Net Pension Liability**  
**(Last 10 fiscal years)**

<b>Florida Retirement System</b>	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.001897105%	0.001800373%	0.001897105%	0.002244918%
Employer's proportionate share of the net pension liability (asset)	\$ 571,417	\$ 532,537	\$ 318,417	\$ 289,961
Employer's covered payroll (2)	\$ 581,169	\$ 560,897	\$ 525,864	\$ 640,327
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	98.32%	94.94%	60.55%	45.28%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%
 <b>Health Insurance Subsidy Program</b>	 2018	 2017	 2016	 2015
Employer's proportion of the net pension liability (asset)	0.001761914%	0.001820395%	0.001649299%	0.017779645%
Employer's proportionate share of the net pension liability (asset)	\$ 186,483	\$ 194,645	\$ 192,219	\$ 255,600
Employer's covered payroll (2)	\$ 581,169	\$ 560,897	\$ 525,864	\$ 640,327
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	32.09%	34.70%	36.55%	39.92%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

**Notes to schedules:**

- (1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.
- (2) GASB required information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only those years for information is available.
- (3) The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Plan's Comprehensive Annual Financial Report.
- (4)(a) The FRS's long-term expected rate of return and the discount used to determine the total pension liability decreased from 7.10% to 7.00%.
- (4)(b) The HIS's municipal rate used to determine the net pension liability was decreased from 3.58% to 3.87%.

## Lee County Hyacinth Control District Schedules of Employer Contributions (Last 10 fiscal years)

<b>Florida Retirement System</b>	2018	2017	2016	2015
Contractually required contribution	\$ 54,066	\$ 46,868	\$ 32,222	\$ 43,007
Contributions in relation to the contractually required contribution	54,066	46,868	32,222	43,007
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Employer's covered payroll (1)	\$ 581,169	\$ 560,897	\$ 525,864	\$ 640,327
Contributions as a percentage of covered payroll	9.30%	8.36%	6.13%	6.72%
<b>Health Insurance Subsidy Program</b>	2017	2017	2016	2015
Contractually required contribution	\$ 9,555	\$ 9,634	\$ 8,765	\$ 8,553
Contributions in relation to the contractually required contribution	9,555	9,634	8,765	8,553
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Employer's covered payroll (1)	\$ 581,169	\$ 560,897	\$ 525,864	\$ 640,327
Contributions as a percentage of covered payroll	1.64%	1.72%	1.67%	1.34%

**Notes to schedules:**

(1) The amounts presented for each fiscal year were determined as of the measurement date, which was June 30th of the current fiscal year.

(2) GASB required information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only those years for information is available.

**Lee County Hyacinth Control District  
Schedules of Proportionate Share of the Net OPEB Liability  
(Last 10 fiscal years)**

	2018	2017
District's proportion of the net OPEB liability	10.78%	10.78%
District's proportionate share of the net OPEB liability (asset)	\$ 1,826,705	\$ 1,912,911
District's covered payroll	\$ 581,169	\$ 560,897
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	314.32%	341.04%
Plan fiduciary net position as a percentage of the total OPEB liability	25.82%	19.43%

**Notes to schedules:**

(1) GASB required information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only those years for information is available.

**Lee County Hyacinth Control District  
Schedules of OPEB Contributions  
(Last 10 fiscal years)**

	2018	2017
Contractually required contribution	\$ 33,438	\$ 37,065
Contributions in relation to the contractually required contribution	500,000	787,065
Contribution deficiency (excess)	\$ (466,562)	\$ (750,000)
District's covered payroll	\$ 581,169	\$ 560,897
Contribution as a percentage of covered payroll	86.03%	140.32%

**Notes to schedules:**

(1) GASB required information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only those years for information is available.



# COMPLIANCE INFORMATION



**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**

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, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 28, 2019.

**Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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. 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.

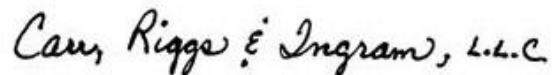
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 the 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
June 28, 2019



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## **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, 2018, and have issued our report thereon dated June 28, 2019.

### **Auditors' 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 Chapter 10.550, Rules of the Auditor General.

### **Other Reporting Requirements**

We have issued our Independent Auditor's 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 AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 28, 2019, 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 in the preceding annual report.

## **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate 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 to identify 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 for the District. 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 review of financial information provided by same. This assessment was done as of the fiscal year end.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Special District Component Units**

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide 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 did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note 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, 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

Tampa, Florida  
June 28, 2019



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**INDEPENDENT ACCOUNTANTS' 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, 2018. 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide 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 Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

This report is intended solely for the information and use of the District and the Auditor General, State of Florida 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

Tampa, Florida  
June 28, 2019