

FORT MYERS BEACH MOSQUITO  
CONTROL DISTRICT

September 30, 2022

BASIC FINANCIAL STATEMENTS,  
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

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## Independent Auditor's Report

Board of Commissioners  
Fort Myers Beach Mosquito Control District  
Fort Myers Beach, Florida

We have audited the accompanying financial statements of the governmental activities of the Fort Myers Beach Mosquito Control District (the "District"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's net proportionate share of net pension liability- pension plan and health insurance subsidy plan, schedules of district contributions-pension plan and health insurance subsidy plan and schedule of changes in the total OPEB liability and related ratios to be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

## **Required Supplementary Information, continued**

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 March 29, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 consideration the District's internal control over financial reporting and compliance.

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida

March 29, 2024

**Fort Myers Beach Mosquito Control District  
Management's Discussion and Analysis  
September 30, 2022**

Our discussion and analysis of the Fort Myers Beach Mosquito Control District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2022.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the 2022 fiscal year by \$310,230.
- The District's total net position increased by \$53,832.
- As of the close of the fiscal year 2022, the District reported ending fund balance of \$438,570, an increase of \$99,694 from the prior year that is available for spending at the District's discretion.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

The Statement of Net Position (page 8) and The Statement of Activities (page 9) provide information about the activities of the District and present a longer-term view of the District's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The governmental financial statements begin on page 10. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation on pages 11 & 13 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

**THE FINANCIAL STATEMENTS**

**The Statement of Net Position and the Statement of Activities**

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. For purposes of these statements, only governmental type activities are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the District's assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**Fort Myers Beach Mosquito Control District  
Management's Discussion and Analysis  
September 30, 2022**

**THE FINANCIAL STATEMENTS, CONTINUED**

**Fund Financial Statements**

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 14.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year. The following is a condensed summary of net position for the District for fiscal years 2022 and 2021.

**Summary of Net Position**  
Fiscal Year Ended September 30,

	2022	2021
<b>ASSETS</b>		
Current and Other Assets	\$ 438,570	\$ 338,876
Capital Assets	11,651	78,970
Total Assets	450,221	417,846
Deferred Outflows of Resources	64,523	64,459
Total Assets and Deferred Outflows of Resources	514,744	482,305
<b>LIABILITIES</b>		
Long-Term Liabilities	195,003	79,476
Total Liabilities	195,003	79,476
Deferred Inflows of Resources	9,511	146,431
Total Liabilities and Deferred Inflows of Resources	204,514	225,907
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	11,651	78,970
Unrestricted	298,579	177,428
Total Net Position	\$ 310,230	\$ 256,398

**Fort Myers Beach Mosquito Control District  
Management's Discussion and Analysis  
September 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED**

Investment in capital assets totaled \$11,651, which represents 3.76 percent of total net position and is comprised of land and seawalls, net of accumulated depreciation.

The following schedule reports the revenues, expenses, and changes in net position for the District for the 2022 and 2021 fiscal years:

**District's Changes in Net Position  
Fiscal Year Ended September 30,**

	2022	2021
REVENUES		
General Revenues		
Property Taxes	\$ 488,322	\$ 465,664
Interest Income	54	40
Miscellaneous Revenue	303	4,378
Total Revenues	488,679	470,082
EXPENSES		
Physical Environmental Services	434,847	332,218
Total Expenses	434,847	332,218
Increase in Net Position	53,832	137,864
Net Position – Beginning	256,398	118,534
Net Position – Ending	\$ 310,230	\$ 256,398

Total revenues increased \$18,597 or 3.96%, in comparison to prior year primarily due to an increase in ad valorem revenue from fiscal year 2020-2021 to fiscal year 2021-2022.

Total expenses increased in comparison to the prior year by \$102,629 or 30.89 percent, primarily due to the loss on the disposal of fixed assets and pension expense.



**Fort Myers Beach Mosquito Control District  
Management's Discussion and Analysis  
September 30, 2022**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The following table provides a summary of net capital assets.

	2022	2021
Land	\$ 5,000	\$ 5,000
Buildings	-	84,217
Seawall	40,952	40,952
Motor Vehicles	-	78,226
Equipment	-	24,262
Total assets	45,952	232,657
Less: Accumulated depreciation	(34,301)	(153,687)
Total assets, net of depreciation	\$ 11,651	\$ 78,970

**Debt**

At September 30, 2022, the District's outstanding debt was comprised of accrued compensated absences in the amount of \$9,183, consistent with the prior year, and net pension liability in the amount of \$185,820.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND MILLAGE RATE**

The Fort Myers Beach Mosquito Control District relies on ad valorem taxes as its primary source of revenue.

For the 2022-23 fiscal year, the District's Board of Commissioners approved a budget maintaining the current millage rate of 0.1123 mills which is estimated to result in a decrease of ad-valorem revenues of approximately \$500,000. The unanimous decision to support the District storm damaged constituency by not levying increased ad valorem taxes was enabled by the anticipated lower operating expenses of the temporary District operations.

As property values increase due to property improvements and structure replacement, the District will have the opportunity to commence the replacement of a permanent facility while also building its reserves used for the project. The District continues to follow contingency measures by closely monitoring operational expenses.

**Request for Information**

The District's financial statements are designed to present users (citizens, customers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have questions about this report or need additional information, contact the District's Director at 300 Lazy Way, Fort Myers Beach, Florida 33932-2837.

BASIC  
FINANCIAL STATEMENTS

**Fort Myers Beach Mosquito Control District**  
**Statement of Net Position**  
**September 30, 2022**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Current assets:	
Cash and cash equivalents	\$ 435,950
Due from other governments	<u>2,620</u>
Total current assets	<u>438,570</u>
Noncurrent assets:	
Capital assets:	
Land	5,000
Seawall	40,952
Less accumulated depreciation	<u>(34,301)</u>
Total noncurrent assets (net)	<u>11,651</u>
Total assets	<u>450,221</u>
Deferred outflows of resources	<u>64,523</u>
Total assets and deferred outflows of resources	<u>514,744</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Noncurrent liabilities:	
Net pension liability	185,820
Accrued compensated absences	<u>9,183</u>
Total liabilities	<u>195,003</u>
Deferred inflows of resources	<u>9,511</u>
Total liabilities and deferred inflows of resources	<u>204,514</u>

NET POSITION

Invested in capital assets	11,651
Unrestricted	<u>298,579</u>
Total net position	<u><u>\$ 310,230</u></u>

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

**Fort Myers Beach Mosquito Control District**  
**Statement of Activities**  
**For the fiscal year ended September 30, 2022**

EXPENSES	
Governmental Activities	
Physical environment services	
Personnel services	\$ 194,613
Operating expenses	172,915
Loss on disposal of fixed assets	55,533
Depreciation	11,786
Total program expenses	<u>434,847</u>
General revenues	
Ad valorem taxes	488,322
Interest revenue	54
Miscellaneous	303
Total general revenues	<u>488,679</u>
Change in net position	53,832
Net position - beginning, October 1, 2021	<u>256,398</u>
Net position - ending, September, 30, 2022	<u><u>\$ 310,230</u></u>

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

**Fort Myers Beach Mosquito Control District**  
**Balance Sheet**  
**September 30, 2022**

ASSETS

Cash and cash equivalents	\$ 435,950
Due from other governments	<u>2,620</u>
Total assets	<u><u>\$ 438,570</u></u>

FUND BALANCE

Unassigned	<u>\$ 438,570</u>
Total fund balance	<u><u>\$ 438,570</u></u>

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

**Fort Myers Beach Mosquito Control District**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**September 30, 2022**

Fund Balance	\$	438,570
Deferred inflows and outflows related to pensions are reported on the Statement of Net Position, but do not require the use of current financial resources and are not reported on the fund financial statements.		55,012
Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet		11,651
Liabilities that are not due within the current period are not reflected as liabilities on the fund financial statements, however, the following liabilities are reflected on the statement of net position:		
Compensated absences		(9,183)
Net pension liability		(185,820)
		(195,003)
Net Position	\$	310,230

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

**Fort Myers Beach Mosquito Control District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the fiscal year ended September 30, 2022**

Revenues:	
Ad Valorem taxes	\$ 488,322
Miscellaneous revenue	303
Interest earnings	54
Total revenues	488,679
Expenditures:	
Current	
Physical environment services	
Personal services	216,070
Operating expenditures	172,915
Total expenditures	388,985
Excess of expenditures over revenues	99,694
Net change in fund balance	99,694
Fund balance, October 1, 2021	338,876
Fund balance, September 30, 2022	\$ 438,570

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

**Fort Myers Beach Mosquito Control District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balance to the Statement of Activities**  
**For the fiscal year ended September 30, 2022**

Net change in fund balance	\$	99,694
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, gains and losses on the disposition of capital assets are recorded on the statement of activities but not in the statement of revenues expenditures and changes in net position.</p>		
Depreciation expense	\$ (11,786)	
Loss on disposal of fixed assets	<u>(55,533)</u>	(67,319)
<p>The decrease in pension expense is reported in the Statement of Activities, but does not require a use of current financial resources and is not reported as an expenditure in the fund financial statements.</p>		
		18,718
<p>Expenditures for various services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition.</p>		
		1,629
<p>Decrease in long-term compensated absences, reported as an expenditure in the Statement of Activities and excluded on the Statement of Revenues, Expenditures and Changes in Fund Balance</p>		
		<u>1,110</u>
Change in net position	<u>\$</u>	<u>53,832</u>

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



**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Summary of Significant Accounting Policies**

The following is a summary of the more significant accounting policies of the District:

Organization and Nature of Activities

The Fort Myers Beach Mosquito Control District (the "District") is an independent special district created by the Laws of Florida. The District was created by a referendum election on July 12, 1949, under Chapter 390, superseded by Chapter 388, to perform mosquito control and elimination on Fort Myers Beach, Florida. Codification was received on May 25, 2001 under Chapter 2001-335, House Bill 1041. The powers and duties of the District are set forth in Chapter 388, Florida Statutes. The business and affairs of the District are governed by a board of three commissioners who are elected for four year terms.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of these basic financial statements.

Reporting Entity

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. Statement 34 establishes standards for external financial reporting for all state and local governmental entities. This statement requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, there are no component units included in the District's financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than the prior year.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement Number 34, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 34).

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements, rather than as expenditures.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Summary of Significant Accounting Policies, Continued**

Government-wide Financial Statements, Continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit for goods, services, or privileges provided by a given function, such as inspection fees, and 2) grants and contributions that are restricted to meeting the operational or capital improvements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, as appropriate. Government resources are allocated to, and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund is used by the District:

**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. At present, the District utilizes only one fund.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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 management 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 and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual is ad valorem taxes. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided that they are collected in the current period or within sixty days thereafter.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Summary of Significant Accounting Policies, Continued**

Measurement Focus and Basis of Accounting, Continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exception to this general rule include: (1) principal and interest on long-term debt, if any, which is recognized when due, and (2) expenditures are generally not divided between years by the recording of prepaid expenditures.

Capital Assets

Capital assets include land, building, improvements, vehicles, and equipment, are reported in the government-wide financial statements in the Statement of Net Position. The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition cost on the date donated. Maintenance, repairs, and minor renovations are not capitalized. Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements, including seawalls	10 - 39
Equipment	3 - 7
Vehicles	7

Depreciation of fixed assets acquired through contributions is recorded as an expense transferred from retained earnings as a reduction of contributed capital. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as expended until then. The District presents deferred outflows associated with pensions to be expensed over future periods. Deferred inflows of resources is defined as an acquisition of position by the government that is applicable to a future reporting period. The District presents deferred inflows of resources related to pensions.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because it is, at present, not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Summary of Significant Accounting Policies, Continued**

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those

Compensated Absences

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment for accumulated leave, if they meet certain criteria. The maximum number of hours that an employee can be compensated for is 200, with the excess hours available to be taken as paid leave. As of September 30, 2022, total accumulated absences was \$9,183.

Net Position:

Government-wide statements utilize an economic resources measurement focus and categorize net position among the following components:

**Invested in Capital Assets, Net of Related Debt:** The portion of net position which represents the District's equity in capital assets, less the amount of related debt.

**Unrestricted Net Position:** The portion of net position which is available for general operations.

Fund Balance

In the fund financial statements, governmental funds report fund classification 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. The components of fund balance are:

**Nonspendable Fund Balance:** Include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The District considers inventory as part of this category.

**Unassigned Fund Balance:** The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, limited or assigned to specific purposes within the general fund.

Budgets and Budgetary Accounting

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

1. During the summer, the 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.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**1. Summary of Significant Accounting Policies, Continued**

Budgets and Budgetary Accounting, Continued

3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners. The budget is then approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control (the “Department”) by October 31.
4. Budget transfers and amendments can be made throughout the year by approval of the Board of Commissioners and the Department.
5. Budget amounts, as shown in the Required Supplementary Information, are as originally adopted, and as amended by the Board of Commissioners and approved by the Department.
6. The budget for the Governmental Fund Type is adopted on a cash basis, which is inconsistent with accounting principles generally accepted in the United States of America.
7. The level of control for appropriations is exercised at the activity level.

**2. Cash and Investments**

At September 30, 2022, the carrying amount of the District’s deposits was \$435,950 and the bank balance was \$435,950. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Florida Statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government. The District’s investment policy permits the investment in savings accounts and certificates of deposit with state-certified, qualified public depositories.

**3. 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, Florida, Tax Collector’s office bills and collects property taxes on behalf of the District. The tax rate levied upon all of the taxable property within the District for mosquito control for the fiscal year ended September 30, 2022 was \$0.1123 per \$1,000 of assessed taxable property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. On April 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 thus collected are remitted to the District.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**4. Changes in General Fixed Assets**

A summary of changes in general fixed assets follows:

	Balance Oct. 1, 2021	Additions	Deletions	Balance Sept. 30, 2022
Capital assets not being depreciated:				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total capital assets not being depreciated:	5,000	-	-	5,000
Capital assets being depreciated:				
Buildings and improvements	84,217	-	(84,217)	-
Seawall	40,952	-	-	40,952
Motor vehicles	78,226	-	(78,226)	-
Furniture, fixtures & equipment	24,262	-	(24,262)	-
Total capital assets being depreciated:	227,657	-	(186,705)	40,952
Less: Accumulated depreciation	(153,687)	(11,786)	131,172	(34,301)
Capital Assets, Net	<u>\$ 78,970</u>	<u>\$ (11,786)</u>	<u>\$ (55,533)</u>	<u>\$ 11,651</u>

On September 28, 2022, Hurricane Ian made landfall along the Southwest Coast of Florida. The District was impacted by this storm with nearly sixteen feet of storm surge, destroying the building, all furnishings, equipment and vehicles.

**5. Changes in General Long-Term Debt**

The following is a summary of changes in the District's general long-term debt for the year ended September 30, 2022:

	Balance Oct. 1, 2021	Additions	Reductions	Balance Sept. 30, 2022	Due within One Year
Compensated absences	\$ 10,293	\$ 7,547	\$ (8,657)	\$ 9,183	\$ 1,414
Net pension liability - pension plan	30,462	144,382	(22,854)	151,990	-
Net pension liability - HIS plan	38,721	3,595	(8,486)	33,830	-
Total long term liabilities	<u>\$ 79,476</u>	<u>\$ 155,524</u>	<u>\$ (39,997)</u>	<u>\$ 195,003</u>	<u>\$ 1,414</u>

**6. Commitments and Contingencies**

The Board purchases liability and casualty insurance coverage from commercial carriers with coverages and deductibles in amounts that the Board feels is adequate.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**7. Implementation of GASB Statement No. 75**

The Governmental Accounting Standards Board has issued Statement No. 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions (OPEB)." This Statement changes the manner in which a governmental entity funds and records its post-retirement benefit costs other than pensions.

The District provides insurance (medical, dental and vision) benefits to its current full-time ALA accredited employees and offers all vested (vested is defined by the District's retirement plan) former employees the option of receiving these same benefits provided they pay 100% of the premium. Therefore, the District's only OPEB liability is for the implicit rate subsidy offered to the retiree. An implicit rate subsidy is the difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would be applicable to those retirees if that benefit was acquired for them as a separate group. As of September 30, 2022, there were no retirees receiving these benefits and only three active participants in the insurance benefit plan.

The District has decided to finance these benefits on a pay-as-you-go basis and recognize expenses in the year the premium is due. The District believes the implicit OPEB liability is immaterial, as such; there is no actuarially determined net OPEB obligation at September 30, 2022.

**8. State of Florida Retirement 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 is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

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 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.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**8. State of Florida Retirement 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 employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2022, were as follows:

	FRS	HIS
Regular class	11.91%	1.66%
Special risk class	27.83%	1.66%
Senior management service class	31.57%	1.66%
Elected officials	57.00%	1.66%

The employer's contributions for the year ended September 30, 2022, were \$16,333 to the FRS Pension Plan and \$1,957 to this HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2022. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net pension liability	\$ 151,990	\$ 33,830
Proportion at:		
Current measurement date	0.000408%	0.000319%
Prior measurement date	0.000403%	0.000316%
Pension (benefit) expense	\$ (17,318)	\$ (1,400)



**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**8. State of Florida Retirement Plans, Continued**

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2022, 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	\$ 7,219	\$ -	\$ 1,027	\$ 149
Change of assumptions	18,718	-	1,939	5,233
Net difference between projected and actual earnings on pension plan investments	10,036	-	49	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,790	1,700	1,316	2,429
District contribution subsequent to the measurement date	18,456	-	1,973	-
	\$ 58,219	\$ 1,700	\$ 6,304	\$ 7,811

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, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30,	FRS	HIS
2023	\$ 8,303	\$ (1,914)
2024	4,336	(275)
2025	(2,139)	(31)
2026	26,067	(297)
2027	1,496	(662)
Thereafter	-	(301)
	\$ 38,063	\$ (3,480)

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**8. State of Florida Retirement Plans, Continued**

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.54%

Mortality assumptions for both plans were based on the PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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.

	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
Total	<u>100.0%</u>			
Assumed inflation - mean			2.4%	1.3%

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS's 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.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**8. State of Florida Retirement Plans, Continued**

Discount Rate, Continued

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% 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 table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer'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		
	Current		
	1% Decrease (5.70%)	Discount Rate (6.70%)	1 % Increase (7.70%)
District's proportionate share of the net pension liability	\$ 262,856	\$ 151,990	\$ 59,293
	HIS		
	Current		
	1% Decrease (2.54%)	Discount Rate (3.54%)	1 % Increase (4.54%)
District's proportionate share of the net pension liability	\$ 38,704	\$ 33,830	\$ 29,797

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. FRS Investment Plan contributions for the fiscal year ended September 30, 2022 totaled \$2,900.

**Fort Myers Beach Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2022**

**9. Subsequent Events**

Subsequent events have been evaluated through March 29, 2024, which is the date the basic financial statements were available to be issued.

As noted in note 4, on September 28, 2022, Hurricane Ian made landfall along the Southwest Coast of Florida with a direct hit to the Town of Fort Myers Beach. The District was impacted by this storm with nearly sixteen feet of storm surge, razing the building and washing away all furnishings, equipment, and vehicles. The cost of the clean-up effort was minimal due to the absence of rubble and scouring. Insurance claim settlements have met the District's immediate need to replace vehicles and basic equipment. Currently, a temporary administration trailer and equipment shed are housing the District operations. The District is currently investigating grant opportunities through FEMA and FDEM to supplement emergency reserves to rebuild the primary facility. The preliminary assessment to rebuild is estimated to be \$0.7M for a modular building and services. The District anticipates a \$0.32M reduction in tax revenues in fiscal year 2023 due to tax relief refunds and a 41% reduction in ad valorem tax revenue due to the property damage in the District tax base.

REQUIRED SUPPLEMENTAL  
INFORMATION

**Fort Myers Beach Mosquito Control District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the fiscal year ended September 30, 2022**

	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Ad Valorem taxes	\$ 502,627	\$ 502,627	\$ 488,322	\$ (14,305)
Miscellaneous revenue	-	-	303	303
Interest	50	50	54	4
Subtotal - revenues	502,677	502,677	488,679	(13,998)
Cash brought forward	310,252	338,876	-	(338,876)
Total revenues	812,929	841,553	488,679	(352,874)
<b>Expenditures:</b>				
<b>Current</b>				
<b>Physical environment services</b>				
<b>Personal services</b>				
Salaries and wages	115,668	117,902	117,900	2
Payroll taxes and benefits	91,840	98,840	98,170	670
<b>Operating expenditures</b>				
Operating	96,525	89,525	135,097	(45,572)
Travel & per diem	5,200	5,200	844	4,356
Communication services	5,000	5,000	1,168	3,832
Freight	3,000	3,000	-	3,000
Utilities	5,000	5,000	2,597	2,403
Rentals	2,500	2,500	-	2,500
Insurance	25,000	25,000	21,376	3,624
Repairs and maintenance	55,000	55,000	7,401	47,599
Printing and binding	500	500	-	500
Promotional activities	500	500	-	500
Other charges	8,800	8,800	-	8,800
Office supplies	2,500	2,500	323	2,177
Gasoline, oil and lube	10,815	10,815	1,165	9,650
Chemicals	20,000	20,000	70	19,930
Protective clothing	2,500	2,500	96	2,404
Miscellaneous supplies	3,000	3,000	391	2,609
Tools and implements	500	500	382	118
Publications and dues	3,500	3,500	2,005	1,495
Training	3,500	3,500	-	3,500
Capital outlay	77,000	77,000	-	77,000
Contingency	65,000	65,000	-	65,000
Reserves	210,081	236,471	-	236,471
Total expenditures	812,929	841,553	388,985	452,568
Net change in fund balance	\$ -	\$ -	99,694	\$ 99,694
Fund balance, Oct. 1, 2021			338,876	
Fund balance, Sept. 30, 2022			\$ 438,570	

**Fort Myers Beach Mosquito Control District  
Schedule of District Contributions  
For the Fiscal Year Ended September 30, 2022**

**Last Nine Fiscal Years**

Florida Retirement System (FRS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 16,333	\$ 14,097	\$ 13,494	\$ 11,211	\$ 10,379	\$ 8,983	\$ 12,372	\$ 14,566	\$ 12,707
Contributions in relation to contractually require contribution	(16,333)	(14,097)	(13,494)	(11,211)	(10,379)	(8,983)	(12,372)	(14,566)	(12,707)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 87,154	\$ 83,563	\$ 81,712	\$ 80,547	\$ 77,848	\$ 66,067	\$ 109,633	\$ 123,552	\$ 119,853
Contributions as a percentage of covered-employee payroll	18.74%	16.87%	16.51%	13.92%	13.33%	13.60%	11.28%	11.79%	10.60%

Health Insurance Subsidy Program (HIS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,957	\$ 1,867	\$ 1,824	\$ 1,791	\$ 1,733	\$ 1,524	\$ 2,062	\$ 1,710	\$ 1,516
Contributions in relation to contractually require contribution	(1,957)	(1,867)	(1,824)	(1,791)	(1,733)	(1,524)	(2,062)	(1,710)	(1,516)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 117,900	\$ 112,475	\$ 109,850	\$ 107,865	\$ 104,371	\$ 91,819	\$ 124,215	\$ 126,695	\$ 120,367
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.26%

**Fort Myers Beach Mosquito Control District  
Schedule of the District's Proportionate Share of the Net Pension Liability  
For the Fiscal Year Ended June 30, 2022**

**For the Last Nine Fiscal Years Ended June 30**

Florida Retirement System (FRS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.000408%	0.000403%	0.000397%	0.000393%	0.000389%	0.000375%	0.000550%	0.000590%	0.000464%
District's proportionate share of the net pension liability	\$ 151,990	\$ 30,462	\$ 172,021	\$ 135,439	\$ 117,296	\$ 110,823	\$ 13,886	\$ 76,166	\$ 28,334
District's covered-employee payroll	\$ 87,154	\$ 83,058	\$ 81,421	\$ 79,872	\$ 77,386	\$ 67,814	\$ 122,122	\$ 123,552	\$ 119,853
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	174.39%	36.68%	211.27%	169.57%	151.57%	163.42%	11.37%	61.65%	23.64%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy Program (HIS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.000319%	0.000316%	0.000315%	0.000320%	0.000318%	0.000293%	0.000423%	0.000407%	0.000403%
District's proportionate share of the net pension liability	\$ 33,830	\$ 38,721	\$ 38,468	\$ 35,794	\$ 33,609	\$ 31,323	\$ 49,250	\$ 41,532	\$ 37,717
District's covered-employee payroll	\$ 117,900	\$ 111,759	\$ 109,354	\$ 106,992	\$ 103,716	\$ 93,378	\$ 130,455	\$ 123,552	\$ 119,853
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	28.69%	34.65%	35.18%	33.45%	32.40%	33.54%	37.75%	33.61%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%



**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  
Fort Myers Beach Mosquito Control District  
Fort Myers Beach, 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 of the Fort Myers Beach Mosquito Control District, (the "District") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and have issued our report thereon dated March 29, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. 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 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. We identified certain deficiencies in internal control, described in the accompanying schedule of current year findings on page 31 that we consider to be significant deficiencies.

## **Management's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan (page 31). The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

## **Report on 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.

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida

March 29, 2024

**Fort Myers Beach Mosquito Control District**  
**Schedule of Current Year Findings**  
**September 30, 2022**

**Finding 2022-001 - Correction of Errors (Significant Deficiency)**

**Criteria:** To ensure that financial statements properly present the financial position and results of operations of the District in accordance with generally accepted accounting principles (GAAP), in addition to providing meaningful financial reports to District Commissioners and management, the District should ensure that all material assets, liabilities, revenues and expenditures are properly reflected at year-end.

**Condition:** During testing of the District's fixed assets and inventory, we noted the need to decrease assets due to the destruction of assets and inventory from Hurricane Ian. We recommend that the District implement a review process on entries made at months end to better identify potential error that may exist prior to distribution to the Board.

**Cause:** Based on our inquiries and procedures, we noted that journal entries entered in QuickBooks were not reviewed or approved by someone other than the preparer when recorded.

**Effect:** Audit adjustments were required to be posted for the fair presentation of the financial statements.

**Recommendation:** We recommend that the District evaluate its period closing process to ensure ledger reconciliations are being performed timely, properly and are being reviewed by management.

**Management's Response:** Refer to Management's Response to the Management Letter on page 36.

**Finding 2022-002 - Submission of Timely Audit Reports (Significant Deficiency)**

**Criteria:** The audit and annual financial report (AFR) is due to the state no later than nine months after year end.

**Condition:** The financial audit and the AFR, were not submitted within the timeline prescribed by Florida Statute.

**Cause:** Hurricane Ian significantly impacted the District and made landfall on September 28, 2022. This created delays which was compounded by staffing shortfalls. This caused delays in the District's financial reporting process.

**Effect:** The District is not in compliance regarding timely submission of audited financial statements and the AFR

**Recommendation:** We recommend that the District follow their internal controls to ensure compliance and timely financial reporting.

**Management's Response:** Refer to Management's Response to the Management Letter on page 36.

## **Independent Auditor's Management Letter**

Board of Commissioners  
Fort Myers Beach Mosquito Control District  
Fort Myers Beach, Florida

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

We have audited the financial statements of the Fort Myers Beach Mosquito Control District, (the "District"), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 29, 2024.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 Accountant's 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 March 29, 2024, 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 financial audit report. There were no recommendations made in the preceding 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 District had no component units as of September 30, 2022.

## **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 met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) 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.b. 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.

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 had two recommendations to improve financial management as detailed in the accompanying schedule of current year findings and responses at finding 2022-01 and finding 2022-02.

## **Special District Component Units**

Section 10.554(1)(i)5.c., 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.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6., Rules of the Auditor General, the District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year is 3.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year is 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$104,300.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency is \$6,600.
- e. The District did not have any construction projects with a total cost of at least \$65,000 in the fiscal year ended September 30, 2022.

### **Special District Component Units, continued**

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is located on page 26.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the District reported:

- a. The mileage rate or rates imposed by the district is 0.1123 mills.
- b. The total amount of ad valorem taxes collected by or on behalf of the district is \$488,322.
- c. The District does not have any bonds.

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

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida  
March 29, 2024

## **Independent Accountant's Examination Report**

Board of Commissioners  
Fort Myers Beach Mosquito Control District  
Fort Myers Beach, Florida

We have examined the Fort Myers Beach Mosquito Control District's (the "District") compliance with Section 218.415, Florida Statutes, in regards to investments for the year ended September 30, 2022.

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 the aforementioned requirements for the year ended September 30, 2022.

*Ashley, Brown & Smith, CPAs*

Punta Gorda, Florida  
March 29, 2024

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### Corrective Action Plan

March 29, 2024

In response to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, the District issues the following responses:

Management Response to **Finding 2022-001 Correction of Error**

With respect to Correction of Error finding, we have hired a third party bookkeeping service provider who will provide accounting and bookkeeping services for the District.

Management Response to **Finding 2022-002 Submission of Timely Audit Reports**

With respect to Submission of Timely Audit Reports finding, we agree with the finding and we are in the process of submitting the financial audit. The AFR will be submitted when the audit report has been issued. We expect that the next audit will be completed and filed with the state in a timely manner.

A handwritten signature in black ink, appearing to read "Steven A. Johnson".

Steven A. Johnson

Commissioner -Treasurer

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Signature

Print Name

Title