



Lee County Mosquito Control District

FINANCIAL STATEMENTS

Year Ended September 30, 2022



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REPORT



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and major fund of the Lee County 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 and major fund, 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 Opinions

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District's 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 the 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.

Auditors' 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 auditors' 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 and other required supplementary information as listed in the table of contents 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2023, 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 District's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
June 30, 2023

Lee County Mosquito Control District Management's Discussion and Analysis

We, as management of the Lee County Mosquito 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, 2022. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements.

District Highlights:

- The Lee County Mosquito Control District is an independent special district, which operates under Chapter 388, Florida Statutes, and is governed by a seven member Board of Commissioners. The commissioners are elected for a four-year term.
- The District employs 91 full-time employees and numerous part-time employees.
- The primary location for operations is at the Lee County Mosquito Control District Headquarters at the old Buckingham Army Airfield with seven separate heliports located throughout the county. The District and its operations are located in Lee County, which is located on the southwest coast of Florida.
- Ground and aerial mosquito 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, 2022.

Financial Highlights:

- The District's assets exceed its liabilities at the close of the fiscal year by \$37,528,806 (net position).
- Included in total net position is an unrestricted balance of \$2,427,107.
- The District's total net position increased by \$4,973,438. This increase is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$1,515,254 during the fiscal year. The net pension liability assigned to the District by the Florida Retirement System increased by \$4,855,266 and the post-employment healthcare liability of the District increased by \$1,800,615.
- At the close of the current fiscal year, the ending fund balance was \$16,343,957 a decrease of \$1,366,249 or 7.7%, from the 2021 ending fund balance of \$17,710,206.
- Of this balance, \$4,028,217 is non-spendable, consisting of prepaid insurance and inventories, and \$658,143 is assigned for the fiscal year end September 30, 2023, budgeted decrease in fund balance. The remaining \$11,657,597 is available for spending at the District's discretion (unassigned fund balance). The District is required per its adopted fund balance policy to maintain a minimum of 25% of budgeted operating expenditures before other financing uses in its unassigned fund balance as a reserve for economic uncertainties. The total for this policy from the 2022 budget is \$7,597,767.

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, and 3) Notes to Financial Statements. The District provides aerial mosquito control services for Fort Myers Beach Mosquito Control. The District has no proprietary activities.

Government-Wide Financial Statements:

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future.

The *Statement of Net Position* (Page 13) 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 14) 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 15 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 16 and 18 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 20. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

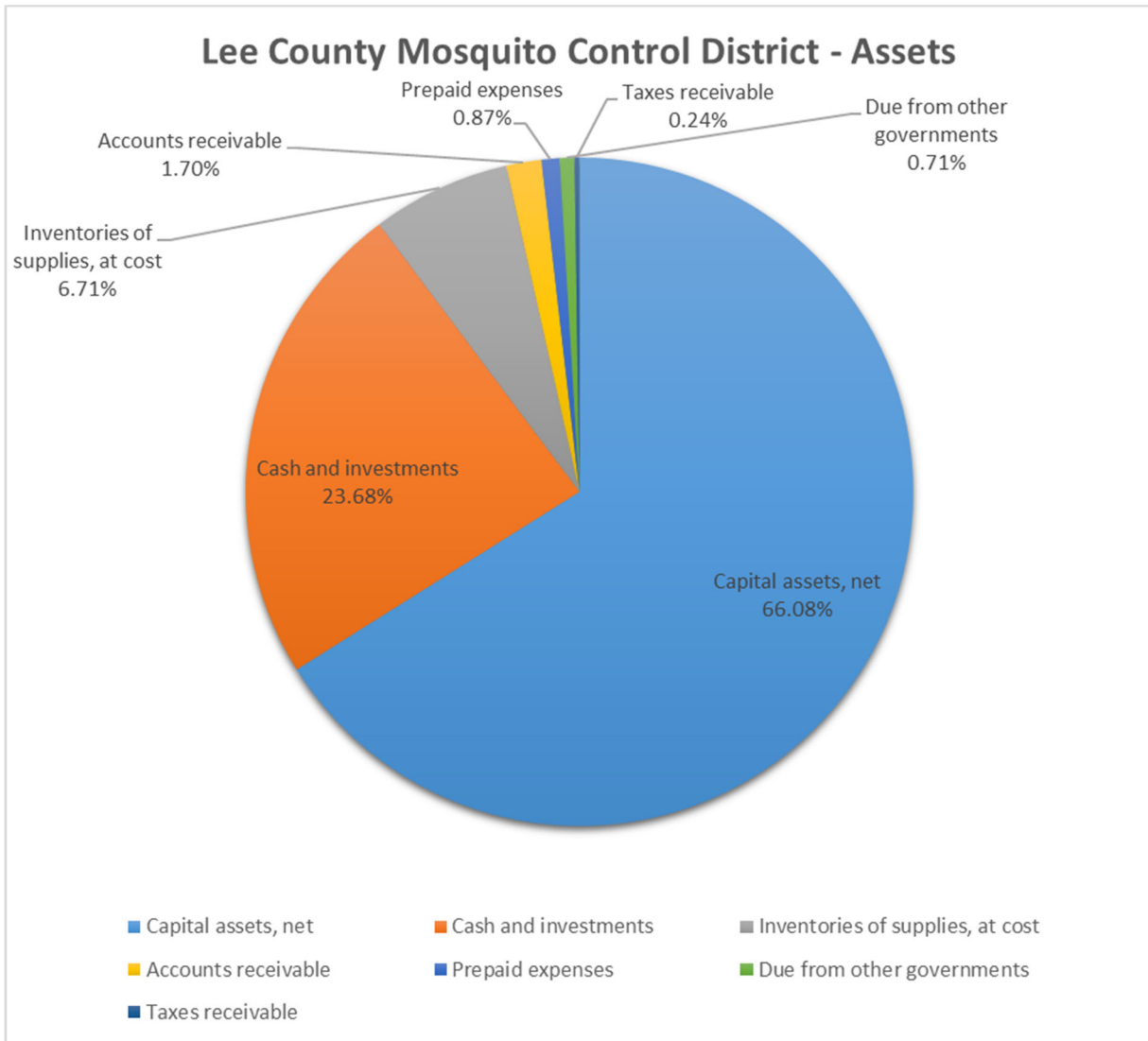
Net position may serve as a useful indicator of an agency's financial position. The District's net position as of September 30, 2022 was \$37,528,806. Its revenues, which include property taxes, interest on investments, and miscellaneous income, totaled \$24,347,356 (general revenue plus program revenue). Total program expenses were \$19,373,918.

Seventy three percent of the District's assets represent its investment in capital assets, chemicals, and aircraft, auto and equipment parts inventory. The District utilizes and consumes these assets in order to safely provide effective mosquito control to the citizens within the District 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

	09/30/22	09/30/21	Difference
Current and Other Assets	\$ 18,017,884	\$ 18,462,632	\$ (444,748)
Capital Assets	35,101,699	36,929,973	(1,828,274)
Total Assets	53,119,583	55,392,605	(2,273,022)
Deferred Outflows	3,769,411	1,850,318	1,919,093
Current and Other Liabilities	917,631	2,049,413	(1,131,782)
Long-Term Liabilities	17,296,459	14,649,423	2,647,036
Total Liabilities	18,214,090	16,698,836	1,515,254
Deferred Inflows	1,146,098	7,988,719	(6,842,621)
Net Position			
Invested in Capital Assets	35,101,699	31,693,621	3,408,078
Unrestricted (deficit)	2,427,107	861,747	1,565,360
Total Net Position	\$ 37,528,806	\$ 32,555,368	\$ 4,973,438

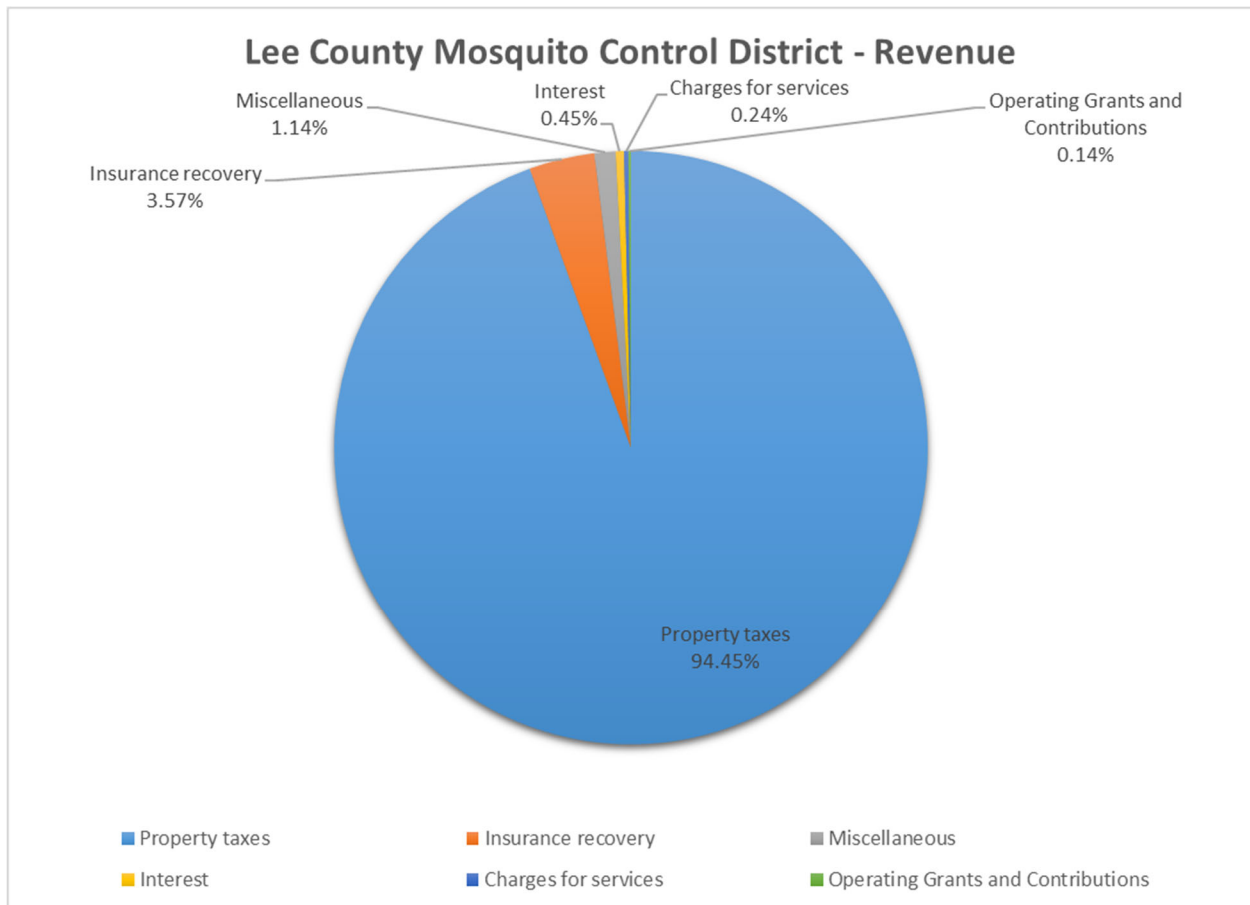
Summary of Net Position (Continued)



During the past year, total assets decreased by \$2,273,022 and total liabilities increased by \$1,515,254. Deferred outflows increased by \$1,919,093 and deferred inflows decreased by \$6,842,621. Net position increased by \$4,973,438. The change in Net Position is due in part to paying down the helicopter capital lease early. In 2022 the District also contributed \$600,000 to the Retiree Health Insurance Trust Fund. In fiscal year 2022, total program expenses increased by \$2,248,203 from 2021. The increase was due primarily to changes in the expenses for Florida Retirement System and the Other Post-Employment Benefits based on actuarial estimates. In fiscal year 2022, the District made advance payments of \$4,583,503 to pay off the remaining three helicopters on the lease. The balance in cash and investments decreased by \$3,006,434. The early payoff of the helicopters under lease contributed to this decrease.

Summary Changes in Net Position

	09/30/22	09/30/21	Difference
Revenues			
Program revenues:			
Charges for services	\$ 60,000	\$ 60,000	\$ -
Operating Grants and Contributions	34,702	268,246	(233,544)
General revenues:			
Property taxes	23,802,304	21,773,391	2,028,913
Interest	114,501	29,921	84,580
Miscellaneous	288,485	8,976	279,509
Insurance recovery	899,786	-	899,786
Loss on sales of surplus material and capital assets	(852,422)	(139,215)	(713,207)
Total revenues	24,347,356	22,001,319	2,346,037
Expenses			
Health services	19,239,334	16,925,985	2,313,349
Interest on long term debt	134,584	199,730	(65,146)
Total program expenses	19,373,918	17,125,715	2,248,203
Increase in Net Position	4,973,438	4,875,604	97,834
Net position - beginning of fiscal year	32,555,368	27,679,764	4,875,604
Net position - end of fiscal year	\$ 37,528,806	\$ 32,555,368	\$ 4,973,438

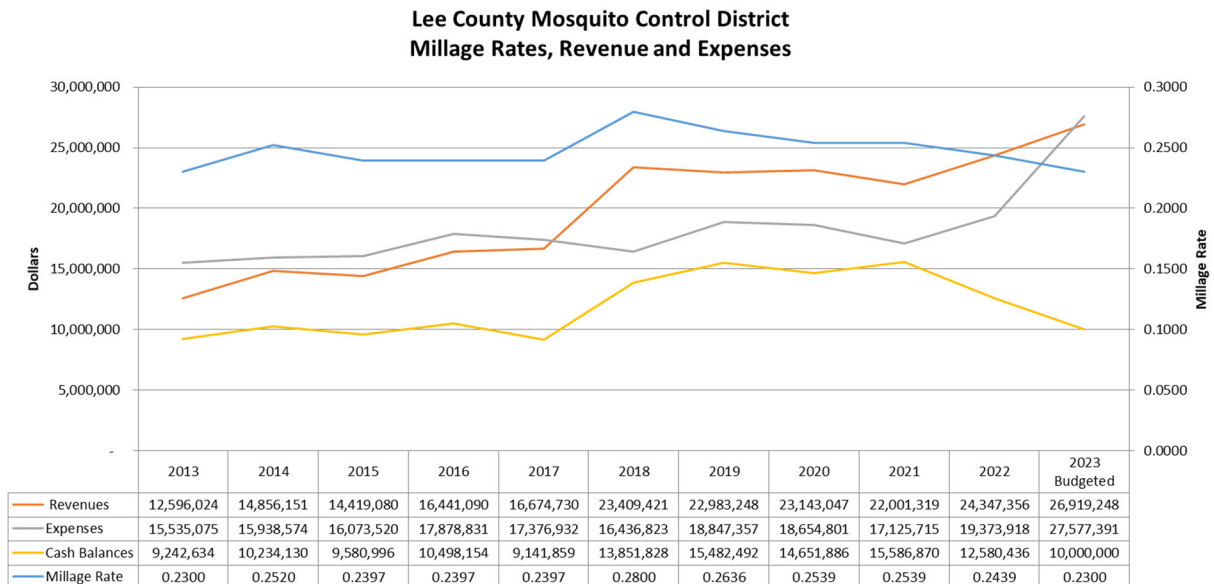


Summary Changes in Net Position (Continued)

Total revenue increased by \$2,346,037. Property taxes totaled \$23,802,304 in 2022 and represented 94.45% of the District’s revenues. While Ad Valorem tax revenue increased due to property taxes related to growth in Lee County, the Loss on Sales of Surplus Material decreased due to fewer asset sales in 2022 and losses related to assets disposed of from Hurricane Ian and the Woodstock Heliport. The District booked revenues for insurance proceeds totaling \$899,786 related to Hurricane Ian losses. Total expenses increased by \$2,248,203. The increase was due to a combination of changes. Employee payroll and benefit expenses increased due to a Board approved cost of living adjustment made to employee pay rates and insurance contributions and expenses were recorded related to adjustments in liabilities for Florida Retirement System benefits and liabilities for other post-employment benefits. In addition, the District recorded higher expenses for automotive and aviation fuel. Net position increased \$4,973,438 at the end of the fiscal year due to revenues exceeding expenses on the Statement of Activities. Revenues exceed expenses on the Statement of Activities by a different amount than revenues exceed expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance. This is because the District budgets and collects revenues based on the modified accrual basis of accounting on the Statement of Revenues, Expenditures, and Changes in Fund Balance. The Statement of Activities is based on full accrual accounting. Reconciliations that show the differences between the accounting methods are on pages 16 and 18.

Notable expenses for operations in 2022 included purchasing a Light Detection and Ranging (LiDar) system to help pinpoint standing water sources for larvacide operations (\$350,000). Other expenses include upgrading the electronics in the commissioner’s meeting room (\$147,000).

The chart below reflects revenues, expenses, and millage rates for the past ten years and projections for the upcoming fiscal year (FY 2022-2023). For more information on the 2022 budgeted revenues and expenditures, refer to the “Economic Factors and Next Year’s Budget and Rates” section on page 12.



Budgetary Highlights:

The District adopts an annual budget on the modified accrual basis of accounting. 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 19 and denotes changes in the budget from the original to the final budget. The comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the original legal budget document.

Variances from the original budget as compared to the final budget are depicted on page 19. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$4,273,896. The variance is due primarily to lower than budgeted costs for personnel services and benefits, chemicals, contingency (for emergency chemical purchase or major aircraft repair), and capital outlay expenditures.

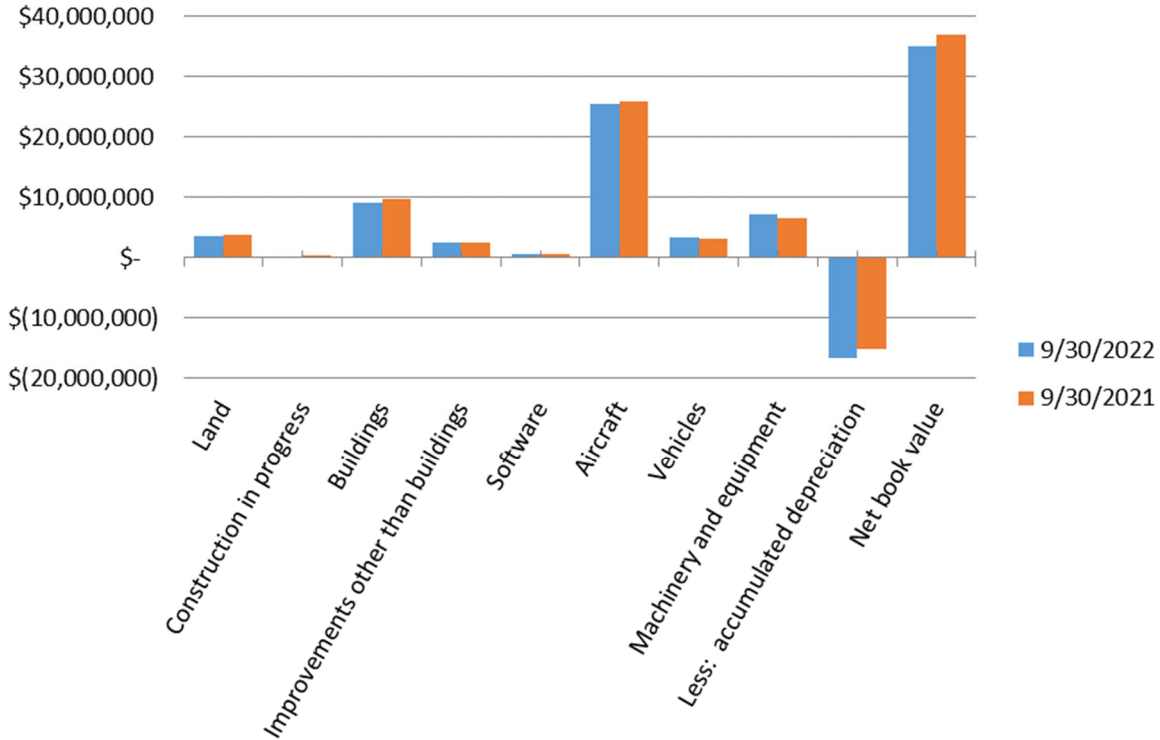
Capital Asset and Debt Administration

The District's investment in capital assets at year-end is \$35,101,699 (net of accumulated depreciation) which includes property, plant, and equipment with a threshold of \$5,000 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. Maintenance and repairs of aircraft are not capitalized.

At September 30, 2022, the District's long-term liabilities were comprised of accrued compensated absences, net OPEB obligation payables, and a net pension obligation. For more information on the accrued compensated absences, postemployment benefits other than pensions, and the net pension obligation, please see Note 2 on page 31, of the Notes to Financial Statements. For more information on Capital assets, please see Note 2 on page 31, of the Notes to Financial Statements. For more information on the State of Florida Pension Plan, please see Note 3 on page 33, of the Notes to Financial Statements.

Capital Asset and Debt Administration (Continued)

**Lee County Mosquito Control District
Capital Assets**



	09/30/22		09/30/21
Land	\$ 3,631,761	\$	3,666,727
Construction in progress	202,718		307,283
Buildings	9,136,043		9,645,387
Improvements other than buildings	2,420,032		2,420,032
Software	613,176		613,176
Aircraft	25,468,265		25,969,468
Vehicles	3,251,920		3,030,776
Machinery and equipment	7,070,376		6,571,104
Total assets	51,794,291		52,223,953
Less: accumulated depreciation	(16,692,592)		(15,293,980)
Net book value	\$ 35,101,699	\$	36,929,973

Economic Factors and Next Year's Budget and Rates:

In September of 2022, the Board of Commissioners approved total budgeted revenues of \$26,919,248 for fiscal year 2023. The adopted millage rate of .230 mills per thousand produced *ad valorem* taxes in the amount of \$26,049,248, an increase of \$2,396,371 over the prior year. Property taxes are the largest source of revenue for the Lee County Mosquito Control District.

Budgeted revenues remained stable for the 2022-2023 fiscal year. Expenditures are budgeted to decrease by \$2,813,679. The decrease in budgeted expenditures includes a contribution of \$750,000 to the Retiree Health Insurance Trust Fund for post-employment health insurance benefits. Other noteworthy projects added to the District's budget for 2023 include \$250,000 budgeted to overhaul the breakroom and locker rooms for employees, \$100,000 to upgrade the water system for loading trucks, and \$145,000 to upgrade and replace the chiller for the Administration Building. The District board adopted the 2022-2023 budget in keeping with its goal of lowering fund balance and maintaining service levels.

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 Mosquito Control District, 15191 Homestead Road, Lehigh Acres, Florida 33971.



FINANCIAL STATEMENTS



Lee County Mosquito Control District
Statement of Net Position
September 30, 2022

Assets	
Cash and investments	\$ 12,580,436
Taxes receivable	126,247
Due from other governments	378,371
Accounts receivable	904,613
Prepaid expenses	461,871
Inventories of supplies, net	3,566,346
<hr/>	
Total current assets	18,017,884
<hr/>	
Capital assets:	
Land	3,631,761
Construction in progress	202,718
Buildings	9,136,043
Improvements other than buildings	2,420,032
Software	613,176
Aircraft	25,468,265
Vehicles	3,251,920
Machinery and equipment	7,070,376
Less accumulated depreciation	(16,692,592)
<hr/>	
Total capital assets	35,101,699
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Total assets	53,119,583
<hr/>	
Deferred Outflow of Resources	
Deferred outflows for OPEB	1,392,980
Deferred outflows for pensions	2,376,431
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Total deferred outflows	3,769,411
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Liabilities	
Accounts payable	420,606
Due to other governments	4,957
Accrued wages payable	348,578
Current portion of compensated absences	143,490
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Total current liabilities	917,631
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Noncurrent liabilities:	
Net OPEB liability	8,173,076
Compensated absences	812,181
Net pension liability	8,311,202
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Total noncurrent liabilities	17,296,459
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Total liabilities	18,214,090
<hr/>	
Deferred Inflow of Resources	
Deferred inflows for OPEB	795,474
Deferred inflows for pensions	350,624
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Total deferred inflows	1,146,098
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Net Position	
Net investment in capital assets	35,101,699
Unrestricted (deficit)	2,427,107
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Total net position	\$ 37,528,806
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The accompanying notes are an integral part of these financial statements.

**Lee County Mosquito Control District
Statement of Activities
Year Ended September 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Total
General Government				
Health services	\$ 19,239,334	\$ 60,000	\$ 34,702	\$ (19,144,632)
Interest on capital lease	134,584	-	-	(134,584)
Total program	19,373,918	60,000	34,702	(19,279,216)
	General revenues			
	Property taxes			23,802,304
	Insurance recovery			899,786
	Interest income			114,501
	Miscellaneous income			288,485
	Loss on sales of surplus material and capital assets			(852,422)
			Total general revenues	24,252,654
			Change in net position	4,973,438
			Net position - beginning of year	32,555,368
			Net position - end of year	\$ 37,528,806

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

Lee County Mosquito Control District
Balance Sheet – General Fund
September 30, 2022

ASSETS

Cash and investments	\$ 12,580,436
Accounts receivable	904,613
Taxes receivable	126,247
Due from other governments	378,371
Prepaid expenditures	461,871
Inventories of supplies, net	3,566,346

Total assets	\$ 18,017,884
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LIABILITIES

Accounts payable and accrued liabilities	\$ 420,606
Accrued wages and payroll taxes payable	348,578
Due to other governments	4,957

Total liabilities	774,141
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DEFERRED INFLOWS OF RESOURCES

Deferred inflows - unavailable revenue	899,786
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FUND BALANCES

Nonspendable:	
Prepaid and inventories	4,028,217
Assigned for subsequent year's budget deficit	658,143
Unassigned	11,657,597

Total fund balance	16,343,957
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Total liabilities, deferred inflows and fund balances	\$ 18,017,884
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The accompanying notes are an integral part of these financial statements.

**Lee County Mosquito Control District
Reconciliation of the Balance Sheet to the Statement
of Net Position
September 30, 2022**

Fund balance \$ 16,343,957

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. 35,101,699

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental fund

Compensated absences	(955,671)
Net pension liability	(8,311,202)
Net OPEB liability	(8,173,076)

Deferred outflows and inflows associated with pensions are not reported in the governmental funds.

Deferred outflows related to pensions	2,376,431
Deferred inflows related to pensions	(350,624)
Deferred outflows related to OPEB	1,392,980
Deferred inflows related to OPEB	(795,474)

Unavailable revenues that are not available as financial resources in the current period and therefore are not recognized in the general fund:

Deferred inflows for unavailable revenue	899,786
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Net position **\$ 37,528,806**

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

**Lee County Mosquito Control District
Statement of Revenues, Expenditures, and
Changes in Fund Balance – General Fund
Year Ended September 30, 2022**

Revenues

Property taxes	\$	23,802,304
Charges for services		60,000
Federal grant		34,702
Interest income		114,501
Miscellaneous income		288,485
Total revenues	\$	24,299,992

Expenditures

Current		
Health services - mosquito control		
Personnel services	\$	10,728,808
Operating expenditures		8,450,479
Debt service		
Principal		5,236,352
Interest		134,584
Capital outlay		
Capital expenditures		1,566,951
Total expenditures		26,117,174
Excess of revenues over expenditures		(1,817,182)

Other financing sources

Sales of surplus material and capital assets		450,933
Total other financing sources		450,933

Net change in fund balance		(1,366,249)
Fund balance, beginning of year		17,710,206
Fund balance, end of year	\$	16,343,957

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

**Lee County Mosquito Control District
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance to the Statement of Activities
Year Ended September 30, 2022**

Net change in fund balance \$ (1,366,249)

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	1,566,951	
Capitalized employee cost	120,570	
Less current year depreciation	(2,212,440)	(524,919)

Governmental funds report cash proceeds on sales of capital assets as other financing sources. However in the statement of activities net gain on sale of capital assets are reported as general revenues

Cash proceeds	(450,933)	
Loss on sales of surplus material and capital assets	(852,422)	(1,303,355)

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. This transaction, however, has any effect on net position.

Principal payments on capital lease		5,236,352
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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	(85,210)	
Change in net pension liability	(4,844,066)	
Change in deferred inflows related to pensions	4,121,074	
Change in deferred outflows related to pensions	529,955	
Change in net OPEB liability	(1,800,615)	
Change in deferred inflows related to OPEB	2,721,547	
Change in deferred outflows related to OPEB	1,389,138	2,031,823

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the general fund:

Current year change in accrued insurance recovery		899,786
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Change in net position		\$ 4,973,438
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The accompanying notes are an integral part of these financial statements.

Lee County Mosquito Control District
Statement of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues				
Property taxes	\$ 23,652,877	\$ 23,652,877	\$ 23,802,304	\$ 149,427
Federal grant	-	-	34,702	34,702
Charges for services	60,000	60,000	60,000	-
Interest	10,000	10,000	114,501	104,501
Miscellaneous	-	-	288,485	288,485
Total revenues	\$ 23,722,877	\$ 23,722,877	\$ 24,299,992	\$ 577,115
Expenditures				
Health services - mosquito control				
Personnel services				
Personnel services	\$ 7,634,348	\$ 7,634,348	\$ 7,087,686	\$ 546,662
Benefits	4,132,389	4,132,389	3,641,122	491,267
Operating expenditures				
Operating expenses	1,998,094	1,748,094	1,245,866	502,228
Travel and per diem	210,332	210,332	123,509	86,823
Communications services	136,383	136,383	119,114	17,269
Freight & postage services	22,400	31,400	29,492	1,908
Utilities	230,410	230,410	213,448	16,962
Rentals and leases	22,139	22,139	20,362	1,777
Insurance	587,500	587,500	509,631	77,869
Repairs & maintenance	1,443,855	1,693,855	1,651,072	42,783
Printing & binding	2,000	2,000	124	1,876
Promotional activities	45,210	45,210	23,906	21,304
Other current charges	259,925	289,925	299,680	(9,755)
Office supplies	24,890	24,890	16,373	8,517
Gasoline/oil/lube	480,850	555,850	472,096	83,754
Chemicals	3,539,903	3,324,903	2,773,774	551,129
Protective devices	17,600	28,600	14,737	13,863
Miscellaneous supplies	258,060	333,060	334,081	(1,021)
Tools & implements	13,000	13,000	13,604	(604)
Books-pubs-sub-member	262,594	262,594	271,438	(8,844)
Training	283,260	283,260	246,284	36,976
Grants & aids	60,000	72,000	71,888	112
Contingency	1,250,000	1,250,000	-	1,250,000
Debt service				
Principal	5,277,788	5,277,788	5,236,352	41,436
Interest	131,924	134,924	134,584	340
Capital outlay				
Capital expenditures	2,066,216	2,066,216	1,566,951	499,265
Total expenditures	30,391,070	30,391,070	26,117,174	4,273,896
Other financing sources				
Sales of surplus material and capital assets	300,000	300,000	450,933	150,933
Total other financing sources	300,000	300,000	450,933	150,933
Excess of revenues (expenditures) over expenditures (revenues)				
	(6,368,193)	(6,368,193)	(1,366,249)	5,001,944
Fund balance, beginning of year	13,000,000	15,000,000	17,710,206	2,710,206
Fund balance, end of year	\$ 6,631,807	\$ 8,631,807	\$ 16,343,957	\$ 7,712,150

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

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lee County Mosquito Control District (the District) is an independent special district created to perform mosquito control and suppression in Lee County, Florida, in accordance with Chapter 388, Florida Statutes. The District was created by the Laws of Florida, Chapter 67-1630 and recreated by Chapter 98-461.

Reporting Entity

The business and affairs of the District are governed by a board of seven commissioners who are elected for terms of four years. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

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.

Government-Wide and Fund 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 Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 imposed by the provider have been met.

The 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of current fiscal year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of current fiscal year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

Fund Financial Statements

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the general government.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund.

The appropriated budget is prepared by fund and function. Transfers and amendments can be made throughout the year by approval of the Board of Commissioners and the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash

The District's cash is cash on hand and demand deposits.

Investments

The District's investments are held by Florida Fixed Income Trust Fund, Florida PRIME (SBA) and Florida SAFE. Florida Fixed Income Trust Fund, Florida PRIME, Florida SAFE and U.S. Treasury Bills meet all of the specified criteria in Section 150: *Investments* to qualify to elect to measure their investments at amortized cost. Accordingly, the fair value of the District's position in the pool is equal to the value of the pooled shares.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and vehicle repair parts. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased. Certain parts held in inventory were acquired from other governmental agency at values established by governmental agencies. The District periodically adjusts those values to reflect the lower of cost or net realizable value. A valuation allowance totaling \$38,570, was recorded by the District for the period ending September 30, 2022.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Receivables and Payables

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. Intergovernmental revenues are recognized at the time of receipt. Investment earnings are recognized when earned.

Capital Assets

Capital assets, which include property, plant and equipment are reported in governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the District constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	20
Aircraft	20
Vehicles	5
Machinery and equipment	5 - 20
Software	10 - 20

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

The District has two (2) items that qualify for reporting as deferred outflows of resources, the *deferred amounts related OPEB* and the *deferred amounts related to pensions*, both reported in the government-wide statements of net position. The deferred outflows related to pensions and OPEB are an aggregate of items related to pensions and OPEB as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either pension/OPEB expense or a reduction in the net pension/OPEB liability in future reporting years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The District has three (3) items that qualify for reporting as deferred inflows of resources. The *deferred inflows related to pensions and OPEB* are an aggregate of items related to pensions and OPEB as calculated in accordance with GASB Codification Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension/OPEB expense in future reporting years. The District also reports a deferred inflow on the Balance Sheet – General Fund related to an accounts receivable for Insurance Proceeds received in FY23 for Hurricane Ian losses.

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the general fund only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Long-Term Obligations

In the government-wide financial statement other long-term obligations are reported as liabilities in the governmental activities statement of net position.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, 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, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. Investments are reported at fair value.

Leases

Lease contracts that provide the District with control of a non-financial asset, such as equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Categories and Classification of Fund Equity (Continued)

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in 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 – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Commission is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balance – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The District Commissioners assign fund balance. The District Commissioners may also assign fund balance as they do when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 25% or three months' worth of operating expenditures.

Revenues and Expenditures/Expenses

Program revenues – Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Charges to customers and grants are recorded as earned if collected within ninety days after year-end. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes – 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. 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 Mosquito Control District for the fiscal year ended September 30, 2022, was \$0.2439 per \$1,000 of assessed taxable property value. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget. Significant encumbrances at year-end included \$377,974 related to the General fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through June 30, 2023, which is the date the financial statements were available to be issued. No subsequent events occurring after this date have been evaluated for inclusion in these combined financial statements.

Recently Issued and Implemented Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. There were no significant impacts of implementing this Statement.

Note 2: DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of September 30, 2022, \$250,000 of the District's bank balance is covered by federal depository insurance (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

The investment program is established in accordance with the District's investment policy, pertinent bond resolutions and Section 218.415, Florida Statutes, which allows the District to invest in the Florida State Board of Administration intergovernmental investment pool or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, direct obligations of the United States Government, obligations of the different agencies of the Federal Government, registered money market funds and accounts of state qualified public depositories.

The investing of public funds with the Florida State Board of Administration (SBA) - Local Government Surplus Funds Trust Fund is governed by Section 218.407, Florida Statutes. The SBA is under regulatory oversight of the State of Florida. The investment pool consists largely of corporate notes and commercial paper. On September 30, 2022, the District had \$6,071,831 invested. The fair value of the District's position in the pool is equal to the value of the pooled shares or amortized cost.

The Florida Surplus Asset Fund Trust (Florida SAFE) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2022, the District's share of Florida SAFE was \$205,337. The fair value of the District's position in the pool is equal to the value of the pooled shares or net asset value.

The District invested in U.S. Treasury Bills through the Florida SAFE investment program. The value of the bills was \$2,907,000 less \$1,696 in unamortized discounts. U.S. Treasury securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30 (or the most recent market close date if the market are closed on September 30) in active markets from the custodian bank's primary external pricing vendors.

The Florida Fixed Income Trust (Florida FIT) is a common law trust organized under the laws of the State of Florida as an intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01 of the Florida Statutes. The investment pool consists of obligations guaranteed by the full faith and credit of the United States, U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by applicable Florida Statutes. At September 30, 2022, the District's share of Florida FIT was \$1,337,871. The fair value of the District's position in the pool is equal to the value of the pooled shares or amortized cost.

Under GASB Codification 150: *Investments*, if a participant has an investment in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost it should disclose the presence of any limitations or restrictions on withdrawals (such as redemption notice periods, maximum transaction amounts, and the qualifying external investment pool's authority to impose liquidity fees or redemption gates) in notes to the financial statements. As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit the District's access to 100 percent of their account value in either external investment pool.

Custodial credit risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution whereby a government may not be able to recover deposits. Monies placed on deposit with financial institutions in the form of demand deposits, time deposits or certificate of deposits are defined as public deposits. The financial institutions in which the District places its deposits are certified as "qualified public depositories," as required under the Florida Security for Public Deposits Act. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

Interest rate risk – Interest rate risk is the possibility that interest rates will rise and reduce the fair value of an investment. Florida Statutes limit interest rate risk by requiring that an attempt be made to match investment maturities with known cash needs and anticipated cash flow requirements. In addition, investments of current operating funds are required to have maturities of no longer than twelve months.

Credit risk – Section 150: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. Florida Statutes limit investments to securities with specific ranking criteria.

Concentration risk – Section 150: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. Florida Statutes do not address concentration risk.

Fair Value – GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the codification are described as follows:

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The categorization of the investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment's risk.

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Deposits and Investments (Continued)

U.S. Treasury securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30 (or the most recent market close date if the market are closed on September 30) in active markets from the custodian bank's primary external pricing vendors.

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of September 30, 2022:

	Fair Value	Maturities (in years)			Level
		Less than 1	1 - 5	More than 5	
Investments by fair value level					
US Treasuries	\$ 2,907,000	\$ 2,907,000	\$ -	\$ -	L1
Total investments measured by fair value level	2,907,000	\$ 2,907,000	\$ -	\$ -	
Investments measured at the net asset value (NAV)					
Florida SAFE	205,337				
Total investments measured at NAV	205,337				
Investments measured at amortized cost					
Cash and cash equivalents	2,058,397				
Florida Fixed Income Trust	1,337,871				
Florida PRIME (SBA)	6,071,831				
Total investments measured at amortized cost	9,468,099				
Total cash and investments	\$ 12,580,436				

Inventories

Inventories consisted of the following as of September 30, 2022:

	Carrying Amount
Chemicals and supplies	\$ 3,361,272
Fuel	214,199
Held for resale	29,445
	3,604,916
Less: Valuation allowance	(38,570)
Total	\$ 3,566,346

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Capital Assets

The following is a summary of changes in capital assets during the year ended September 30, 2022:

	Balance October 1, 2021	Increases	Decreases	Balance September 30, 2022
<i>Non-depreciated assets:</i>				
Land	\$ 3,666,727	\$ -	\$ (34,966)	\$ 3,631,761
Construction in progress	307,283	650,811	(755,376)	202,718
<i>Depreciated assets:</i>				
Buildings	9,645,387	382,179	(891,523)	9,136,043
Improvements other than buildings	2,420,032	-	-	2,420,032
Software	613,176	-	-	613,176
Aircraft	25,969,468	123,215	(624,418)	25,468,265
Vehicles	3,030,776	410,297	(189,153)	3,251,920
Machinery and equipment	6,571,104	876,395	(377,123)	7,070,376
Total capital assets at historical cost	52,223,953	2,442,897	(2,872,559)	51,794,291
<i>Less accumulated depreciation for:</i>				
Buildings	3,719,826	219,898	(136,439)	3,803,285
Improvements other than buildings	1,190,257	105,731	-	1,295,988
Software	213,408	67,968	-	281,376
Aircraft	4,616,009	1,003,052	(300,435)	5,318,626
Vehicles	2,122,905	316,186	(163,431)	2,275,660
Machinery and equipment	3,431,575	499,605	(213,523)	3,717,657
Total accumulated depreciation	15,293,980	2,212,440	(813,828)	16,692,592
Capital assets, net	\$ 36,929,973	\$ 230,457	\$ (2,058,731)	\$ 35,101,699

Long-Term Debt and Liabilities

	Balance October 1, 2021	Additions	Reductions	Balance September 30, 2022	Due Within One Year
Capital Lease	\$ 5,236,352	\$ -	\$ (5,236,352)	\$ -	\$ -
Compensated absences	870,461	162,225	(77,015)	955,671	143,490
Net pension liability	3,467,136	5,061,331	(217,265)	8,311,202	-
Net OPEB liability	6,372,461	1,800,615	-	8,173,076	-
	\$ 15,946,410	\$ 7,024,171	\$ (5,530,632)	\$ 17,439,949	\$ 143,490

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 2: DETAILED NOTES ON ALL FUNDS (Continued)

Long-Term Debt and Liabilities (Continued)

Capital Lease

During fiscal year 2018, the District entered into a lease agreement as lessee for financing the acquisition of aircraft. The lease qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of future minimum lease payments as of the date of its inception. At September 30, 2022, the amount capitalized under capital leases totals \$18,007,035 with related accumulated depreciation of \$2,709,544. The imputed interest rate is 2.75%.

During fiscal year 2022, the District paid off the capital lease. For the year ended September 30, 2022, interest expense was \$134,584.

Note 3: 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 is available from the Florida Department of Management Services' website (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 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 Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 3: 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, 2022, were as follows:

	FRS	HIS
Regular Class	10.25%	1.66%
Special Risk Class	26.17%	1.66%
Senior Management Service Class	29.91%	1.66%
Elected Officials	55.34%	1.66%
DROP from FRS	16.94%	1.66%

The District's contributions for the year ended September 30, 2022, were \$778,393 to the FRS and \$122,350 to the HIS.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the District reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2022 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2022. 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 Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 3: STATE OF FLORIDA PENSION PLANS (Continued)

	FRS	HIS
Net pension liability	\$ 6,298,763	\$ 2,012,439
Proportion at:		
Current measurement date	0.016928502%	0.019000335%
Prior measurement date	0.016381445%	0.018177177%
Pension expense	\$ 969,075	\$ 124,705

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	\$ 299,155	\$ -	\$ 61,082	\$ (8,855)
Changes of assumptions	775,719	-	115,354	(311,323)
Net difference between projected and actual earnings on pension plan investments	415,907	-	2,914	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	365,819	(7,872)	86,552	(22,574)
Employer contributions subsequent to the measurement date	220,722	-	33,207	-
Total	\$ 2,077,322	\$ (7,872)	\$ 299,109	\$ (342,752)

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:

Year ending September 30,	FRS	HIS
2023	\$ 458,562	\$ (25,289)
2024	238,593	(10,167)
2025	(27,831)	3,270
2026	1,109,110	(3,398)
2027	70,294	(27,654)
Thereafter	-	(13,612)
Total	\$ 1,848,728	\$ (76,850)

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 3: STATE OF FLORIDA PENSION 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, 2022. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2020. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
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 base tables projected generationally with 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 following changes in key actuarial assumptions occurred in 2022:

FRS:

- The investment return assumption for purposes of developing actuarially calculated contribution rates decreased from 6.80% to 6.70%

HIS:

- The long-term expected rate of return and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%

The long-term expected investment rate of return assumption for the FRS Pension Plan 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 of 2.40%.

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 3: STATE OF FLORIDA PENSION PLANS (Continued)

For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.6%	2.6%
Fixed income	19.8%	4.4%	4.4%
Global equity	54.0%	8.8%	7.3%
Real estate (property)	10.3%	7.4%	6.3%
Private equity	11.1%	12.0%	8.9%
Strategic investments	3.8%	6.2%	5.9%
	100%		

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. 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 and the depletion date is considered to be immediate, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation 20-Year 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 (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Employer's proportionate share of the net pension liability	\$ 10,893,278	\$ 6,298,763	\$ 2,457,202	\$ 2,302,395	\$ 2,012,439	\$ 1,772,506

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 3: 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. Required employer contributions made to the Plan during the year ended September 30, 2022, totaled \$213,035.

Note 4: 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 Mosquito 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 Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 4: 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 2022 fiscal year, the District contributed \$600,000 to the Plan to prefund future benefits. Plan members receiving benefits contributed \$247,754.

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

At September 30, 2022, the District reported a liability of \$8,173,076 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, 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 districts, actuarially determined. At September 30, 2022, the District's proportion was 89.22 percent.

For the year ended September 30, 2022, the District recognized a reduction of employee benefit expense, due to OPEB activity, of \$276,442. At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 825,153	\$ -
Changes of assumptions	567,827	-
Net difference between projected and actual earnings on OPEB plan investments	-	(795,474)
Total	\$ 1,392,980	\$ (795,474)

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 4: 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:	
2023	\$ 343,928
2024	352,572
2025	282,355
2026	(381,349)
Total	\$ 597,506

Actuarial Assumptions

The total OPEB liability in the September 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date:	September 30, 2021
Measurement Date:	September 30, 2022
Actuarial Cost Method:	Entry Age
Inflation:	3.00%
Salary Increases:	3.25%
Discount Rate	6.00%
Investment Rate of Return:	6.00%
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	53

Retirement Rates: 100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 6 years of service.

Health Care Inflation: Initial rate of 7.50% in fiscal 2022, grading down to the ultimate trend rate of 4.00% in fiscal 2075.

The mortality tables vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The health mortality rates also contain a provision to reflect future mortality improvements.

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 4: OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

Actuarial Assumptions (Continued)

The total OPEB liability in the September 30, 2022 actuarial report was based on the PUB-2010 base table varies by member category and sex; projected generationally with Scale MP-2018.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	30%	7.10%
International Equity	10%	3.10%
Bonds	40%	2.00%
Real Estate	10%	6.40%
Convertibles	10%	6.40%
Total	100%	

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 District 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.

**Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022**

Note 4: OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)

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 District, as well as what the District'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	\$ 10,339,308	\$ 8,173,076	\$ 6,382,189

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 District, as well as what the District'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%-6.50%	Healthcare Cost Trend Rates 4.00%-7.50%	1% Increase 5.00%-8.50%
Net OPEB Liability	\$ 6,117,692	\$ 8,173,076	\$ 10,654,728

Note 5: 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, 2022, the District reported incurred health insurance expense of \$1,694,899. There have been no claims in excess of insurance coverage as of September 30, 2022.

Hurricane Ian occurred on September 28, 2022. The District took emergency protective measures to prepare for the storm and suffered material losses. The District continued to incur costs during fiscal year 2023 related to removal of the debris and repair of District infrastructure. Total storm related costs to the District are estimated to be approximately \$2,539,251, including additional staff time, for which the District is in the process of applying for Federal Emergency Management Agency assistance.

Lee County Mosquito Control District
Notes to Financial Statements
September 30, 2022

Note 6: RELATED PARTIES

The District's Board of Commissioners is also the Board of Commissioners for the Lee County Hyacinth Control District. The Lee County Hyacinth Control District is an independent special district created to perform hyacinth control and suppression in Lee County, Florida, under the Laws of Florida, Chapter 98-462, and is funded by ad valorem tax revenues.

Both the District and the Lee County Hyacinth Control District share facilities and equipment located at the District's Buckingham complex. District personnel perform a variety of support functions for the Lee County Hyacinth Control District such as finance, information technology, purchasing, fleet maintenance and facilities maintenance. The Executive Director of the District is also the Executive Director of the Lee County Hyacinth Control District.

The costs of shared support functions provided by the District are included in the budgetary process and are reimbursed by the Lee County Hyacinth Control District through allocations.



REQUIRED SUPPLEMENTARY INFORMATION



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

Florida Retirement System	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.016928502%	0.016381445%	0.015795492%	0.014955358%	0.014809061%	0.014608029%	0.015420705%	0.015609925%
Employer's proportionate share of the net pension liability (asset)	\$ 6,298,763	\$ 1,237,432	\$ 6,845,999	\$ 5,150,417	\$ 4,460,567	\$ 4,320,957	\$ 3,893,740	\$ 2,016,231
Employer's covered payroll	\$ 7,381,023	\$ 6,435,110	\$ 6,297,860	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346	\$ 5,946,740	\$ 5,583,857
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	85.34%	19.23%	108.70%	84.01%	73.17%	75.51%	65.48%	36.11%
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%
Health Insurance Subsidy Program	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.019000335%	0.018177177%	0.018115483%	0.018118350%	0.018350590%	0.018615846%	0.018827602%	0.017779645%
Employer's proportionate share of the net pension liability (asset)	\$ 2,012,439	\$ 2,229,704	\$ 2,211,871	\$ 2,027,263	\$ 1,942,247	\$ 1,990,492	\$ 2,194,279	\$ 1,813,245
Employer's covered payroll	\$ 7,381,023	\$ 6,435,110	\$ 6,297,860	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346	\$ 5,946,740	\$ 5,583,857
Employer's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	27.27%	34.65%	35.12%	33.07%	31.86%	34.78%	36.90%	32.47%
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%

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 Annual Comprehensive Financial Report.
- (4) The following changes in key actuarial assumptions occurred in 2022:
 - FRS: The investment return assumption for purposes of developing actuarially calculated contribution rates decreased from 6.80% to 6.70%
 - HIS: The long-term expected rate of return and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%

**Lee County Mosquito Control District
Schedules of Employer Contributions
(Last 10 fiscal years)**

Florida Retirement System	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 778,393	\$ 644,522	\$ 549,751	\$ 476,675	\$ 434,813	\$ 380,283	\$ 380,612	\$ 386,404
Contributions in relation to the contractually required contribution	778,393	644,522	549,751	476,675	434,813	380,283	380,612	386,404
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,927,765	\$ 6,539,971	\$ 6,268,289	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346	\$ 5,946,740	\$ 5,583,857
Contributions as a percentage of covered payroll	11.24%	9.86%	8.77%	7.78%	7.13%	6.65%	6.40%	6.92%
Health Insurance Subsidy Program	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 122,350	\$ 108,587	\$ 103,900	\$ 101,792	\$ 100,472	\$ 98,520	\$ 96,782	\$ 76,319
Contributions in relation to the contractually required contribution	122,350	108,587	103,900	101,792	100,472	98,520	96,782	76,319
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 6,927,765	\$ 6,539,971	\$ 6,268,289	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346	\$ 5,946,740	\$ 5,583,857
Contributions as a percentage of covered payroll	1.77%	1.66%	1.66%	1.66%	1.65%	1.72%	1.63%	1.37%

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 following changes in key actuarial assumptions occurred in 2022:
 FRS: The investment return assumption for purposes of developing actuarially calculated contribution rates decreased from 6.80% to 6.70%
 HIS: The long-term expected rate of return and the discount rate used to determine the total pension liability increased from 2.16% to 3.54%

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

	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	89.22%	89.22%	89.22%	89.22%	89.22%	89.22%
District's proportionate share of the net OPEB liability	\$ 8,173,076	\$ 6,372,461	\$ 9,691,774	\$ 10,288,899	\$ 15,118,615	\$ 15,832,085
District's covered-employee payroll	\$ 7,381,023	\$ 6,539,971	\$ 6,268,289	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	110.73%	97.44%	154.62%	167.82%	248.01%	276.67%
Plan fiduciary net position as a percentage of the total OPEB liability	53.38%	62.71%	48.80%	44.14%	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 Mosquito Control District
Schedules of OPEB Contributions
(Last 10 fiscal years)**

	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 1,210,273	\$ 1,032,614	\$ 1,290,400	\$ 1,297,864	\$ 1,631,064	\$ 1,716,143
Contributions in relation to the contractually required contribution	600,000	750,000	1,000,000	3,500,000	1,500,000	1,814,447
Contribution deficiency (excess)	<u>\$ 610,273</u>	<u>\$ 282,614</u>	<u>\$ 290,400</u>	<u>\$ (2,202,136)</u>	<u>\$ 131,064</u>	<u>\$ (98,304)</u>
District's covered-employee payroll	\$ 7,381,023	\$ 6,539,971	\$ 6,268,289	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346
Contribution as a percentage of covered-employee payroll	8.13%	11.47%	15.95%	57.09%	24.61%	31.71%

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



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 Mosquito 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 Mosquito Control 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 and have issued our report thereon dated June 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lee County Mosquito Control 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 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.

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 financial statements. 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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida
June 30, 2023

MANAGEMENT LETTER

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

Report on the Financial Statements

We have audited the financial statements of the Lee County Mosquito Control District (the District), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 30, 2023.

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 XX, 2023, 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.

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 Lee County Mosquito Control District was established as described in Note 1. There were no component units related to the District.

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 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 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 did not have any such recommendations.

Specific Information

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 128.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as -0-.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$7,105,062.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$331,590.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - a. Roofing repairs and replacement on district buildings with a total cost of \$150,731
 - b. Demolition of Woodstock house with a total cost of \$120,621.
 - c. Ding Darling Drainage Project with a total cost of \$69,738
- 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, as \$2,000,000 increase in reserves to reflect cash carry forward.

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

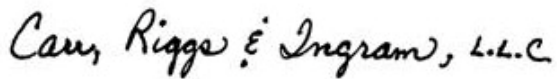
- a) The millage rate or rates imposed by the district as 0.2439.
- b) The total amount of ad valorem taxes collected by or on behalf of the district as \$23,802,304.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds as \$-0-.

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



CARR, RIGGS & INGRAM, LLC

Tampa, Florida
June 30, 2023

**INDEPENDENT ACCOUNTANTS' REPORT IN ACCORDANCE WITH SECTION 218.415,
FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

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

We have examined Lee County Mosquito Control District (the District), compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during 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.

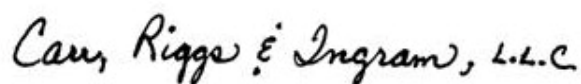
Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that our examination provides a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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.

This report is intended solely for the information and use of management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida
June 30, 2023