# Lee County Mosquito Control District

**FINANCIAL STATEMENTS** 

Year Ended September 30, 2017



# Lee County Mosquito Control District Table of Contents September 30, 2017

TAB: REPORT	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
TAB: BASIC FINANCIAL STATEMENTS GOVERNMENT-WIDE FINANCIAL STATEMENTS Statement of Net Position	12
Statement of Activities	13
FUND FINANCIAL STATEMENTS Balance Sheet – General Fund	14
Reconciliation of the Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	18
Notes to Financial Statements	19
TAB: REQUIRED SUPPLEMENTARY INFORMATION	
Schedules of Proportionate Share of Net Pension Liability – Florida Retirement System and Health Insurance Subsidy Program (Last 10 fiscal years)	39
Schedules of Employer Contributions – Florida Retirement System and Health Insurance Subsidy Program (Last 10 fiscal years)	40
Schedules of Proportionate Share of the Net OPEB Liability (Last 10 fiscal years)	41
Schedule of OPEB Contributions (Last 10 fiscal years)	42

# Lee County Mosquito Control District Table of Contents September 30, 2017

TAB: COMPLIANCE	
Independent Auditors' Report on	43
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	
Management Letter	45
Independent Accountants' Report In Accordance with Section 218.415	48
Florida Statutes, Local Government Investment Policies	10





Carr, Riggs & Ingram, LLC 2111 Drew Street Clearwater, FL 33765

(727) 446-0504 (727) 461-7384 (fax) www.cricpa.com

#### INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Lee County Mosquito Control District (the "District"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

# Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Lee County Mosquito Control District as of September 30, 2017, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# Change in Accounting Principle

As discussed in Note 11 to the financial statements, the District adopted provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Our opinion was not modified with respect to this matter.

# **Other Matters**

# Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

# Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida August 13, 2018

# 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, 2017. 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 76 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, 2017.

# Financial Highlights:

- The District's assets exceed its liabilities at the close of the fiscal year by \$12,083,029 (net position). The District adopted for government-wide reporting the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The adoption of the new standard caused a significant restatement of net position as of September 30, 2016. The cumulative effect of the change in reporting for other postemployment benefits decreased the September 30, 2016 net position by \$4,693,489 to \$12,785,231. Additional information regarding this restatement is provided in Note 11 on page 37.
- Included in total net position is an unrestricted deficit of \$10,071,122. The unrestricted deficit is a result of adopting GASB statements 43, 45, 68, 71 and 75 for reporting long-term pension and healthcare benefit liabilities.
- The District's total net position decreased by \$702,202. This decrease is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$3,663,818 during the fiscal year. The net pension liability assigned to the District by the Florida Retirement System increased by \$223,430 and the post-employment healthcare liability of the District increased by \$3,720,609.
- At the close of the current fiscal year, the ending fund balance was \$10,839,573 a decrease of \$1,672,101, or 13.36%, from the 2016 ending fund balance of \$12,511,674.
- Of this balance, \$2,069,038 is nonspendable, consisting of prepaid insurance and inventories, and \$3,162,695 is assigned for the fiscal year end September 30, 2018, budgeted decrease in fund balance. The remaining \$5,607,840 is available for spending at the District's discretion (unassigned fund balance).

## **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Most revenue is collected via ad valorem taxes, and the basic financial statements are comprised of the following components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Financial Statements. The District provides aerial mosquito control services for Fort Myers Beach Mosquito Control and laboratory services for Volusia County. 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 12) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. The District's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (Page 13) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when cost is incurred).

### Fund Financial Statements:

The District accounts for its services in a *general governmental fund*. A *fund* is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable general government financial resources (and the related current liabilities). The main focus is on how money flows into and out of those funds and the balances left at year-end that are available for spending.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *Governmental Fund Financial Statements* begin on page 14 and provide a more detailed look at the District's most significant activities. An accounting method called modified accrual accounting is utilized to measure cash and all other financial assets that can readily be converted to cash. These statements provide a detailed short-term view of the general government operations and the basic services provided. You will find reconciliations on pages 15 and 17 that convert the data to an economic resource measurement focus and the accrual basis of accounting for use in the government-wide financial statements.

## Notes to Financial Statements:

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 19. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

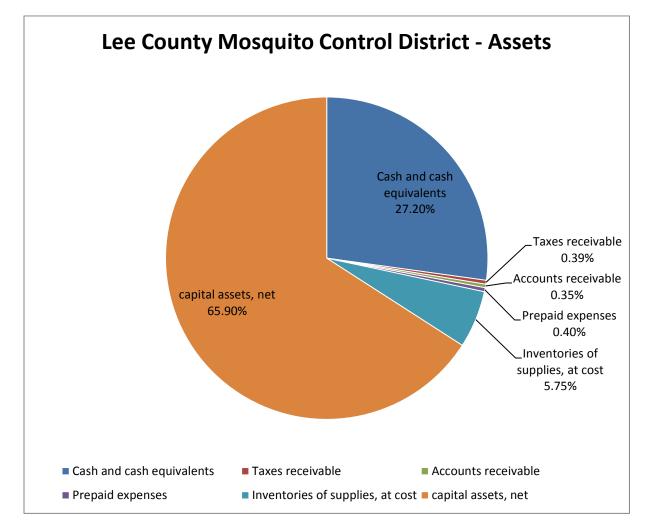
## **Government-wide Financial Analysis:**

Net position may serve as a useful indicator of an agency's financial position. The District's net position as of September 30, 2017 was \$12,083,029. Its revenues, which include property taxes, interest on investments, and miscellaneous income, totaled \$16,674,730 (general revenue plus program revenue). Total program expenses were \$17,376,932.

Seventy two 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 Certificate of Deposits (CD) and deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.

	09/30/17 09/30/16		09/30/16	Difference
Current and Other Assets	\$ 11,461,219	\$	13,481,521	\$ (2,020,302)
Capital Assets	22,154,151		21,576,334	577,817
Total Assets	\$ 33,615,370	\$	35,057,855	\$ (1,442,485)
Deferred Outflows	\$ 2,585,011	\$	3,254,111	\$ (669,100)
Current and Other Liabilities	\$ 1,026,810	\$	1,200,066	\$ (173,256)
Long-Term Liabilities	22,621,734		18,784,660	3,837,074
Total Liabilities	23,648,544		19,984,726	3,663,818
Deferred Inflows	\$ 468,808	\$	848,520	\$ (379,712)
Net Position				
Invested in Capital Assets	22,154,151		20,968,930	1,185,221
Unrestricted (deficit)	(10,071,122)		(3,490,210)	(6,580,912)
Total Net Position	\$ 12,083,029	\$	17,478,720	\$ (5,395,691)

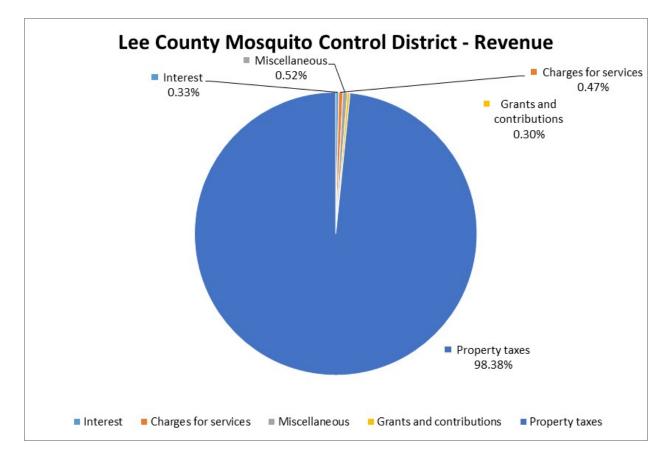
## Summary of Net Position



During the past year, total assets decreased by \$1,442,485 and total liabilities increased by \$3,663,818. Deferred outflows decreased by \$669,100 and deferred inflows decreased by \$379,712. Net position decreased by \$702,202, primarily due to expenses for inventory usage and inventory allowance adjustments, the allocation of pension expense from the Florida Retirement System, and expenses related to the post-employment healthcare liability. The District made its third payment to the Retiree Health Insurance Trust Fund for \$1,250,000 in 2017. In fiscal year 2016-2017, total program expenses decreased by \$501,899 from 2016 due to the net effect of the activities mentioned above. The balance in cash and investments decreased approximately \$1,356,295. The value of the capital assets increased due to aircraft and equipment acquisitions.

# **Summary Changes in Net Position**

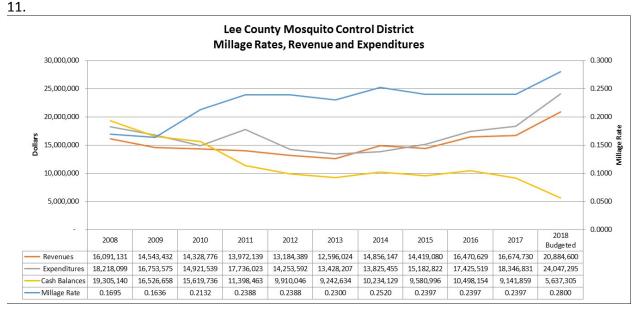
	09/30/17				
	as restated	09/30/16	Difference		
Revenues					
Program revenues:					
Charges for services	\$ 78,697	\$ 101,962	\$	(23,265)	
General revenues:					
Property taxes	16,404,518	15,183,758		1,220,760	
Interest	55,498	39,864		15,634	
Miscellaneous	85,997	125,367		(39,370)	
Grants and contributions	50,020	990,139		(940,119)	
Total revenues	\$ 16,674,730	\$ 16,441,090	\$	233,640	
Expenses					
Physical environmental services	\$ 17,376,932	\$ 17,878,831	\$	(501,899)	
Decrease in Net Position	\$ (702,202)	\$ (1,437,741)	\$	735,539	
Net position - beginning of fiscal year	\$ 12,785,231	\$ 18,916,461	\$	(6,131,230)	
Net position - end of fiscal year	\$ 12,083,029	\$ 17,478,720	\$	(5,395,691)	



# **Summary Changes in Net Position (Continued)**

Total revenue increased by \$233,640. Property taxes totaled \$16,404,518 in 2017 and represented 98.38% of the District's revenues. Total fund revenue increased due to increased ad valorem tax revenue collections. Grant revenue decreased due to a one time aircraft grant that was received in 2016. The grant for aircraft, \$885,400, represented the U.S. Bureau of Federal Property's estimated value of two Beechcraft King Air aircraft the agency donated to the District in 2016. Total expenses decreased by \$501,899. Net position decreased at the end of the fiscal year primarily due to the recording of pension related costs, post-employment healthcare costs and inventory usage and adjustment costs discussed earlier.

The chart below reflects revenues, expenses, and millage rates for the past ten years and projections for the upcoming fiscal year (FY 2017-2018). For more information on the 2018 budgeted revenues and expenditures, refer to the "Economic Factors and Next Year's Budget and Rates" section on page



# **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 18 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.

# **Budgetary Highlights: (Continued)**

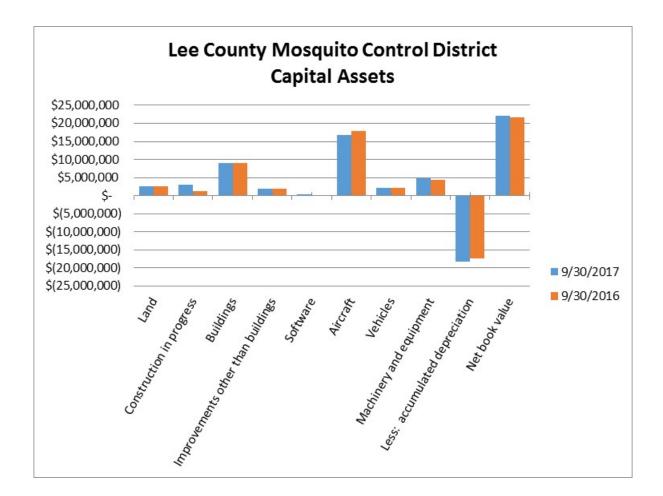
Variances from the original budget as compared to the final budget are depicted on page 18. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$1,021,265. The variance is due primarily to lower than budgeted costs for personnel services and benefits and repair and maintenance for aircraft. Miscellaneous Supplies expenses were lower than budgeted due to an adjustment to capitalize new mosquito control tracking software. The software was originally budgeted under Miscellaneous Supplies however, once the cost and nature of the software were determined to be capital an adjustment was made to move the actual expenditures to the Capital Outlay line, which resulted in that line being over budget.

# **Capital Asset and Debt Administration**

The District's investment in capital assets at year-end is \$22,154,151 (net of accumulated depreciation) which includes property, plant, and equipment with a threshold of \$1,000 and an estimated useful life of more than one year. Assets are recorded at the lesser of cost when purchased or constructed and at fair value at the date of donation and are depreciated utilizing the straight-line method. Maintenance and repairs of aircraft are not capitalized.

At September 30, 2017, 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 accrued compensated absences, postemployment benefits other than pensions, and the net pension obligation, please see Note 1 on page 19 and Note 7 & 8 on page 26 and page 32, respectively, of the Notes to Financial Statements. For more information on Capital assets, please see Note 4 on page 25, of the Notes to Financial Statements. For more information on the State of Florida Pension Plan, please see Note 7 on page 26, of the Notes to Financial Statements.

	09/30/17	09/30/16
Land	\$ 2,595,912	\$ 2,582,420
Construction in progress	2,926,520	1,271,687
Buildings	8,929,899	8,929,899
Improvements other than buildings	1,992,633	1,901,837
Software	313,421	-
Aircraft	16,684,390	17,791,252
Vehicles	2,238,388	2,163,878
Machinery and equipment	4,728,463	4,271,592
Total assets	40,409,626	38,912,565
Less: accumulated depreciation	(18,255,475)	(17,336,231)
Net book value	\$ 22,154,151	\$ 21,576,334



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

In September of 2017, the Board of Commissioners approved total budgeted revenues of \$20,884,600 for fiscal year 2018. The adopted millage rate of .2800 mills per thousand produced Ad Valorem taxes in the amount of \$20,735,100, an increase of \$4,379,100 over the prior year. Property taxes are the largest source of revenue for the Lee County Mosquito Control District.

Budgeted revenues increased for the 2017-2018 fiscal year to provide coverage for additional expenditures. Expenditures are budgeted to increase by \$4,679,199. The increase in budgeted expenditures reflects the acquisition of Woodstock Airport on Pine Island for larviciding operations and the lease/purchase of six new Airbus helicopters for mosquito control operations. Also included in the budgeted expenditure total is another payment to the Retiree Health Insurance Trust Fund for \$1,500,000 for post-employment health insurance benefits. The District's board adopted the 2017-2018 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.

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

# Lee County Mosquito Control District Statement of Net Position September 30, 2017

Cash and investments	\$ 9,141,859
Taxes receivable	130,625
Accounts receivable	118,700
Prepaid expenses	135,627
Inventories of supplies, net	1,934,408
Total current assets	11,461,219
Capital assets:	
Land	2,595,912
	2,935,912
Construction in progress Buildings	8,929,899
-	
Improvements other than buildings	1,992,633
Software	313,421
Aircraft	16,684,390
Vehicles	2,238,388
Machinery and equipment	4,728,463
Less accumulated depreciation	(18,255,475
Total capital assets	22,154,151
Total assets	33,615,370
eferred Outflow of Resources	
Deferred outflows for pensions	2,585,011
abilities	
Accounts payable	318,222
Due to other governments	85,743
Accrued wages payable	217,681
Current portion of accrued compensated absences	405,164
Total current liabilities	1,026,810
Noncurrent liabilities:	45 000 005
Net OPEB liability	15,832,085
Accrued compensated absences	478,199
Net pension liability Total noncurrent liabilities	6,311,450 22,621,734
	22,021,734
Total liabilities	23,648,544
eferred Inflow of Resources	
Deferred inflows for OPEB	18,979
Deferred inflows for pensions	449,829
Total deferred inflows	468,808
et Position	
Invested in capital assets	22,154,151
Unrestricted (deficit)	(10,071,122
· · · ·	\$ 12,083,029

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

# Lee County Mosquito Control District Statement of Activities Year Ended September 30, 2017

		Program Revenues	•	nse and Changes let Position
Functions/Programs	Expenses	Charges for Services		Total
Physical environment services	\$ 17,376,932		\$	(17,298,235)
Total program	17,376,932	78,697		(17,298,235)
		General revenues		
		Property taxes		16,404,518
		Government grants		50,020
		Interest income		55,498
		Miscellaneous income		85,997
		Total general revenue	S	16,596,033
		Change in net positio	n	(702,202)
	Net position - bo	eginning of year, as restated		12,785,231
		Net position - end of year	\$	12,083,029

# **FUND FINANCIAL STATEMENTS**

# Lee County Mosquito Control District Balance Sheet – General Fund September 30, 2017

ASSETS	
Cash and investments	\$ 9,141,859
Taxes receivable	130,625
Accounts receivable	118,700
Prepaid expenses	135,627
Inventories of supplies, net	1,934,408
Total assets	\$ 11,461,219
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accrued liabilities	\$ 318,222
Accrued wages and payroll taxes payable	217,681
Due to other governments	85,743
Total liabilities	621,646
FUND BALANCES	
Nonspendable:	
Prepaid and inventories	2,069,038
Assigned for subsequent year's budget deficit	3,162,695
Unassigned	5,607,840
Total fund balance	10,839,573
Total liabilities and fund balance	\$ 11,461,219
	Ş 11,401,219

# Lee County Mosquito Control District Reconciliation of the Balance Sheet to the Statement of Net Position September 30, 2017

Fund balance	\$ 10,839,573
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.	22,154,151
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences (see Note 5)	(883,363)
Net pension liability (see Note 7)	(6,311,450)
Net OPEB liability (see Note 8)	(15,832,085)
Deferred outflows and inflows associated with pensions	
are not reported in the governmental funds.	
Deferred outflows related to pensions	2,585,011
Deferred inflows related to pensions	(449,829)
Deferred inflows OPEB	(18,979)
Net position	\$ 12,083,029

# Lee County Mosquito Control District Statement of Revenues, Expenditures, and Changes in Fund Balance – General Fund Year Ended September 30, 2017

Revenues	
Property taxes	\$ 16,404,518
Charges for services	78,697
Grants	50,020
Miscellaneous income	
Interest income	55,498
Refunds and reimbursements	14,032
Miscellaneous income	24,556
Total revenues	\$ 16,627,321
Expenditures	
Current	
Physical environment - mosquito control	
Personnel services	\$ 9,402,769
Operating expenditures	6,894,046
Capital outlay	2,050,016
Total expenditures	18,346,831
Other financing sources	
Sales of surplus material and capital assets	47,409
Total other financing sources	47,409
Excess of expenditures over revenues	(1,672,101)
Fund balance, beginning of year	12,511,674
Fund balance, end of year	\$ 10,839,573

# 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, 2017

Net change in fund balance		\$ (1,672,101)
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.		
Loss on disposal of assets	(6,386)	
Expenditures for capital assets	2,050,016	
Less current year depreciation	(1,482,461)	561,169
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The net effect of revenue accruals may increase or decrease net position.		16,648
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in compensated absences (see Note 5)	(67,980)	
Change in net pension liability (see Note 7)	(223,430)	
Change in deferred inflows related to pensions	(669,100)	
Change in deferred outflows related to pensions	398,691	
Change in net OPEB liability (see Note 8)	972,880	
Change in deferred inflows related to OPEB	(18,979)	392,082
Change in net position		\$ (702,202)

# Lee County Mosquito Control District Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund Year Ended September 30, 2017

	Original		Final			riance from
	Budget		Budget	Actual	Fi	nal Budget
Revenues	46.056.000		46.056.000		<u>,</u>	40 540
Ad valorem Taxes	\$ 16,356,000	Ş	16,356,000	\$ 16,404,518	\$	48,518
Charges for services	84,000		84,000	78,697		(5,303
Grants	-		-	50,020		-
Miscellaneous income						
Interest	30,000		30,000	55,498		25,498
Miscellaneous	 10,000		10,000	38,588		28,588
Total revenues	\$ 16,480,000	\$	16,480,000	\$ 16,627,321	\$	97,301
Expenditures						
Physical environment - mosquito control						
Personnel services						
Personnel services	\$ 5,632,335	\$	5,680,835	\$ 5,507,115	\$	173,720
Benefits	4,272,461		4,022,461	3,895,654		126,807
Operating expenditures				, ,		,
Operating expenses	768,740		789,240	780,939		8,301
Travel and per diem	76,000		76,000	67,496		8,504
Communications services	45,000		56,900	56,837		63
Freight & postage services	8,500		13,100	13,061		39
Utilities	173,000		197,600	197,556		44
Rentals and leases	30,000		30,000	27,353		2,647
Insurance	350,000		408,600	408,555		45
Repairs & maintenance	1,465,000		2,416,000	2,062,395		353,605
Printing & binding	1,403,000		2,410,000 1,400	2,002,393 1,344		55,005
Promotional activities	1,000		1,000	823		177
Other current charges	36,700		36,700	27,384		9,316
Office supplies	22,000		22,000	17,384		4,616
				223,917		36,083
Gasoline/oil/lube Chemicals	360,000		260,000			24
	2,000,000		2,669,900	2,669,876		
Protective devices	45,000		45,000	35,904		9,096
Miscellaneous supplies	427,000		457,500	144,183		313,317
Small tools	3,000		5,200	5,124		76
Tools & implements	-		600	587		13
Books-pubs-subs-member	67,500		81,100	81,050		50
Training	98,875		98,875	72,278		26,597
Grants & aids	60,000		60,000	-		60,000
Capital outlay	2,940,985		1,938,085	2,050,016		(111,931
Total expenditures	18,883,096		19,368,096	18,346,831		1,021,265
Other financing sources						
Sales of surplus material and capital assets	 25,500		25,500	 47,409		21,909
Total other financing sources	25,500		25,500	47,409		21,909
Excess of expenditures over revenues	(2,377,596)		(2,862,596)	(1,672,101)		(902,055
Fund balance, beginning of year	7,770,169		7,618,700	12,511,674		4,892,974
Fund balance, end of year	\$ 5,392,573	\$	4,756,104	\$ 10,839,573	\$	3,990,919

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

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

## Nature of Organization

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.

The business and affairs of the District are governed by a board of seven commissioners who are elected for terms of four years.

Governmental Accounting Standards Board (GASB) requires the financial statements of a reporting entity to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government or financial reporting entity are financially accountable. Based on the aforementioned criteria, there are no component units included in the District's financial statements.

### **Basic Financial Statements**

The government-wide financial statements consist of a statement of net position and a statement of activities that report information about the District as a whole. The statement of net position reports all financial and capital resources.

The statement of activities demonstrates the degree to which the direct expenses of the District's program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given program, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

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

## Measurement Focus and Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Intergovernmental revenues are recognized at the time of receipt. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

# Fund Accounting

The accounts of the District are organized on the basis of a fund which is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, as appropriate. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following governmental fund is used by the District and is a major fund:

**General Fund** – The General Fund is the general operating fund of the District. All financial resources, which are not specifically restricted or designated as to use, are recorded in the General Fund.

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

## Budgets and Budgetary Accounting

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

- 1. During the summer, the executive director submits to the Board of Commissioners for their consideration a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
- 2. Public hearings are conducted to obtain taxpayer comments.
- 3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners. The budget is then approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
- 4. Budget 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.
- 5. Budget amounts, as shown in these financial statements, are as amended by the Board of Commissioners and approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
- 6. The budget for the General Fund is adopted on the GAAP basis.
- 7. The level of control for appropriations is exercised at the functional level.

# **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported only in the governmentwide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year. Donated assets are recorded at their estimated fair value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. Maintenance, repairs, and minor renovations are not capitalized.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

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

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

## Inventories

Inventories, consisting primarily of chemicals, fuels and parts to be used in operations, are stated at the lower of cost (first-in, first-out, method) or market. Reported inventories are equally offset as nonspendable fund balance in the fund financial statement, which indicate that they do not constitute "available spendable resources." 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 market. A valuation allowance totaling \$796,102 was recorded by the District for the period ending September 30, 2017.

## Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

### **Compensated Absences**

The District's employees accumulate sick and annual leave based on years of continuous service. Upon termination of employment, employees can receive payment for accumulated sick and annual leave, if they meet certain criteria. Accumulated sick and annual leave payable at September 30, 2017 was \$883,363, of which \$405,164 is estimated to be currently payable.

The amount of compensated absences recorded as expenditures in the General Fund is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Only compensated absences due and payable at September 30, 2017 are recorded on the balance sheet of the General Fund. Both the current and noncurrent portion of compensated absences is reported in the Statement of Net Position.

### Postemployment Benefits Other Than Pensions (OPEB)

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

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

## Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable Fund Balance Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- Restricted Fund Balance Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance Committed fund balances are amounts that can only be used for specific purposes as a result of constraints imposed by formal action of the District's highest level of decision-making authority, which is a resolution. Committed amounts cannot be used for any other purpose unless the District removes those constraints by taking the same type of action.
- Assigned Fund Balance Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the District Commissioners or (b) a body or official to which the District Commissioners have delegated the authority to assign amounts to be used for specific purposes. The District Commission has not delegated this authority. Additionally, this category is used to reflect the appropriation of a portion of existing fund balance to eliminate a projected deficit in the subsequent year's budget.
- Unassigned Fund Balance Unassigned fund balance is the residual classification for the General Fund.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the District would first use committed fund balance, followed by assigned fund balance and then unassigned fund balance, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

### Minimum Fund Balance Policy

The District's policy is to maintain an adequate general fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. The District adopted a financial standard to maintain a general fund minimum unassigned fund balance of approximately three months' worth of operating expenditures.

#### **NOTE 2: CASH AND INVESTMENTS**

### Cash

All cash deposits are held by a bank that qualifies as a public depository under the Florida Security and Public Deposits Act, as required by Chapter 280, Florida Statutes, and are considered fully insured.

### Investments

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

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

The District's investments carried at amortized cost as of September 30, 2017, are as follows:

	Amortized Cost	Average Maturity
Certificates of deposit	\$1,814,583	12-36 months

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

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

#### **NOTE 3: INVENTORIES**

Inventories consisted of the following as of September 30, 2017:

	Carrying		
	Amount		
Chemicals	\$ 1,451,675		
Vehicle, fuel and other parts	1,186,561		
Held for resale	92,274		
	2,730,510		
less: valuation allowance	(796,102)		
Total	\$ 1,934,408		

## **NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2017, follows:

		Balance				Balance
	Oct	ober 01, 2016	Increases	Decreases	Sept	ember 30, 2017
Non-depreciated assets:						
Land	\$	2,582,420	\$ 13,492	\$ -	\$	2,595,912
Construction in progress		1,271,687	1,817,390	(162,557)		2,926,520
Depreciated assets:						
Buildings		8,929,899	-	-		8,929,899
Improvements other than buildings		1,901,837	90,796	-		1,992,633
Software		-	313,421	-		313,421
Aircraft		17,791,252	-	(1,106,862)		16,684,390
Vehicles		2,163,878	191,777	(117,267)		2,238,388
Machinery and equipment		4,271,592	520,881	(64,010)		4,728,463
Total capital assets at historical cost		38,912,565	2,947,757	(1,450,696)		40,409,626
Less accumulated depreciation for:						
Buildings		2,747,535	221,961	-		2,969,496
Improvements other than buildings		732,325	82,211	-		814,536
Software		-	-	-		-
Aircraft		8,896,424	784,531	(390,002)		9,290,953
Vehicles		1,843,198	106,222	(116,251)		1,833,169
Machinery and equipment		3,116,749	287,536	(56,964)		3,347,321
Total accumulated depreciation		17,336,231	1,482,461	(563,217)		18,255,475
Capital assets, net	\$	21,576,334	\$ 1,465,296	\$ (887,479)	\$	22,154,151

During the year the District exchanged aircraft with an unrelated third party. The aircraft provided had net book value of \$716,860 and the aircraft received had fair value of \$745,507.

		Balance ober 01, 2016						Balance		e Within
	â	as restated	/	Additions	F	Reductions	Septe	ember 30, 2017	0	ne Year
Net pension liability	\$	6,088,020	\$	223,430	\$	-	\$	6,311,450	\$	-
Compensated absences		815,383		165,725		(97,745)		883,363		405,164
Net OPEB liability		16,804,965		-		(972,880)		15,832,085		-
	Ş	23,708,368	Ş	389,155	\$	(1,070,625)	Ş	23,026,898	Ş	405,164

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

### **NOTE 6: PROPERTY TAXES**

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County Tax Collector's office bills and collects property taxes on behalf of the District. The tax rate levied upon all of the taxable property in the Lee County Mosquito Control District for the fiscal year ended September 30, 2017, was \$0.2397 per \$1,000 of assessed taxable property value. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

On May 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds collected are remitted to the District.

### NOTE 7: STATE OF FLORIDA PENSION PLANS

### **Defined Benefit Plans**

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

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

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.

## 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 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.

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

## 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, 2017, were as follows:

	FRS	HIS
Regular Class	6.26%	1.66%
Special Risk Class	21.61%	1.66%
Senior Management Service Class	21.05%	1.66%
Elected Officials	43.84%	1.66%
DROP from FRS	11.60%	1.66%

The District's contributions for the year ended September 30, 2017, were \$367,638 to the FRS and \$95,010 to the HIS.

### Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2017, the District reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2017 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2017. 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.

	FRS		HIS
Net pension liability	\$ 4,320,957	\$	1,990,493
Proportion at:			
Current measurement date	0.014608029%	(	0.018615846%
Prior measurement date	0.015420705%	(	0.018827602%
Pension expense (benefit)	\$ 783,301	\$	173,187

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

## Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS					н		
		Deferred	[	Deferred	D	eferred	C	Deferred
		Outflows		Inflows	0	utflows		Inflows
	of	Resources	of	Resources	of F	Resources	of	Resources
Differences between expected and actual experience	\$	396,560	\$	(23,936)	\$	-	\$	(4,145)
Changes of assumptions		1,452,147		-		279,795		(172,120)
Net difference between projected and actual earnings								
on pension plan investments		-		(107,084)		1,104		-
Changes in proportion and differences between employer								
contributions and proportionate share of contributions		226,945		(124,590)		112,439		(17,954)
Employer contributions subsequent to the measurement date		93,585		-		22,436		-
Total	\$	2,169,237	\$	(255,610)	\$	415,774	\$	(194,219)

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, 2017. 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	
2018	\$ 286,917	\$	54,224
2019	664,808		54,224
2020	432,688		54,224
2021	69,776		41,935
2022	270,662		21,413
Thereafter	95,191		(26,901)
Total	\$ 1,820,042	\$	199,119

### **Actuarial Assumptions**

The total pension liability for each of the defined benefit plans, measured as of June 30, 2017, was determined by an actuarial valuation dated July 1, 2017, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases	3.25%	3.25%
Investment rate of return	7.10%	N/A
Discount rate	7.10%	3.58%

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

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

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

The following changes in key actuarial assumptions occurred in 2017:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.60% to 7.10%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 2.85% to 3.58%.

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

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.0%	3.0%
Fixed income	18%	4.5%	4.4%
Global equity	53%	7.8%	6.6%
Real estate (property)	10%	6.8%	5.9%
Private equity	6%	11.5%	7.8%
Strategic investments	12%	8.1%	5.6%
	100%		

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

### Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.60%. FRS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.58% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

### Sensitivity Analysis

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

	FRS								HIS			
	Current Discount			Current Discount								
	1%	6 Decrease		Rate	19	% Increase	1%	6 Decrease		Rate	19	% Increase
		(6.65%)		(7.65%)		(8.65%)		(2.80%)		(3.80%)		(4.80%)
Employer's proportionate share												
of the net pension liability	\$	7,820,671	\$	4,320,957	\$	1,415,392	\$	2,271,415	\$	1,990,493	\$	1,756,499

### 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, 2017, totaled \$85,404.

### NOTE 8: OTHER POSTEMPLOYMENT BENEFIT PLAN

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

*Plan Description*. The Lee County Mosquito Control District provides post-employment health care and dental insurance benefits (OPEB) for retired employees and their spouses through a costsharing 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.

*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.

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 2017 fiscal year, the District contributed \$1,814,447 to the Plan, including \$555,870 for current premiums an additional \$1,250,000 to prefund benefits. Plan members receiving benefits contributed \$193,153.

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

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

At September 30, 2017, the District reported a liability of \$15,832,085 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At September 30, 2017, the District's proportion was 89.22 percent.

For the year ended September 30, 2017, the District recognized OPEB expense of \$1,359,517. At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Defe	rred Inflows	De	ferred Outflows
	of	Resources		of Resources
Net difference between projected and actual earnings				
on OPEB plan investments	\$	18,979	\$	-
Total	\$	18,979	\$	-

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:	
2018	\$ (4,745)
2019	(4,745)
2020	(4,745)
2021	(4,744)
2022	-
Thereafter	-
Total	\$ (18,979)

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

Actuarial assumptions. The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

		Long Term
		Expected
	Target	Real Rate of
Asset Class Target Allocation	Allocation	Return
Domestic Equity	30%	7.02%
International Equity	10%	3.67%
Bonds	50%	3.98%
Convertibles	10%	5.96%
Total	100%	5.06%

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

### NOTE 8: 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 Sponsor, as well as what the Sponsor's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

				Current	
	19	% Decrease	D	iscount Rate	1% Increase
		5.00%		6.00%	7.00%
Net OPEB Liability (asset)	\$	18,591,980	\$	15,832,085	\$ 13,582,321

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

		He	althcare Cost		
	1% Decrease		Trend Rates		1% Increase
	3.00%-7.75%		4.00%-8.50%		5.00%-9.75%
Net OPEB Liability (asset)	\$ 13,421,644	\$	15,832,085	\$	18,784,917

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

Summary financial information for the Lee County Mosquito Control District/Lee County Hyacinth Control District Retiree Health Insurance Trust Fund as of and for the year ended September 30, 2017 is as follows:

#### **Statement of Plan Net Position**

Cash and cash equivalents       \$         Investments       Prepaid expense         Total assets       \$         Liabilities       \$         Due to Lee County Mosquito Control District       \$         Due to Lee County Hyacinth Control District       \$	81,652 4,240,802 65,654 4,388,108
Prepaid expense         Total assets       \$         Liabilities         Due to Lee County Mosquito Control District       \$	65,654
Total assets     \$       Liabilities     Due to Lee County Mosquito Control District     \$	,
Liabilities Due to Lee County Mosquito Control District \$	4,388,108
Due to Lee County Mosquito Control District \$	
Due to Lee County Mosquito Control District \$	
· · · · · · · · · · · · · · · · · · ·	
Due to Lee County Hyacinth Control District	4,880
	81,094
Retiree contributions prepaid	16,402
Accrued Expenses	7,389
Total liabilities	109,765
Net Position	
Restricted for OPEB benefits	4,278,343
Total liabilities and net position \$	, -,

#### **Statement of Changes In Plan Net Position**

Additions	
Contributions:	
Employer	
Lee County Mosquito Control District	\$ 1,250,000
Lee County Hyacinth Control District	750,000
Total contributions	2,000,000
Interest and dividends	229,001
Total additions	2,229,001

#### Deductions

Administrative expense		27,709
Total deductions		27,709
Change in net position		2,201,292
Total net position - beginning		2,077,051
Total net position - ending	Ś	4,278,343

### **NOTE 9: RISK MANAGEMENT**

The District maintains employee health insurance coverage from a commercial company for employees, retired employees and their eligible dependents. For the fiscal year ended September 30, 2017, the District reported incurred health insurance expense of \$1,806,328. There have been no claims in excess of insurance coverage as of September 30, 2017.

### **NOTE 10: RELATED PARTIES**

The Lee County Mosquito Control Credit Union (LCMCCU), a state chartered natural person credit union, is owned and operated by current and retired District employees at the District's main location in Lehigh Acres, Florida as an employee benefit. As of September 30, 2017 LCMCCU had total assets of \$381,000. The District provides LCMCCU with District space and part-time personnel. The assets, liabilities, and net members' equity in the LCMCCU are not included as a component unit of the District.

### NOTE 11: RESTATEMENT OF NET POSITION

The District participates in a cost-sharing multiple-employer defined benefit OPEB plan administered by the Lee County Mosquito Control District/Lee County Hyacinth Control District Retiree Health Insurance Trust Fund. Board of Trustees As a participating employer, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The requirements of this Statement are being implemented prospectively and include a restatement of the beginning net position for all full accrual financial statements. The elements of this restatement are as follows:

	Go	vernmental	
	Activities		
Beginning Net Position, Unadjusted	\$	17,478,720	
Cumulative effect of Change in Accounting Principle for			
GASB 75		(4,693,489)	
Beginning Net Position, as Restated	\$	12,785,231	

#### NOTE 12: SUBSEQUENT EVENTS

On December 28, 2017, the District entered into a lease/purchase agreement with SunTrust Equipment Finance & Leasing Corporation to lease six Airbus H125 helicopters to replace its aging fleet of helicopters. The lease requires the District to pay \$18,125,240 over the next eight years in quarterly payments of \$644,755 beginning March 28, 2018 and ending on December 28, 2025. Significant terms of the lease agreement include: (1) requiring the District to budget the annual rental payments sufficient to pay all rental payments each year using all reasonable and lawful means available (2) maintaining continuously commercial general liability insurance for death or injuries to persons, or damage to property arising out of or in any way connected to the helicopters sufficient to protect the lessor (3) maintaining workers' compensation insurance covering all employees on, in, near or about the helicopters (4) maintaining the helicopters by timely making all necessary repairs and replacements to keep the helicopters in good condition and proper working order (5) providing for events of default and remedies.

# REQUIRED SUPPLEMENTARY INFORMATION

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

Florida Retirement System	2017			2016	2015		
Employer's proportion of the net pension liability (asset)	C	0.014608029%		0.015420705%		0.015609925%	
Employer's proportionate share of the net pension liability (asset)	\$	4,320,957	\$	3,893,740	\$	2,016,231	
Employer's covered-employee payroll (2)	\$	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-employee payroll		75.51%		65.48%		36.11%	
Plan fiduciary net position as a percentage of the total pension liability		83.89%		84.88%		92.00%	
Health Insurance Subsidy Program		2017		2016		2015	
Employer's proportion of the net pension liability (asset)	C	0.018615846%	C	.018827602%	0	.017779645%	
Employer's proportionate share of the net pension liability (asset)	\$	1,990,492	\$	2,194,279	\$	1,813,245	
Employer's covered-employee payroll (2)	\$	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-employee payroll		34.78%		36.90%		32.47%	
Plan fiduciary net position as a percentage							

#### Notes to schedules:

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

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

(3)The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4 of the Plan's Comprehensive Annual Financial Report.

(4)(a) The FRS's long-term expected rate of return and the discount used to determine the total pension liability decreased from 7.65% to 7.60%.

(4)(b) The HIS's municipal rate used to determine the net pension liability was decreased from 3.80% to 2.85%.

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

Florida Retirement System	2017	2016	2015
Contractually required contribution	\$ 380,283	\$ 380,612	\$ 386,404
Contributions in relation to the			
contractually required contribution	380,283	380,612	386,404
Contribution deficiency (excess)	\$ _	\$ 	\$ 
Employer's covered-employee payroll (1)	\$ 5,722,346	\$ 5,946,740	\$ 5,583,857
Contributions as a percentage of			
covered-employee payroll	6.65%	6.40%	6.92%
Health Insurance Subsidy Program	2017	2016	2015
Contractually required contribution	\$ 98,520	\$ 96,782	\$ 76,319
Contributions in relation to the			
contractually required contribution	98,520	96,782	76,319
Contribution deficiency (excess)	\$ -	\$ -	\$ 
Employer's covered-employee payroll (1)	\$ 5,722,346	\$ 5,946,740	\$ 5,583,857
Contributions as a percentage of covered-employee payroll	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.

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

	2017
District's proportion of the net OPEB liability	89.22%
District's proportionate share of the net OPEB liability (asset)	\$ 15,832,085
District's covered-employee payroll	\$ 5,722,346
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	276.67%
Plan fiduciary net position as a percentage of the total OPEB liability	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)

	2017			
Contractually required contribution	\$	555,105		
Contributions in relation to the contractually				
, required contribution		1,814,447		
Contribution deficiency (excess)		(1,259,342)		
District's covered-employee payroll		\$ 5,722,346		
Contribution as a percentage of				
		31 71%		
covered-employee payroll		51./1%		

### 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.





Carr, Riggs & Ingram, LLC 2111 Drew Street Clearwater, FL 33765

(727) 446-0504 (727) 461-7384 (fax) www.cricpa.com

### INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 13, 2018.

### 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida August 13, 2018



Carr, Riggs & Ingram, LLC 2111 Drew Street Clearwater, FL 33765

(727) 446-0504 (727) 461-7384 (fax) www.cricpa.com

### 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, 2017, and have issued our report thereon dated August 13, 2018.

### 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 August 13, 2018, 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. Findings 2016-001 and 2016-002 have been addressed and are no longer relevant.

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same. This assessment was done as of the fiscal year end.

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

### Annual Financial Report

Sections 10.554(1)(i)5.b. 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 the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

### Special District Component Units

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

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida August 13, 2018



Carr, Riggs & Ingram, LLC 2111 Drew Street Clearwater, FL 33765

(727) 446-0504 (727) 461-7384 (fax) www.cricpa.com

## 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's, (the "District"), compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2017. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017.

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

Can, Rigge & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Clearwater, Florida August 13, 2018