



# **Lee County Mosquito Control District**

## **FINANCIAL STATEMENTS**

**Year Ended September 30, 2020**

**Lee County Mosquito Control District**  
**Table of Contents**  
**September 30, 2020**



**REPORT**

Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3

**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

**REQUIRED SUPPLEMENTARY INFORMATION**

Schedules of Proportionate Share of Net Pension Liability – Florida Retirement System and Health Insurance Subsidy Program (Last 10 fiscal years) .....	42
Schedules of Employer Contributions – Florida Retirement System and Health Insurance Subsidy Program (Last 10 fiscal years) .....	43
Schedules of Proportionate Share of the Net OPEB Liability (Last 10 fiscal years) .....	44
Schedule of OPEB Contributions (Last 10 fiscal years) .....	45

Lee County Mosquito Control District  
Table of Contents (Continued)  
September 30, 2020



	Page
<b>COMPLIANCE</b>	
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 <i>Government Auditing Standards</i> .....	46
Management Letter .....	48
Independent Accountants' Report In Accordance with Section 218.415 Florida Statutes, Local Government Investment Policies .....	50



# REPORT



## **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, 2020, and the related notes to the financial statements, which collectively comprise Lee County Mosquito Control 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 Lee County Mosquito Control District as of September 30, 2020, and the respective changes in financial position, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

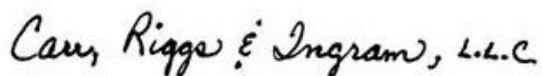
## Other Matters

### *Required Supplementary Information*

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2021 on our consideration of Lee County Mosquito Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Lee County Mosquito Control 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 Lee County Mosquito Control District's internal control over financial reporting and compliance.



CARR, RIGGS & INGRAM, LLC

Tampa, Florida

April 15, 2021

## **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, 2020. 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 84 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, 2020.

### **Financial Highlights:**

- The District's assets exceed its liabilities at the close of the fiscal year by \$27,679,764 (net position).
- Included in total net position is an unrestricted deficit of \$1,750,221. 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 increased by \$4,488,246. This increase is discussed further in the government-wide financial analysis.
- Total liabilities decreased by \$4,724,560 during the fiscal year. The net pension liability assigned to the District by the Florida Retirement System increased by \$1,880,190 and the post-employment healthcare liability of the District decreased by \$597,125.
- At the close of the current fiscal year, the ending fund balance was \$16,988,447 a decrease of \$588,721 or 3.35%, from the 2019 ending fund balance of \$17,577,168.
- Of this balance, \$2,398,192 is non-spendable, consisting of prepaid insurance and inventories, and \$2,037,106 is assigned for the fiscal year end September 30, 2021, budgeted decrease in fund balance. The remaining \$12,553,149 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. 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:**

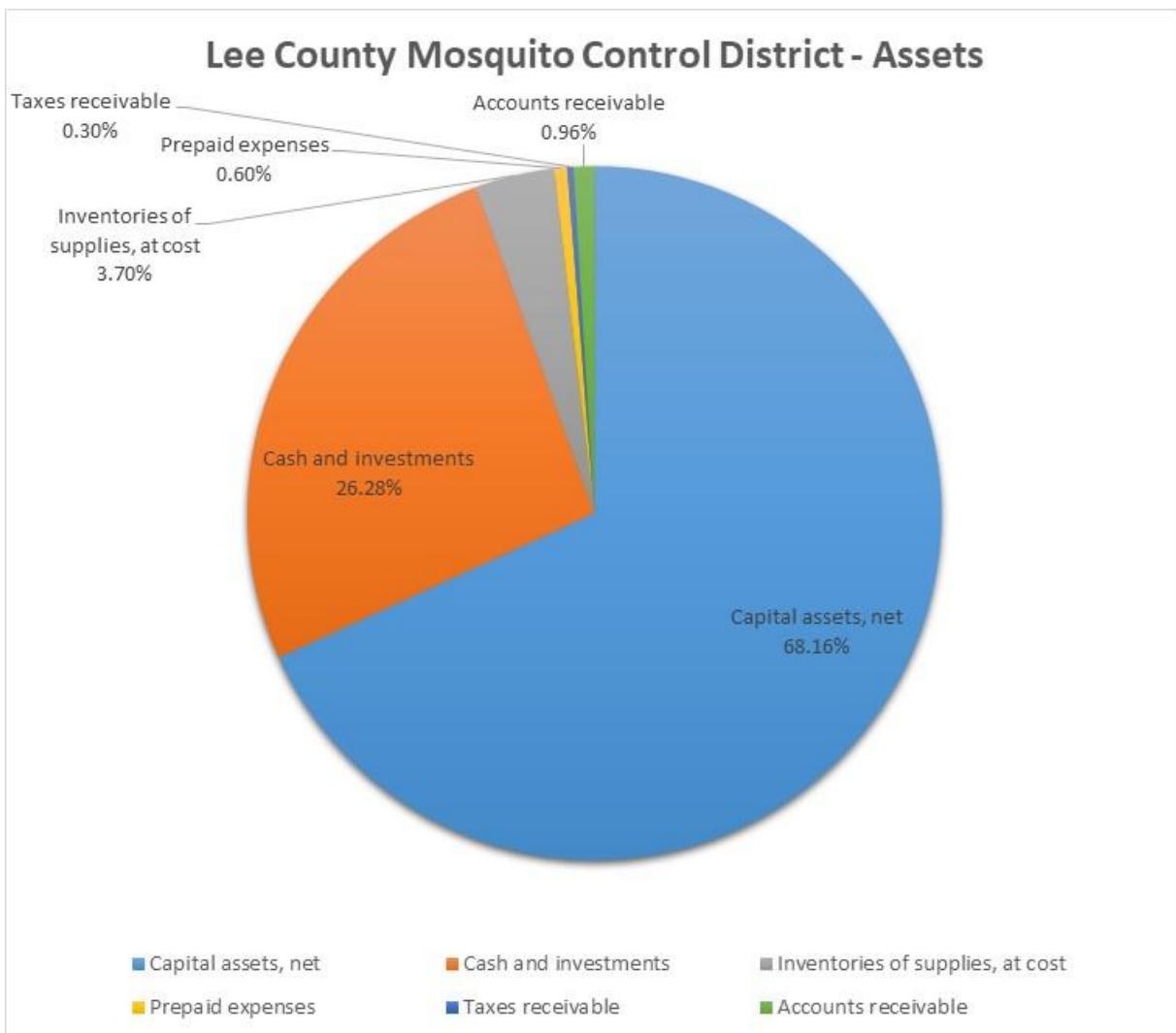
Net position may serve as a useful indicator of an agency's financial position. The District's net position as of September 30, 2020 was \$27,679,764. Its revenues, which include property taxes, interest on investments, and miscellaneous income, totaled \$23,143,047 (general revenue plus program revenue). Total program expenses were \$18,654,801.

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 deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.

**Summary of Net Position**

	09/30/20	09/30/19	Difference
Current and Other Assets	\$ 17,751,481	\$ 18,214,698	\$ (463,217)
Capital Assets	38,001,293	38,987,265	(985,972)
Total Assets	55,752,774	57,201,963	(1,449,189)
Deferred Outflows	2,678,252	2,250,913	427,339
Current and Other Liabilities	2,390,714	2,904,972	(514,258)
Long-Term Liabilities	26,537,195	30,747,497	(4,210,302)
Total Liabilities	28,927,909	33,652,469	(4,724,560)
Deferred Inflows	1,823,353	2,608,889	(785,536)
Net Position			
Invested in Capital Assets	29,429,985	24,224,009	5,205,976
Unrestricted (deficit)	(1,750,221)	(1,032,491)	(717,730)
Total Net Position	\$ 27,679,764	\$ 23,191,518	\$ 4,488,246

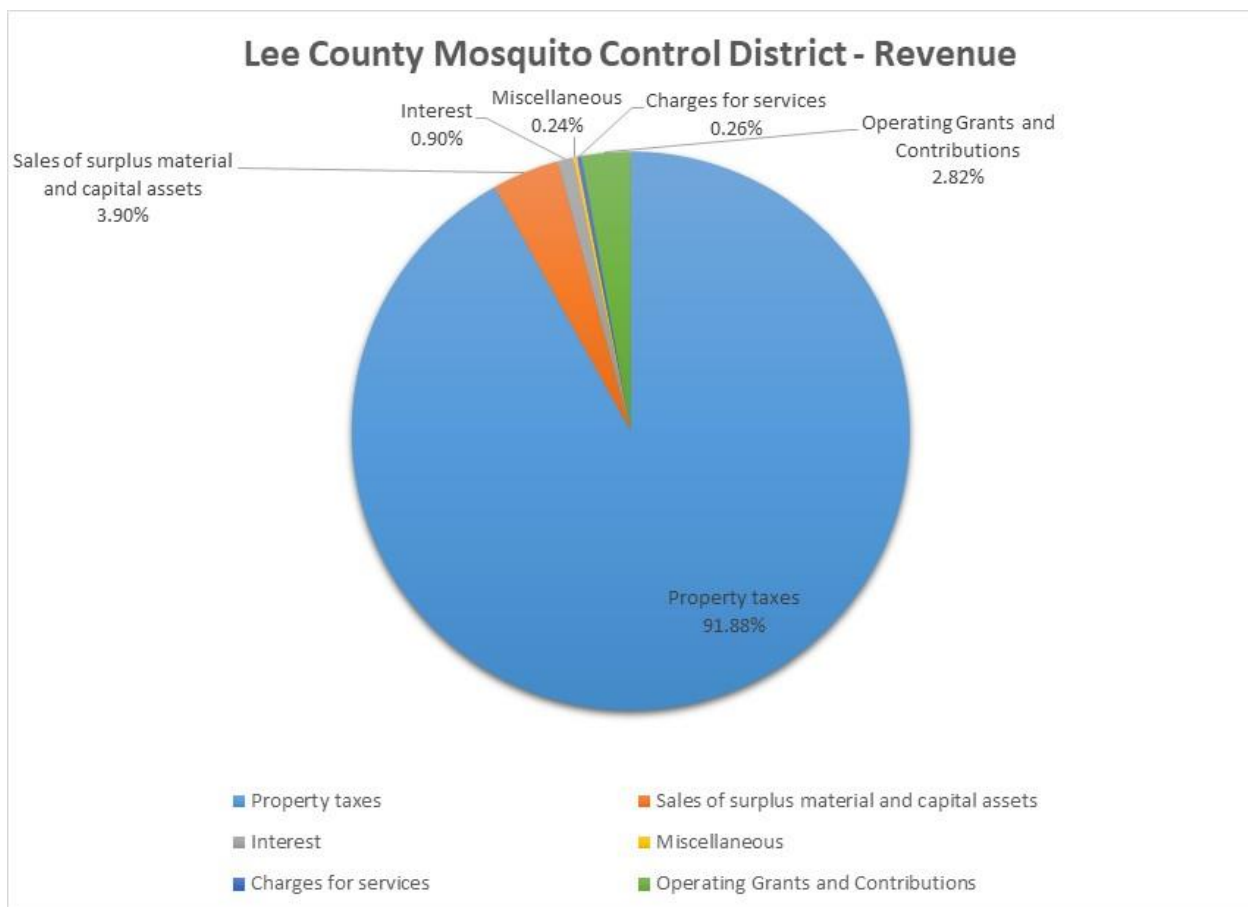
### Summary of Net Position (Continued)



During the past year, total assets decreased by \$1,449,189 and total liabilities decreased by \$4,724,560. Deferred outflows increased by \$427,339 and deferred inflows decreased by \$785,536. Net position increased by \$4,488,246. The change in Net Position is due in part to lower contributions to the Retiree Health Insurance Trust Fund. The District made its sixth contribution to the Retiree Health Insurance Trust Fund for \$1,000,000 in 2020. In 2019 the District contributed \$3,500,000 to the Retiree Health Insurance Trust Fund. In fiscal year 2020, total program expenses decreased by \$192,556 from 2019. The decrease was due in part to a reduction of interest charges on the capital lease for the Airbus helicopters the District purchased in 2018. In fiscal year 2020, the District made an advance payment of \$4,503,954 to pay off two of the six helicopters on the lease. The balance in cash and investments decreased \$830,606. The early payoff of the two helicopters under lease contributed to this decrease.

## Summary Changes in Net Position

	09/30/20	09/30/19	Difference
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 60,000	\$ 60,000	\$ -
Operating Grants and Contributions	653,357	-	653,357
General revenues:			
Property taxes	21,264,916	20,748,311	516,605
Interest	208,368	440,819	(232,451)
Miscellaneous	54,875	46,069	8,806
Grants and contributions	-	153,916	(153,916)
Gain on sales of surplus material and capital assets	901,531	1,534,133	(632,602)
<b>Total revenues</b>	<b>\$ 23,143,047</b>	<b>\$ 22,983,248</b>	<b>\$ 159,799</b>
<b>Expenses</b>			
Health services	\$ 18,315,367	\$ 18,404,526	\$ (89,159)
Interest on long term debt	339,434	442,831	(103,397)
<b>Total program expenses</b>	<b>\$ 18,654,801</b>	<b>\$ 18,847,357</b>	<b>\$ (192,556)</b>
<b>Decrease in Net Position</b>	<b>\$ 4,488,246</b>	<b>\$ 4,135,891</b>	<b>\$ 352,355</b>
<b>Net position - beginning of fiscal year</b>	<b>\$ 23,191,518</b>	<b>\$ 19,055,627</b>	<b>\$ 4,135,891</b>
<b>Net position - end of fiscal year</b>	<b>\$ 27,679,764</b>	<b>\$ 23,191,518</b>	<b>\$ 4,488,246</b>

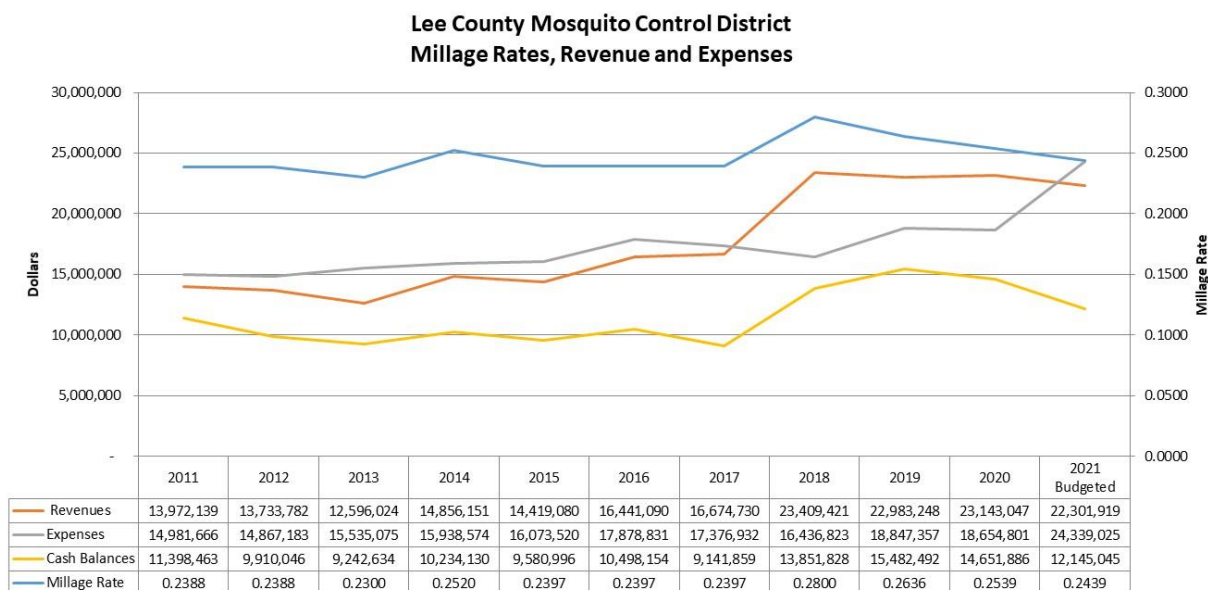


### **Summary Changes in Net Position (Continued)**

Total revenue increased by \$159,799. Property taxes totaled \$21,264,916 in 2020 and represented 91.9% of the District's revenues. Total fund revenue increased due to property taxes related to growth in Lee County. The Gain on Sale of Surplus Material decreased in 2020. The District sold its remaining surplus Bell helicopters in 2019 and had no helicopters for sale in 2020. The District sold two surplus airplanes for \$870,000 in 2020 after it was determined they were not needed for operations. The reduction in surplus material sales was offset by the receipt of a pass thru grant from the Centers for Disease Control and Prevention for the Sterile Insect Technique program. Total expenses decreased by \$192,556. The decrease was due to a combination of changes. A smaller contribution to the Retiree Health Insurance Trust fund was made in 2020 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 an impaired asset expense in 2019 for the two airplanes that were subsequently sold in 2020; there were no similar impaired asset expenses reported for 2020. Net position increased \$4,488,246 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 because the District budgets and collects revenues based on the modified accrual basis of accounting. The Statement of Activities is based on full accrual accounting. Reconciliations that show the differences between the accounting methods are on pages 15 and 17.

Notable expenses for operations in 2020 included purchasing new larval rearing equipment for the Sterile Insect Technique Program funded by a grant from the Centers for Disease Control and Prevention (\$67,000), purchasing two new aircraft tugs for aircraft operations (\$95,000), upgrading the District's security camera system for District headquarters and the heliports (\$100,000), replacing the District's phone system (\$71,000), and completing the purchase and installation of a new spray tank for latest King Air airplane to go into service flying night spray missions for adult mosquitoes (\$114,000).

The chart below reflects revenues, expenses, and millage rates for the past ten years and projections for the upcoming fiscal year (FY 2020-2021). For more information on the 2021 budgeted revenues and expenditures, refer to the "Economic Factors and Next Year's Budget and Rates" section on page 11.



**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.

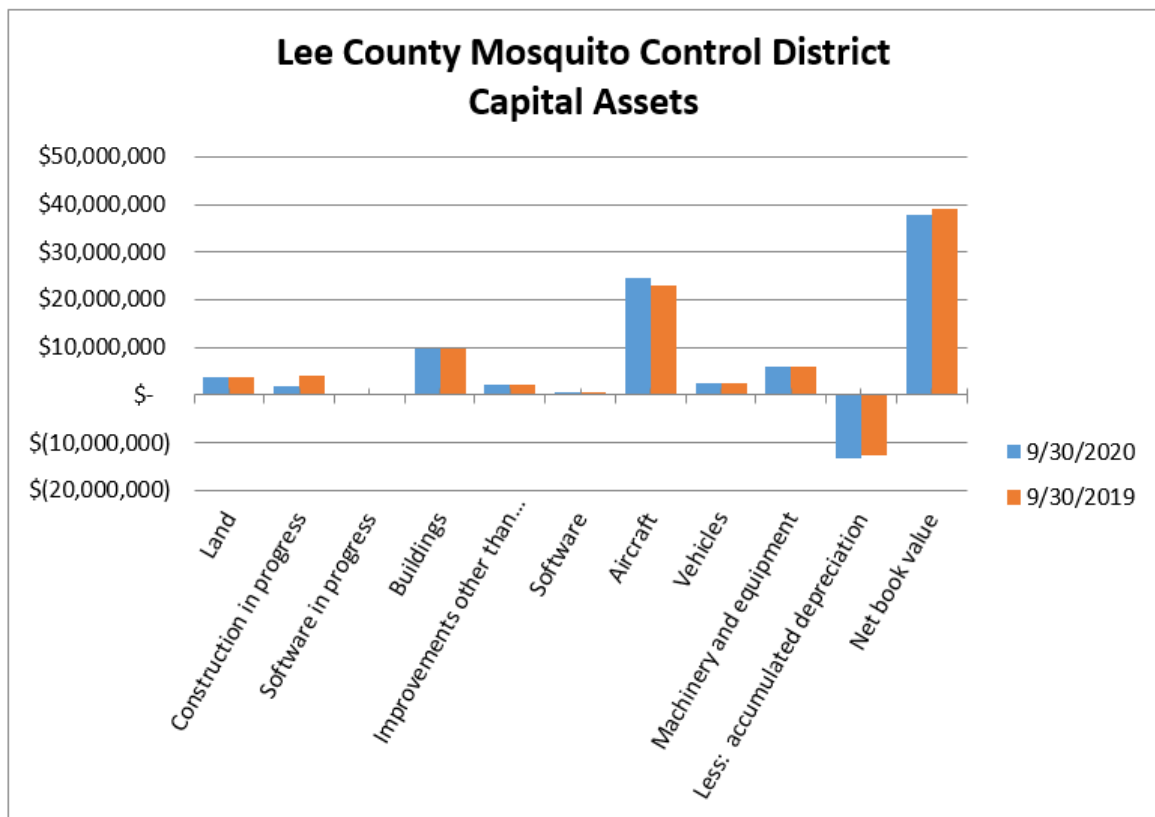
Variances from the original budget as compared to the final budget are depicted on page 18. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$2,785,720. The variance is due primarily to lower than budgeted costs for personnel services and benefits, repair and maintenance of facilities and equipment, principal and interest, and capital outlay expenditures.

**Capital Asset and Debt Administration**

The District's investment in capital assets at year-end is \$38,001,293 (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, 2020, the District's long-term liabilities were comprised of a capital lease for helicopters, accrued compensated absences, net OPEB obligation payables, and a net pension obligation. For more information on the capital lease for helicopters, accrued compensated absences, postemployment benefits other than pensions, and the net pension obligation, please see Note 2 on page 30, of the Notes to Financial Statements. For more information on Capital assets, please see Note 2 on page 30, of the Notes to Financial Statements. For more information on the State of Florida Pension Plan, please see Note 3 on page 32, of the Notes to Financial Statements.

## Capital Asset and Debt Administration (Continued)



	09/30/20	09/30/19
Land	\$ 3,689,282	\$ 3,689,282
Construction in progress	1,768,243	3,950,419
Buildings	9,689,016	9,700,358
Improvements other than buildings	2,281,299	2,168,330
Software	613,176	581,488
Aircraft	24,609,155	22,907,754
Vehicles	2,570,864	2,461,966
Machinery and equipment	6,069,696	6,009,717
<b>Total assets</b>	<b>51,290,731</b>	<b>51,469,314</b>
Less: accumulated depreciation	(13,289,438)	(12,482,049)
<b>Net book value</b>	<b>\$ 38,001,293</b>	<b>\$ 38,987,265</b>

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

In September of 2020, the Board of Commissioners approved total budgeted revenues of \$22,301,919 for fiscal year 2021. The adopted millage rate of .2439 mills per thousand produced *ad valorem* taxes in the amount of \$22,001,119, an increase of \$419,419 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 2020-2021 fiscal year. Expenditures are budgeted to decrease by \$2,320,275. The decrease in budgeted expenditures includes another 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 2021 include \$250,000 budgeted for repairs and upgrades at the District's Woodstock Heliport on Pine Island, \$235,000 for five new spray trucks for the larviciding department to replace older trucks, and \$160,000 to renovate an existing lab building for the Field Validation department. The District board adopted the 2020-2021 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, 2020**

<b>Assets</b>	
Cash and investments	\$ 14,651,886
Taxes receivable	164,541
Due from other governments	2,637
Accounts receivable	534,225
Prepaid expenses	335,489
Inventories of supplies, net	2,062,703
<b>Total current assets</b>	<b>17,751,481</b>
Capital assets:	
Land	3,689,282
Construction in progress	1,768,243
Buildings	9,689,016
Improvements other than buildings	2,281,299
Software	613,176
Aircraft	24,609,155
Vehicles	2,570,864
Machinery and equipment	6,069,696
Less accumulated depreciation	(13,289,438)
<b>Total capital assets</b>	<b>38,001,293</b>
<b>Total assets</b>	<b>55,752,774</b>
<b>Deferred Outflow of Resources</b>	
Deferred outflows for OPEB	7,684
Deferred outflows for pensions	2,670,568
<b>Total deferred outflows</b>	<b>2,678,252</b>
<b>Liabilities</b>	
Accounts payable	524,027
Due to other governments	47,310
Accrued wages payable	191,697
Current portion of capital lease obligation	1,538,985
Current portion of accrued compensated absences	65,595
Current portion of net pension liability	23,100
<b>Total current liabilities</b>	<b>2,390,714</b>
Noncurrent liabilities:	
Capital lease obligation	7,032,323
Net OPEB liability	9,691,774
Accrued compensated absences	778,328
Net pension liability	9,034,770
<b>Total noncurrent liabilities</b>	<b>26,537,195</b>
<b>Total liabilities</b>	<b>28,927,909</b>
<b>Deferred Inflow of Resources</b>	
Deferred inflows for OPEB	1,597,368
Deferred inflows for pensions	225,985
<b>Total deferred inflows</b>	<b>1,823,353</b>
<b>Net Position</b>	
Net investment in capital assets	29,429,985
Unrestricted (deficit)	(1,750,221)
<b>Total net position</b>	<b>\$ 27,679,764</b>

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

**Lee County Mosquito Control District**  
**Statement of Activities**  
**Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net Expense and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
<b>General Government</b>				
Health services	\$ 18,315,367	\$ 60,000	\$ 653,357	\$ (17,602,010)
Interest on capital lease	339,434	-	-	(339,434)
<b>Total program</b>	<b>18,654,801</b>	<b>60,000</b>	<b>653,357</b>	<b>(17,941,444)</b>
	<b>General revenues</b>			
	Property taxes			21,264,916
	Interest income			208,368
	Miscellaneous income			54,875
	Gain on sales of surplus material and capital assets			901,531
			<b>Total general revenues</b>	<b>22,429,690</b>
			Change in net position	4,488,246
			<b>Net position - beginning of year</b>	<b>23,191,518</b>
			<b>Net position - end of year</b>	<b>\$ 27,679,764</b>

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

**Lee County Mosquito Control District**  
**Balance Sheet – General Fund**  
**September 30, 2020**

**ASSETS**

Cash and investments	\$ 14,651,886
Taxes receivable	164,541
Due from other governments	2,637
Accounts receivable	534,225
Prepaid expenditures	335,489
Inventories of supplies, net	2,062,703
<hr/>	
Total assets	\$ 17,751,481
<hr/>	

**LIABILITIES AND FUND BALANCES**

**LIABILITIES**

Accounts payable and accrued liabilities	\$ 524,027
Accrued wages and payroll taxes payable	191,697
Due to other governments	47,310
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Total liabilities	763,034
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**FUND BALANCES**

Nonspendable:	
Prepaid and inventories	2,398,192
Assigned for subsequent year's budget deficit	2,037,106
Unassigned	12,553,149
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Total fund balance	16,988,447
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Total liabilities and fund balance	\$ 17,751,481
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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, 2020**

<b>Fund balance</b>	\$ 16,988,447
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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.	38,001,293
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental fund

Capital lease obligation	(8,571,308)
Compensated absences	(843,923)
Net pension liability	(9,057,870)
Net OPEB liability	(9,691,774)

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

Deferred outflows related to pensions	2,670,568
Deferred inflows related to pensions	(225,985)
Deferred outflows related to OPEB	7,684
Deferred inflows related to OPEB	(1,597,368)

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<b>Net position</b>	<b>\$ 27,679,764</b>
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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 – General Fund**  
**Year Ended September 30, 2020**

**Revenues**

Property taxes	\$ 21,264,916
Charges for services	60,000
Federal Grant	621,033
State Grant	32,324
Miscellaneous income	
Interest income	208,368
Miscellaneous income	54,875
<b>Total revenues</b>	<b>\$ 22,241,516</b>

**Expenditures**

Current	
Health services - mosquito control	
Personnel services	\$ 9,733,840
Operating expenditures	5,919,810
Debt service	
Principal	6,191,948
Interest	339,434
Capital outlay	
Capital expenditures	1,688,548
<b>Total expenditures</b>	<b>23,873,580</b>
<b>Deficiency of revenues under expenditures</b>	<b>(1,632,064)</b>

**Other financing sources**

Sales of surplus material and capital assets	1,043,343
<b>Total other financing sources</b>	<b>1,043,343</b>
<b>Net change in fund balance</b>	<b>(588,721)</b>
<b>Fund balance, beginning of year</b>	<b>17,577,168</b>
<b>Fund balance, end of year</b>	<b>\$ 16,988,447</b>

*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, 2020**

Net change in fund balance \$ (588,721)

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	1,688,548	
Less current year depreciation	(1,848,828)	(160,280)

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	(1,043,343)	
Gain on sales of surplus material and capital assets	217,651	(825,692)

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	6,191,948
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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	(58,819)	
Change in net pension liability	(1,880,190)	
Change in deferred inflows related to pensions	359,555	
Change in deferred outflows related to pensions	473,079	
Change in net OPEB liability	597,125	
Change in deferred inflows related to OPEB	425,981	
Change in deferred outflows related to OPEB	(45,740)	(129,009)

Change in net position	\$ 4,488,246
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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, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance from Final Budget</b>
<b>Revenues</b>				
Ad valorem Taxes	\$ 21,581,700	\$ 21,581,700	\$ 21,264,916	\$ (316,784)
Federal Grant	267,500	267,500	621,033	353,533
State Grant	-	-	32,324	32,324
Charges for services	80,000	80,000	60,000	(20,000)
Miscellaneous income				
Interest	125,000	208,368	208,368	-
Miscellaneous	50,000	50,000	54,875	4,875
<b>Total revenues</b>	<b>\$ 22,104,200</b>	<b>\$ 22,187,568</b>	<b>\$ 22,241,516</b>	<b>\$ 53,948</b>
<b>Expenditures</b>				
Health services - mosquito control				
Personnel services				
Personnel services	\$ 6,828,600	\$ 6,678,600	\$ 6,121,036	\$ 557,564
Benefits	4,260,200	4,110,200	3,612,804	497,396
Operating expenditures				
Operating expenses	1,303,600	789,600	632,478	157,122
Travel and per diem	154,600	154,600	68,130	86,470
Communications services	79,800	137,800	107,730	30,070
Freight & postage services	18,000	22,000	17,178	4,822
Utilities	191,800	201,800	168,930	32,870
Rentals and leases	27,000	41,000	32,842	8,158
Insurance	494,500	494,500	426,528	67,972
Repairs & maintenance	849,000	1,197,000	950,288	246,712
Printing & binding	2,000	2,000	136	1,864
Promotional activities	13,500	13,500	6,960	6,540
Other current charges	2,000	258,000	137,302	120,698
Office supplies	15,000	27,000	19,764	7,236
Gasoline/oil/lube	280,500	362,500	317,670	44,830
Chemicals	2,418,000	2,629,000	2,525,452	103,548
Protective devices	84,500	84,500	56,442	28,058
Miscellaneous supplies	176,000	236,000	204,006	31,994
Tools & implements	-	16,000	10,992	5,008
Books-pubs-subs-member	276,000	241,000	137,505	103,495
Training	203,200	153,200	99,477	53,723
Grants & aids	25,000	25,000	-	25,000
Contingency	1,000,000	1,000,000	-	1,000,000
Debt service				
Principal	6,420,000	6,420,000	6,191,948	228,052
Interest	504,000	412,000	339,434	72,566
Capital outlay				
Capital expenditures	2,032,500	1,952,500	1,688,548	263,952
<b>Total expenditures</b>	<b>27,659,300</b>	<b>27,659,300</b>	<b>23,873,580</b>	<b>3,785,720</b>
<b>Other financing sources</b>				
Sales of surplus material and capital assets	75,000	986,742	1,043,343	56,601
<b>Total other financing sources</b>	<b>75,000</b>	<b>986,742</b>	<b>1,043,343</b>	<b>56,601</b>
Excess of expenditures over revenues	(5,480,100)	(4,484,990)	(588,721)	3,675,171
Fund balance, beginning of year	10,389,900	11,385,010	17,577,168	6,192,158
Fund balance, end of year	\$ 4,909,800	\$ 6,900,020	\$ 16,988,447	\$ 9,867,329

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

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**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, 2020**

**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, 2020**

**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 and Florida PRIME (SBA). The Florida Fixed Income Trust and Florida PRIME meets 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, 2020**

**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 market. A valuation allowance totaling \$185,042 was recorded by the District for the period ending September 30, 2020.

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 \$1,000 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:

<b>Assets</b>	<b>Years</b>
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, 2020**

**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 two (2) 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.

***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 statements long-term debt and 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, 2020**

**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.

***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.

*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).

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Categories and Classification of Fund Equity (Continued)***

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 ordinance) 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. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

***Minimum Fund Balance Policy***

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

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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, 2020, was \$0.2539 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 \$294,559 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, 2020**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, April 15, 2021 which is the date the financial statements were available to be issued.

**Note 2: DETAILED NOTES ON ALL FUNDS**

***Deposits and Investments***

As of September 30, 2020, \$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 218.45, 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, 2020, the District had \$5,447,854 invested. The fair value of the District's position in the pool is equal to the value of the pooled shares or amortized cost.



**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

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, 2020, the District's share of Florida FIT was \$5,573,496. 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, 2020, 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 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.

*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.

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 2: DETAILED NOTES ON ALL FUNDS (Continued)**

***Deposits and Investments (Continued)***

*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.

As of September 30, 2020, all District investment funds are held in local government investment pools that are valued at amortized cost and not required to be categorized by fair value hierarchy level.

Deposits and investments as of September 30, 2020 consist of the following:

As of September,	2020
Cash in Bank	\$ 3,630,536
Florida Fixed Income Trust	5,573,496
Florida PRIME (SBA)	5,447,854
Cash and investments	\$ 14,651,886

***Inventories***

Inventories consisted of the following as of September 30, 2020:

	Carrying Amount
Chemicals	\$ 1,977,629
Fuel and other parts	79,469
Held for resale	190,647
	2,247,745
Less: Valuation allowance	(185,042)
Total	\$ 2,062,703

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**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, 2020:

	Balance October 1, 2019	Increases	Decreases	Balance September 30, 2020
<i>Non-depreciated assets:</i>				
Land	\$ 3,689,282	\$ -	\$ -	\$ 3,689,282
Construction in progress	3,950,419	725,343	(2,907,519)	1,768,243
<i>Depreciated assets:</i>				
Buildings	9,700,358	-	(11,342)	9,689,016
Improvements other than buildings	2,168,330	112,969	-	2,281,299
Software	581,488	31,688	-	613,176
Aircraft	22,907,754	1,701,401	-	24,609,155
Vehicles	2,461,966	328,692	(219,794)	2,570,864
Machinery and equipment	6,009,717	1,012,094	(952,115)	6,069,696
Total capital assets at historical cost	51,469,314	3,912,187	(4,090,770)	51,290,731
Less accumulated depreciation for:				
Buildings	3,284,857	229,797	(4,398)	3,510,256
Improvements other than buildings	990,005	96,704	-	1,086,709
Software	80,856	64,584	-	145,440
Aircraft	2,778,066	855,462	-	3,633,528
Vehicles	1,817,131	218,812	(192,799)	1,843,144
Machinery and equipment	3,531,134	383,469	(844,242)	3,070,361
Total accumulated depreciation	12,482,049	1,848,828	(1,041,439)	13,289,438
Capital assets, net	\$ 38,987,265	\$ 2,063,359	\$ (3,049,331)	\$ 38,001,293

***Long-Term Debt and Liabilities***

	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Capital Lease	\$ 14,763,256	\$ -	\$ (6,191,948)	\$ 8,571,308	\$ 1,538,985
Compensated absences	785,104	171,206	(112,387)	843,923	65,595
Net pension liability	7,177,680	1,880,190	-	9,057,870	23,100
Net OPEB liability	10,288,899	-	(597,125)	9,691,774	-
	\$ 33,014,939	\$ 2,051,396	\$ (6,901,460)	\$ 28,164,875	\$ 1,627,680

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**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, 2020, the amount capitalized under capital leases totals \$18,007,035 net of accumulated depreciation of \$1,509,075. The imputed interest rate is 2.75%.

Annual debt service requirements to maturity for capital leases are as follows:

Year ending September 30,	Capital lease	
	Principal	Interest
2021	\$ 1,538,986	\$ 219,931
2022	1,581,746	177,170
2023	1,625,695	133,222
2023	1,670,865	88,052
2025	1,717,290	41,627
2026	436,727	3,003
Total	\$ 8,571,309	\$ 663,005

For the year ended September 30, 2020, interest expense was \$339,434.

***Net Investment In Capital Assets***

The elements of this calculation are as follows:

	Governmental Activities
Capital assets, net	\$ 38,001,293
Outstanding debt related to capital assets	(8,571,308)
Net investment in capital assets	\$ 29,429,985

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**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 may be obtained by writing to the Division of Retirement, PO Box 9000, Tallahassee, Florida, 32315- 9000 or by calling (844) 377-1888.

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

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

***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.

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 3: 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, 2020, were as follows:

	FRS	HIS
Regular Class	8.34%	1.66%
Special Risk Class	22.79%	1.66%
Senior Management Service Class	25.63%	1.66%
Elected Officials	47.52%	1.66%
DROP from FRS	15.32%	1.66%

The District's contributions for the year ended September 30, 2020, were \$549,751 to the FRS and \$103,900 to the HIS.

***Pension Liabilities and Pension Expense***

In its financial statements for the year ended September 30, 2020, the District reported a liability for its proportionate shares of the net pension liabilities. The net pension liabilities were measured as of June 30, 2020 and the total pension liabilities used to calculate the net pension liability were determined by an actuarial valuation dated July 1, 2020. 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	\$ 6,845,999	\$ 2,211,871
Proportion at:		
Current measurement date	0.015795492%	0.018115483%
Prior measurement date	0.014955358%	0.018118350%
Pension expense (benefit)	\$ 1,504,506	\$ 196,701

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 3: STATE OF FLORIDA PENSION PLANS (Continued)**

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

At September 30, 2020, 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	\$ 262,010	\$ -	\$ 90,479	\$ (1,706)
Changes of assumptions	1,239,344	-	237,839	(128,612)
Net difference between projected and actual earnings on pension plan investments	407,617	-	1,766	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	224,800	(53,059)	38,390	(42,608)
Employer contributions subsequent to the measurement date	144,239	-	24,084	-
<b>Total</b>	<b>\$ 2,278,010</b>	<b>\$ (53,059)</b>	<b>\$ 392,558</b>	<b>\$ (172,926)</b>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2021. 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
2021	\$ 431,259	\$ 66,682
2022	636,010	46,825
2023	554,034	4,702
2024	348,558	18,269
2025	110,851	31,822
Thereafter	-	27,248
<b>Total</b>	<b>\$ 2,080,712</b>	<b>\$ 195,548</b>

***Actuarial Assumptions***

The total pension liability for each of the defined benefit plans, measured as of June 30, 2020, was determined by an actuarial valuation dated July 1, 2020, using the individual entry age normal actuarial cost method and the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	6.80%	2.21%

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 3: STATE OF FLORIDA PENSION PLANS (Continued)**

***Actuarial Assumptions (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 2020:

FRS: The long-term expected rate of return and the discount used to determine the total pension liability decreased from 6.90% to 6.80%.

HIS: The discount rate and municipal rate used to determine the net pension liability was decreased from 3.50% to 2.21%.

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.

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1.0%	2.2%	2.2%
Fixed income	19.0%	3.0%	2.9%
Global equity	54.2%	8.0%	6.7%
Real estate (property)	10.3%	6.4%	5.8%
Private equity	11.1%	10.8%	8.1%
Strategic investments	4.4%	5.5%	5.3%
	<u>100%</u>		



**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 3: STATE OF FLORIDA PENSION PLANS (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. 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 2.21% 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% Decrease (5.80%)	Rate (6.80%)	1% Increase (7.80%)	1% Decrease (1.21%)	Rate (2.21%)	1% Increase (3.21%)
Employer's proportionate share of the net pension liability	\$ 10,931,910	\$ 6,845,999	\$ 3,433,428	\$ 2,556,824	\$ 2,211,871	\$ 1,929,528

***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, 2020, totaled \$129,849.

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**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.

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 2020 fiscal year, the District contributed \$1,000,000 to the Plan to prefund future benefits. Plan members receiving benefits contributed \$234,055.

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 4: 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, 2020, the District reported a liability of \$9,691,774 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2020, 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, 2020, the District's proportion was 89.22 percent.

For the year ended September 30, 2020, the District recognized OPEB expense of \$181,637. At September 30, 2020, 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	\$ 7,684	\$ -
Changes of assumptions	-	(1,348,899)
Net difference between projected and actual earnings on OPEB plan investments	-	(248,469)
<b>Total</b>	<b>\$ 7,684</b>	<b>\$ (1,597,368)</b>

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:	
2021	\$ (731,321)
2022	(726,575)
2023	(61,573)
2024	(70,215)
<b>Total</b>	<b>\$ (1,589,684)</b>

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 4: OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

***Actuarial Assumptions***

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.25%
Discount rate	6.00%
Investment rate of return	6.00%
Healthcare cost trend rates	4.00% - 7.50%

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	30%	8.50%
International Equity	10%	4.10%
Bonds	40%	3.80%
Real Estate	10%	5.00%
Convertibles	10%	7.90%
Total	100%	5.03%

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 4: OTHER POSTEMPLOYMENT BENEFIT PLAN (Continued)**

***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.

***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	\$ 12,208,041	\$ 9,691,774	\$ 7,630,368

***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	\$ 7,338,516	\$ 9,691,774	\$ 12,562,518

**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, 2020, the District reported incurred health insurance expense of \$1,420,769. There have been no claims in excess of insurance coverage as of September 30, 2020.

**Lee County Mosquito Control District**  
**Notes to Financial Statements**  
**September 30, 2020**

**Note 6: RELATED PARTIES**

The Lee County Mosquito Control Credit Union (LCMCCU), a state chartered natural person credit union, was owned and operated by current and retired District employees at the District's main location in Lehigh Acres, Florida as an employee benefit during a portion of fiscal year 2020.

LCMCCU members voted during the fall of 2019 to dissolve the credit union and cease operations. As of February, 2020, LCMCCU had completely ceased operations and liquidated all assets.

During the portion of fiscal year 2020 that LCMCCU was active, the District provided LCMCCU with District space and part-time personnel. The assets, liabilities, and net members' equity in the LCMCCU were not included as a component unit of the District.



## REQUIRED SUPPLEMENTARY INFORMATION



# Lee County Mosquito Control District

## Schedules of Proportionate Share of Net Pension Liability

### (Last 10 fiscal years)

<b>Florida Retirement System</b>	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.015795492%	0.014955358%	0.014809061%	0.014608029%	0.015420705%	0.015609925%
Employer's proportionate share of the net pension liability (asset)	\$ 6,845,999	\$ 5,150,417	\$ 4,460,567	\$ 4,320,957	\$ 3,893,740	\$ 2,016,231
Employer's covered payroll	\$ 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	108.70%	84.01%	73.17%	75.51%	65.48%	36.11%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program</b>	2020	2019	2018	2017	2016	2015
Employer's proportion of the net pension liability (asset)	0.018115483%	0.018118350%	0.018350590%	0.018615846%	0.018827602%	0.017779645%
Employer's proportionate share of the net pension liability (asset)	\$ 2,211,871	\$ 2,027,263	\$ 1,942,247	\$ 1,990,492	\$ 2,194,279	\$ 1,813,245
Employer's covered payroll	\$ 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	35.12%	33.07%	31.86%	34.78%	36.90%	32.47%
Plan fiduciary net position as a percentage of the total pension liability	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 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 6.9% to 6.80%.
- (4)(b) The HIS's discount rate and municipal rate used to determine the net pension liability was decreased from 3.50% to 2.21%.



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

<b>Florida Retirement System</b>	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 549,751	\$ 476,675	\$ 434,813	\$ 380,283	\$ 380,612	\$ 386,404
Contributions in relation to the contractually required contribution	549,751	476,675	434,813	380,283	380,612	386,404
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 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	8.77%	7.78%	7.13%	6.65%	6.40%	6.92%
<b>Health Insurance Subsidy Program</b>	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 103,900	\$ 101,792	\$ 100,472	\$ 98,520	\$ 96,782	\$ 76,319
Contributions in relation to the contractually required contribution	103,900	101,792	100,472	98,520	96,782	76,319
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 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	1.66%	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.

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

	2020	2019	2018	2017
District's proportion of the net OPEB liability	89.22%	89.22%	89.22%	89.22%
District's proportionate share of the net OPEB liability	\$ 9,691,774	\$ 10,288,899	\$ 15,118,615	\$ 15,832,085
District's covered-employee payroll	\$ 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	154.62%	167.82%	248.01%	276.67%
Plan fiduciary net position as a percentage of the total OPEB liability	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)**

	2020	2019	2018	2017
Contractually required contribution	\$ 222,193	\$ 251,173	\$ 276,748	\$ 555,105
Contributions in relation to the contractually required contribution	1,000,000	3,500,000	1,500,000	1,814,447
Contribution deficiency (excess)	<u>\$ (777,807)</u>	<u>\$ (3,248,827)</u>	<u>\$ (1,223,252)</u>	<u>\$ (1,259,342)</u>
District's covered-employee payroll	\$ 6,268,289	\$ 6,130,850	\$ 6,095,969	\$ 5,722,346
Contribution as a percentage of covered-employee payroll	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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 15, 2021.

**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.

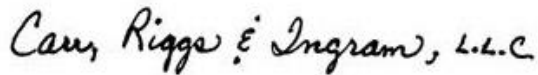
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." in a cursive script.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
April 15, 2021

## **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, 2020, and have issued our report thereon dated April 15, 2021.

### **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 April 15, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings in the preceding annual report.

### **Financial Condition and Management**

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

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

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

### **Special District Component Units**

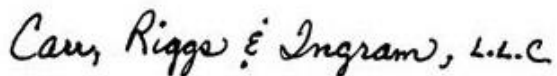
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within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

### **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.

A handwritten signature in black ink that reads "Carr, Riggs & Ingram, L.L.C." The signature is written in a cursive, flowing style.

CARR, RIGGS & INGRAM, LLC

Tampa, Florida  
April 15, 2021



**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

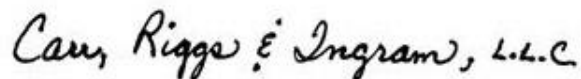
We have examined Lee County Mosquito Control District (the District), compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. 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.

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, 2020.

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  
April 15, 2021