

COLLIER MOSQUITO CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2017

**COLLIER MOSQUITO CONTROL DISTRICT
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YEAR ENDED SEPTEMBER 30, 2017**

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INDEPENDENT AUDITORS' REPORT

Honorable Board of Commissioners
Collier Mosquito Control District
Naples, Florida

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of a Matter

During fiscal year ended September 30, 2017, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of Statement No. 75, the District reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

Other Matters

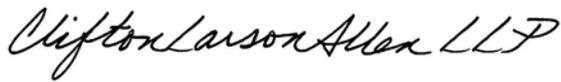
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedule of changes in the District's net OPEB liability and related ratios, the schedule of money-weighted rate of return on plan assets – OPEB, and the schedules of District's proportionate share of net pension liability and the schedules of District contributions on pages 4-11, 47-48, and 49-52, respectively, are 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.

Honorable Board of Commissioners
Collier Mosquito Control District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 20, 2018

Collier Mosquito Control District Management's Discussion and Analysis

We, as management of the Collier Mosquito Control District (the District), offer readers of the District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended September 30, 2017. The information presented in this MD&A should be considered in conjunction with the accompanying financial statements.

District Highlights:

- The Collier Mosquito Control District is an independent special district, which operates under Chapter 388, Florida Statutes, and is governed by a five-member Board of Commissioners. The commissioners are elected for a four-year term.
- The District employs 29 full-time employees and one part-time employee, as well as owning and operating 8 aircraft and 17 vehicles.
- The primary location for operations is at the Naples Municipal Airport with a substation at the Immokalee airport. The District and its operations are located in Collier County, which is located on the southwest coast of Florida, directly west of Miami.
- Ground and aerial mosquito control services were provided to residents and the public at large within the 401 square mile District boundary in Collier County during the fiscal year ended September 30, 2017.
- Reimbursable ground and aerial mosquito control services were provided to residents and the public at large within the Ave Maria Stewardship Community District via a Governmental Interlocal Agreement during the fiscal year ended September 30, 2017, and will continue as per the terms of this agreement. The service area consists of 12 ½ square miles.

Financial Highlights:

- The District's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources at the close of the fiscal year by \$5,861,159 (*net position*).
- Of this amount, \$4,311,332 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$532,900 from operations. In addition, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 74 *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* and No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of Statement No. 75, the District reported a \$(149,768) restatement for the change in accounting principle. The overall combined change in net position from last year totaled \$682,668. This decrease is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$272,945. This amount reflects an increase in net pension liability of \$262,045, a decrease in net OPEB liability of \$156,021, combined with an increase of current and noncurrent liabilities in the amount of \$166,921. The pension liability increase and the OPEB liability decrease are discussed further in Note 8 and Note 10 to the Financial Statements respectively.
- At the close of the current fiscal year, the ending fund balance was \$5,944,969, a decrease of \$786,027, or 11.68%, from the 2016 ending fund balance of \$6,730,996.

Financial Highlights: (Continued)

- Of this balance, \$675,236 has been committed for self-insurance, \$136,771 committed for the sick and annual leave reserve, and \$514,757 committed for future capital outlays. In addition, \$1,970,129 is nonspendable, consisting of prepaid expenses and inventories. Approximately \$2.6 million is available for spending at the District's discretion (unassigned fund balance).

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Most revenue is collected via ad valorem taxes, and the basic financial statements are comprised of the following components: 1) Government-wide Financial Statements; 2) Fund Financial Statements, which include governmental and fiduciary types of funds that will be described later in this analysis; and 3) Notes to Financial Statements. The District does not perform any services to individual customers on a fee basis; therefore, there are no Proprietary Funds to report.

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 11) presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 12) 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 13 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 14 and 16 that convert the data to an economic resource measurement focus and the accrual basis of accounting for use in the government-wide financial statements.

Fund Financial Statements: (Continued)

Fiduciary funds are used to account for resources held by the District for the benefit of parties outside of the District. Fiduciary funds are excluded from the government-wide financial statements because the District cannot use these assets to finance its operations. The fund is used to report Other Post-Employment Benefits (OPEB) of the District and uses the accrual basis of accounting. The Fiduciary fund financial statements can be found on pages 18 and 19.

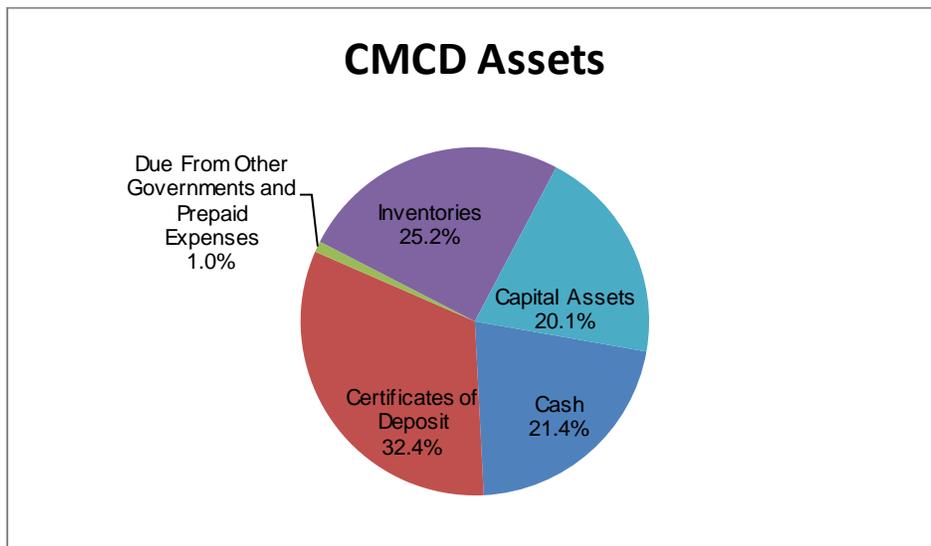
Notes to Financial Statements:

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 20. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

Net position may serve as a useful indicator of an agency’s financial position. The District’s net position as of September 30, 2017 was \$5,861,159. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$6,857,787(*general revenue plus program revenue*). Total program expenses were \$7,390,687.

More than forty-five percent of the District’s assets represent its investment in capital assets, chemicals, and aircraft parts inventory. The District utilizes and consumes these assets in order to safely provide effective mosquito control to the citizens within the District boundaries. The assets that remain are invested in Certificates of Deposit (CDs) and deposit accounts with banks designated by the Florida Chief Financial Officer as qualified public depositories.

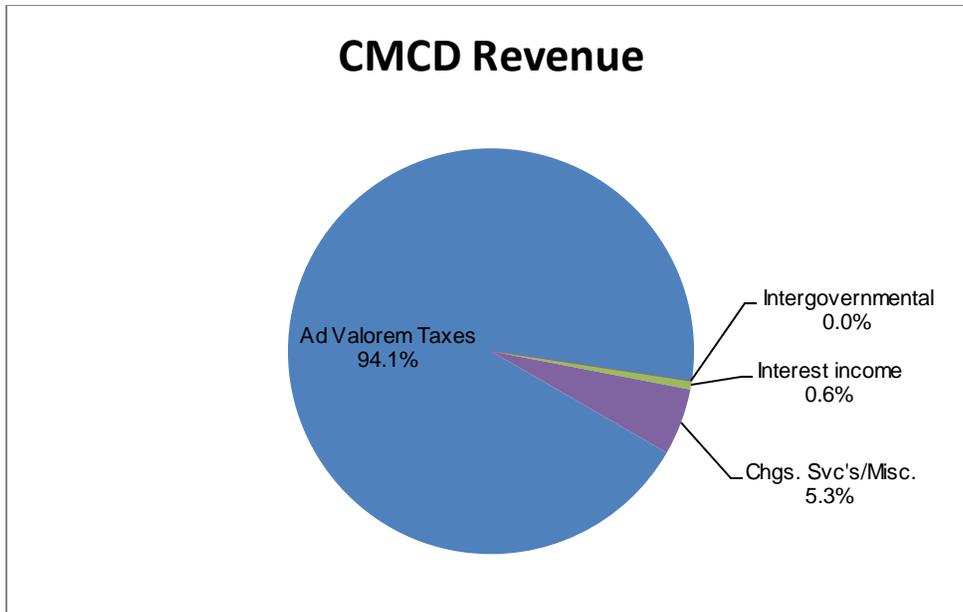


Summary of Net Position

	2017	2016	Difference
Current and Other Assets	\$ 6,187,274	\$ 6,836,201	\$ (648,927)
Capital Assets	1,549,827	1,424,688	125,139
Total Assets	7,737,101	8,260,889	(523,788)
Deferred Outflows of Resources	1,087,546	895,200	192,346
Current and Other Liabilities	242,305	105,205	137,100
Long-Term Liabilities	2,570,769	2,434,924	135,845
Total Liabilities	2,813,074	2,540,129	272,945
Deferred Inflows of Resources	150,414	72,133	78,281
Net Position:			
Invested in Capital Assets	1,549,827	1,424,688	125,139
Unrestricted	4,311,332	5,119,139	(807,807)
Total Net Position	\$ 5,861,159	\$ 6,543,827	\$ (682,668)

During the past year, total assets decreased by \$523,788, total deferred outflow of resources increased \$192,346, total liabilities increased by \$272,945, total deferred inflows of resources increased \$78,281 as indicated in the above table. In fiscal year 2016-2017, total program expenses decreased by \$294,929 from 2016. Adulticide/larvicide materials on-hand at the end of the year were reduced by approximately \$400,000 for two reasons: The District began to increase the use of larvicides, and at the same time, began to utilize just-in-time delivery of adulticides, to reduce carrying costs. This philosophy allows for utilization of an array of materials to better target disease transmission and other mosquito population related anomalies from year-to-year. Cash on hand decreased due to an increase in expenses for fixed-wing engine repair.

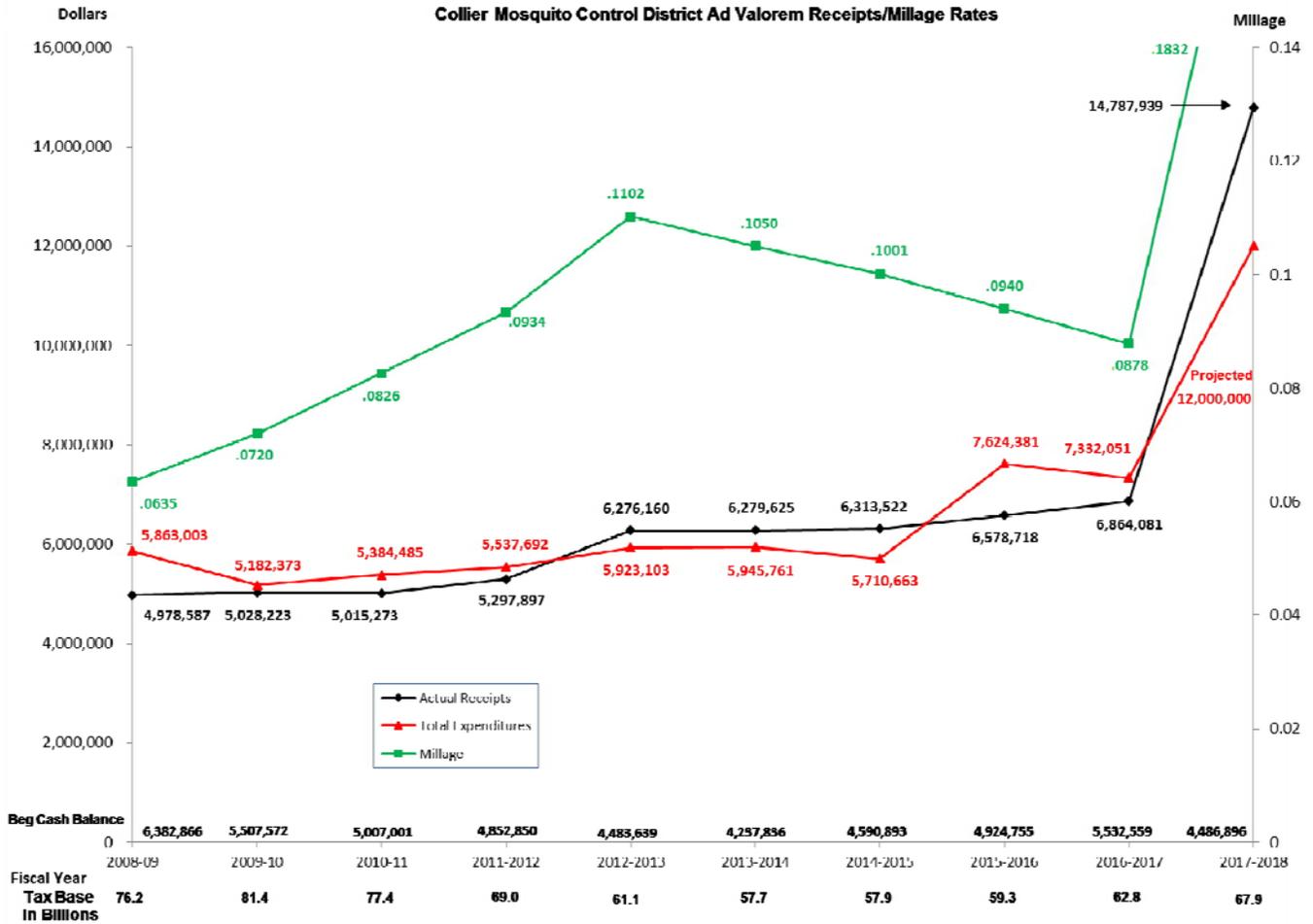
Personnel expenses increased by \$310,568, as five full-time employees were hired and four part-time employees were utilized during the year. Operating Expenditures decreased by \$313,557, due to reclassification of some larger items to capital assets (accounting software and lab equipment). Capital expenditures decreased by \$305,918 as facility upgrades were completed the prior fiscal year. Notable capital outlay was for accounting software, Avaya phone system, and four new vehicles. The balance in cash and CDs decreased by approximately \$372,060 as over 83% of the operating budget was utilized during the fiscal year. The value of the capital assets increased in book value as a result of the aforementioned capital expenditures. Property taxes represent 94% of the District's revenues.



Summary Changes in Net Position

	<u>2017</u>	<u>2016</u>	<u>Difference</u>
Revenues			
General Revenues			
Property Taxes	\$ 6,450,412	\$ 6,286,341	\$ 164,071
Intergovernmental	-	-	-
Charges for Services	223,818	247,070	(23,252)
Interest	43,644	42,460	1,184
Miscellaneous	139,913	18,821	121,092
Total Revenues	<u>6,857,787</u>	<u>6,594,692</u>	263,095
Expenses			
Human Services – Mosquito Control	<u>7,390,687</u>	<u>7,685,616</u>	<u>(294,929)</u>
Increase/Decrease in Net Position	(532,900)	(1,090,924)	558,024
Net Position - Beginning of Fiscal Year	<u>6,394,059</u>	<u>7,634,751</u>	<u>(1,240,692)</u>
Net Position - End of Fiscal Year	<u>\$ 5,861,159</u>	<u>\$ 6,543,827</u>	<u>\$ (682,668)</u>

Total revenue increased by \$263,095. Charges for services were for reimbursable contractual mosquito control treatment rendered to the Ave Maria Stewardship Community District. In fiscal year 2016-2017, property tax revenue increased by \$164,071 and expenditures decreased \$294,929, thus increasing the net position at the end of the fiscal year. Personnel services and their related benefit expenditures increased from the prior year by \$61,536 as additional staff members were hired. Post-employment health insurance related contributions were made in the amount of \$250,000.



The chart above reflects revenues, expenses, and millage rates for the past nine years and projections for the upcoming fiscal year (FY 2017-2018).

The District is partially self-insured for health insurance and has a high deductible on several other insurance policies. The aircraft are self-insured for in-flight physical damage and chemical liability. Fund balance committed for uninsured events on September 30, 2017 was \$675,236. For more information on the District's risk management, please see Note 11 on page 46 of the *Notes to Financial Statements*.

Fiduciary Funds:

The *CMCD IRC Section 115 Retiree Benefit Trust Fund* was established in 2008 to fund retiree health, dental, prescription, and vision benefits provided under the group self-health insurance program. The CMCD, as Sponsor, administers the fund for retired employees of the District, as specified by the Trust. The Trust can be funded via payments from the District, retirees, and/or reimbursements from the health self-insurance plan.

Budgetary Highlights:

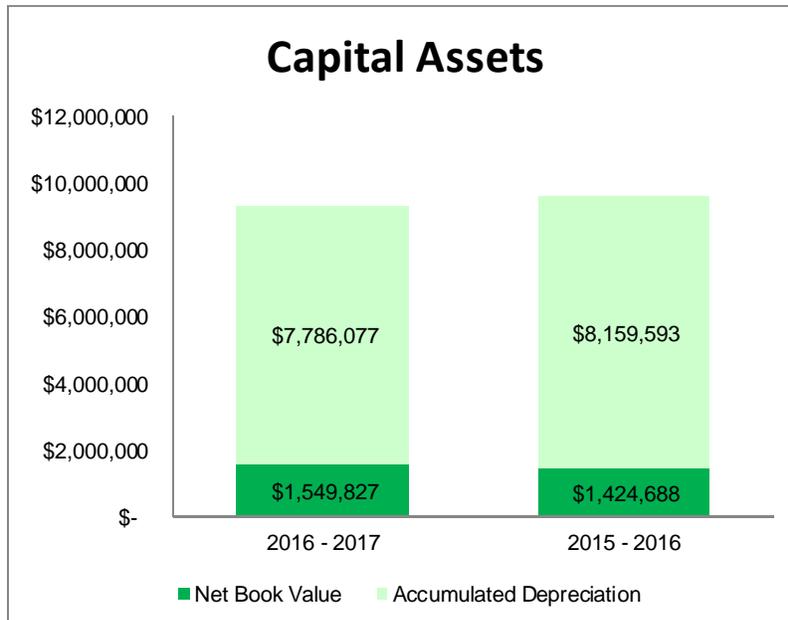
The District adopts an annual budget for its funds as required by Florida Statutes. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them.

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 17 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.

Revenue variances from the original budget as compared to the final budget are depicted on page 18. The discrepancy of \$(6,396) is mainly comprised of accrued revenue from the Ave Maria Stewardship Community District, as the result of a Governmental Interlocal Agreement. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$1,496,392. The variance is due primarily to aircraft repairs in-process at year-end and unspent contingency funds.

Capital Asset and Debt Administration:

The District’s investment in *capital assets* at year-end is \$1,549,827 (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, with the exception of software and improvements which extend the useful life beyond two years. Software and improvements acquired for general government purposes with an initial, individual cost equal to or more than \$25,000 are capitalized. Assets are recorded at the lesser of cost when purchased or constructed, at acquisition value at the date of donation, and are depreciated utilizing the straight-line method. The reported value of the District’s net position has increased in book value by \$125,139. Maintenance and repairs of aircraft are not capitalized. The District remains financially stable, as these assets do not require replacement in the near future (see chart below).



Capital Assets

	2017	2016
Construction in Progress	\$ 124,525	\$ 227,869
Buildings & Leasehold Improvements	5,226,169	5,226,169
Aircraft	2,064,672	2,186,803
Vehicles	409,248	358,001
Equipment	1,511,290	1,585,439
 Total Assets	 9,335,904	 9,584,281
 Less: Accumulated Depreciation	 (7,786,077)	 (8,159,593)
 Net Book Value	 \$ 1,549,827	 \$ 1,424,688

At September 30, 2017, the District had no *long-term debt*; its *other noncurrent liabilities* were comprised of accrued compensated absences, net pension liability, and net OPEB obligation payables. For more information on accrued compensated absences, pensions or Postemployment Benefits other than Pensions, please see Note 1 on page 25, Note 8 on page 29, Note 9 on page 39 and Note 10 on page 40, respectively, of the *Notes to Financial Statements*. For more information on capital assets, please see Note 4 on page 28, of the *Notes to Financial Statements*.

Economic Factors and Next Year's Budget and Rates:

In September of 2017, the Board of Commissioners approved a \$17.9 million budget for fiscal year 2018. The millage rate is .1832 mills per thousand, which is 119.66% over the rollback rate, resulting in an increase in revenue of approximately \$6.8 million. Property taxes are the largest source of revenue for the Collier Mosquito Control District.

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 Director of Administration, Collier Mosquito Control District, 600 North Road, Naples, Florida 34104-3464.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 1,663,216
Certificates of Deposit	2,500,781
Prepaid Items	24,813
Due From Other Governments	53,148
Inventories	1,945,316
Capital Assets, Net	1,549,827
Total Assets	<u>7,737,101</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	1,045,878
OPEB Related	41,668
	<u>1,087,546</u>

LIABILITIES

Accounts Payable	178,174
Salaries and Related Benefits Payable	41,710
Matured Compensated Absences	22,421
Noncurrent Liabilities:	
Net Pension Liability	2,320,860
Net OPEB Liability	75,449
Expected to be Paid After One Year	174,460
Total Liabilities	<u>2,813,074</u>

DEFERRED INFLOWS OF RESOURCES

Pension Related	150,414
	<u>150,414</u>

NET POSITION

Invested in Capital Assets	1,549,827
Unrestricted	4,311,332
Total Net Position	<u><u>\$ 5,861,159</u></u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

PROGRAM EXPENSES

Human Services - Mosquito Control	
Personnel Service	\$ 2,920,321
Operating	4,271,312
Depreciation	199,054
Contributions to Other Governments	-
Total Program Expenses	7,390,687

PROGRAM REVENUES

Charges for Services	223,818
Net Program Expenses	7,166,869

GENERAL REVENUES

Property Taxes	6,450,412
Interest Income	43,644
Miscellaneous	139,913
Total General Revenues	6,633,969

DECREASE IN NET POSITION

	(532,900)
Net Position - Beginning of Year	6,543,827
Change in Accounting Principle	(149,768)
Net Position - Beginning of Year, as Restated	6,394,059

NET POSITION - END OF YEAR

\$ 5,861,159

**COLLIER MOSQUITO CONTROL DISTRICT
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2017**

ASSETS

Cash	\$ 1,663,216
Certificates of Deposit	2,500,781
Prepaid Items	24,813
Due From Other Governments	53,148
Inventories	1,945,316
Total Assets	\$ 6,187,274

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 178,174
Salaries and Related Benefits Payable	41,710
Matured Compensated Absences	22,421
Total Liabilities	242,305

FUND BALANCE

Nonspendable:	
Prepaid and Inventories	1,970,129
Committed to:	
Self-Insurance	675,236
Sick and Annual Leave	136,771
Future Capital Outlay	514,757
Unassigned:	
Total Fund Balance	5,944,969
Total Liabilities and Fund Balance	\$ 6,187,274

**COLLIER MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

FUND BALANCE	\$ 5,944,969
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 fund balance sheet.	1,549,827
Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions and OPEB in the statement of net position.	1,087,546
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Net Pension Liability (see Note 8)	(2,320,860)
Compensated Absences (see Note 5)	(174,460)
Net OPEB Liability (see Note 5 and 10)	(75,449)
Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions and OPEB in the statement of net position.	<u>(150,414)</u>
NET POSITION	<u><u>\$ 5,861,159</u></u>

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2017**

REVENUES

Property Taxes	\$ 6,450,412
Charges for Services	223,818
Interest	43,644
Miscellaneous	139,812
Total Revenues	6,857,686

EXPENDITURES

Current:	
Human Services - Mosquito Control:	
Personnel Service	3,298,309
Operating Expenditures	3,705,420
Capital Outlays	324,093
Total Expenditures	7,327,822

Deficiency of Revenues Under Expenditures	(470,136)
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Fund Balance - Beginning of Year	6,730,996
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DECREASE IN NONSPENDABLE INVENTORY	(315,891)
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FUND BALANCE - END OF YEAR	\$ 5,944,969
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**COLLIER MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

Net Change in Fund Balance \$ (470,136)

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	\$ 324,093	
Less: Current Year Depreciation	<u>(199,054)</u>	125,039

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) which decrease net position.

100

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 Net Pension Liability (see Note 8)		(189,648)
Change in Compensated Absences (see Note 5)		(29,821)
Change in Net OPEB Liability (see Note 5 and 10)		347,457

Governmental funds report inventory purchases as expenditures. However, in the statement of activities, cost of inventory is capitalized and expensed as consumed.

Decrease in Inventory Over the Purchase Method		<u>(315,891)</u>
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Change in Net Position		<u><u>\$ (532,900)</u></u>
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**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2017**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 6,462,732	\$ 6,449,968	\$ 6,450,412	\$ 444
Charges for Services	100,000	238,231	223,818	(14,413)
Interest	30,000	44,088	43,644	(444)
Miscellaneous	-	131,795	139,812	8,017
Total Revenues	<u>6,592,732</u>	<u>6,864,082</u>	<u>6,857,686</u>	<u>(6,396)</u>
EXPENDITURES				
Current				
Human Services				
Personnel Services				
Personnel Service	1,859,989	1,859,989	1,827,047	32,942
Personnel Services Benefits	1,593,653	1,593,653	1,471,262	122,391
Operating Expenditures				
Travel, Utilities, Repairs, and Service	856,338	956,338	824,186	132,152
Chemicals	2,007,340	2,007,340	1,981,809	25,531
Gasoline, Oil, and Lube	115,250	115,250	110,686	4,564
Other Supplies and Materials	191,665	241,665	124,469	117,196
Other Operating Expenditures	1,028,713	1,038,713	664,270	374,443
Capital Outlay	381,000	381,000	324,093	56,907
Contingency	803,370	630,266	-	630,266
Total Expenditures	<u>8,837,318</u>	<u>8,824,214</u>	<u>7,327,822</u>	<u>1,496,392</u>
Excess Revenues Over (under) Expenditures	(2,244,586)	(1,960,132)	(470,136)	1,489,996
Fund Balance - Beginning of Year	5,532,559	5,532,559	6,730,996	1,198,437
Decrease in Nonspendable Inventory	<u>-</u>	<u>-</u>	<u>(315,891)</u>	<u>(315,891)</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,287,973</u></u>	<u><u>\$ 3,572,426</u></u>	<u><u>\$ 5,944,969</u></u>	<u><u>\$ 2,372,543</u></u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION – IRC SECTION 115
RETIREE BENEFIT TRUST FUND
SEPTEMBER 30, 2017**

ASSETS

Certificates of Deposit	\$ 2,187,888
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LIABILITIES

Accounts Payable and Accrued Liabilities	<u>-</u>
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**NET POSITION HELD IN TRUST FOR
OPEB BENEFITS**

	<u><u>\$ 2,187,888</u></u>
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See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – IRC SECTION 115
RETIREE BENEFIT TRUST FUND
YEAR ENDED SEPTEMBER 30, 2017**

ADDITIONS:

CONTRIBUTIONS

Employer Contributions	\$ 414,915
Total Contributions	414,915

INVESTMENT INCOME

Interest	14,841
Total Additions	429,756

DEDUCTIONS:

BENEFIT PAYMENTS

143,211

CHANGE IN NET POSITION

286,545

Net Position - Beginning of Year

1,901,343

NET POSITION - END OF YEAR

\$ 2,187,888

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Collier Mosquito Control District (the District) is an independent special district created to perform mosquito control and suppression in Collier County, Florida, in accordance with Chapter 388, Florida Statutes. The District was created as the Naples Mosquito Control District by Chapter 63-1234, Laws of Florida, and was changed to Collier Mosquito Control District by Chapter 76-351, Laws of Florida. Chapter 2001-298, Laws of Florida, as amended, provided for codification of previous legislation and amended the boundaries of the District.

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

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, provide standards for defining the financial reporting entity. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB No. 14 and amendments, there are no component units required to be included in the District's financial statements.

Basic Financial Statements

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

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

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

Measurement Focus and Basis of Accounting, and Financial Statement Presentation

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

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

**Measurement Focus and Basis of Accounting, and Financial Statement Presentation
(Continued)**

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

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

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

Fund Accounting

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

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

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

Additionally, the District reports the following fund type:

Fiduciary Fund – The IRC Section 115 Retiree Benefit Trust Fund is used to account for assets held by the District in a trustee capacity for individuals. This trust fund is accounted for on the accrual basis of accounting.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year, with the exception of software and improvements which extend the useful life beyond two years. Software and improvements acquired for general government purposes with an initial, individual cost equal to or more than \$25,000 are capitalized. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. Maintenance, repairs, and minor renovations are not capitalized.

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

<u>Asset</u>	<u>Years</u>
Buildings and Leasehold Improvements	30
Aircraft	20-25
Vehicles	7
Machinery and Equipment	5-10

Budgets and Budgetary Accounting

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

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

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Inventories

Inventories, consisting primarily of expendable chemicals and aircraft parts to be used in operations, are stated at the lower of cost (first-in, first-out method) or market. The District utilizes the purchase method of accounting, which provides that expenditures are recognized when the inventory items are purchased. Reported inventories are equally offset as nonspendable fund balance in the fund financial statement, which indicates that they do not constitute "available spendable resources."

Prepaid Items

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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 deferred outflows of resources reported in the District's statement of net position represent changes in actuarial assumptions, the net difference between projected and actual earnings on Health Insurance Subsidy Program investments, changes in the proportion and differences between the District's contributions and proportionate share of contributions, and the District's contributions subsequent to the measurement date, relating to the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Other Post Employment Benefits Plan. These amounts will be recognized as increases in pension expense in future years.

In addition to liabilities, the statement of financial position reports 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 deferred inflows of resources reported in the District's statement of net position represent the difference between expected and actual economic experience, the net difference between projected and actual earnings on Florida Retirement System Pension investments and the Other Post Employment Benefits Plan, and changes in the proportion and differences between the District's contributions and proportionate share of contributions relating to the Florida Retirement System Pension Plan, the Retiree Health Insurance Subsidy Program, and the Other Post Employment Benefits Plan. These amounts will be recognized as reductions in pension and OPEB expense in future years.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Pensions

In the government-wide statements of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and 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)

In the government-wide statements of net position, a liability is recognized for the District's OPEB plan's net pension liability as determined by an actuary review of the healthcare coverage purchased by retirees to continue participation in the District's self-insured health plan. The District is responsible for covering the excess of retiree claims over premium payments made by retirees to the District, which creates an other post employment benefit. OPEB expense is recognized immediately for changes in liabilities resulting from current-period service cost, interest on the total OPEB liability, and changes in benefit terms.

Compensated Absences

The District's employees accumulate sick and annual leave based on years of continuous service. Upon termination of employment, employees can receive payment for accumulated sick and annual leave, if they meet certain criteria. Accumulated sick and annual leave payable at September 30, 2017 was \$196,881, of which \$22,421 is estimated to be currently payable.

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

Fund Balance

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

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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

Fund Balance (Continued)

Nonspendable – This component includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts).

Restricted – This component consists of amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – This component consists of amounts that can be used only for the specific purposes determined by a formal action of the District board, the District’s highest level of decision-making authority. Commitments may be changed or lifted only by the District board taking the same formal action that imposed the constraint originally.

Assigned – This component consists of amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the executive director or designee as established in the District’s fund balance policy.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents spendable fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

Minimum Fund Balance Policy

The District’s policy is to maintain an adequate general fund unassigned fund balance to provide liquidity to meet seasonal shortfalls in cash flow, and reduce susceptibility to emergency or unanticipated expenditures and/or revenue shortfalls. The District adopted a financial standard to maintain a general fund minimum unassigned fund balance of approximately three months’ worth of operating expenses, not to exceed 20% of the local and state funds budgeted for expenditures.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 2 CASH AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida State Treasurer as qualified public depositories. Chapter 280 of the Florida Statutes, "*Florida Security for Public Deposits Act*," provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in excess of the average daily balance of public deposits times the depository collateral pledging level required, pursuant to Chapter 280, as computed and reported monthly, or 125% of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk.

With the nonnegotiable certificate of deposit, there is no document that, if lost or stolen, would affect the District's rights to its assets.

NOTE 3 INVENTORIES

Inventories at September 30, 2017 consisted of the following:

	Carrying Amount
Chemicals	\$ 890,752
Aircraft and Vehicle Parts	1,054,564
Total	<u>\$ 1,945,316</u>

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 4 CAPITAL ASSETS

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

	Balance October 1, 2016	Increases	Decreases	Balance September 30, 2017
<i>Capital Assets Not Being Depreciated:</i>				
Construction in Progress	\$ 227,869	\$ 124,525	\$ (227,869)	\$ 124,525
<i>Capital Assets Being Depreciated:</i>				
Buildings and Leasehold Improvements	5,226,169	-	-	5,226,169
Aircraft	2,186,803	227,869	(350,000)	2,064,672
Vehicles	358,001	104,469	(53,222)	409,248
Machinery and Equipment	1,585,439	102,450	(176,599)	1,511,290
Total Capital Assets Being Depreciated	9,356,412	434,788	(579,821)	9,211,379
<i>Less Accumulated Depreciation for:</i>				
Buildings and Leasehold Improvements	4,580,703	24,554	-	4,605,257
Aircraft	2,096,355	73,518	(350,000)	1,819,873
Vehicles	184,410	36,754	(53,222)	167,942
Machinery and Equipment	1,298,125	64,228	(169,348)	1,193,005
Total Accumulated Depreciation	8,159,593	199,054	(572,570)	7,786,077
Total Capital Assets Being Depreciated, Net	1,196,819	235,734	(7,251)	1,425,302
Governmental Activities Capital Assets, Net	\$ 1,424,688	\$ 360,259	\$ (235,120)	\$ 1,549,827

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 167,566	\$ 168,006	\$ (138,691)	\$ 196,881	\$ 22,421
Total	\$ 167,566	\$ 168,006	\$ (138,691)	\$ 196,881	\$ 22,421

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 6 COMMITMENTS AND CONTINGENCIES

The District is committed under non-cancelable operating leases for the use of various properties. Total payments under the non-cancelable operating leases for the year ended September 30, 2017 were \$69,708.

Future minimum lease payments under non-cancelable operating leases having remaining terms in excess of one year as of September 30, 2017 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 56,577
2019	54,548
2020	54,548
2021	50,276
2022	48,750
Thereafter	1,023,750
Total Future Minimum Lease Payments	<u>\$ 1,288,449</u>

During fiscal 2017, the District became aware of a chemical smell escaping from capped underground transmission pipes. The District is in the process of obtaining assessments to determine the severity of the situation. As of September 30, 2017, the District cannot reasonably estimate the cost of cleanup, if any.

NOTE 7 PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Collier 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 Collier Mosquito Control District for the fiscal year ended September 30, 2017, was \$0.0940 per \$1,000 of assessed taxable property value. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

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

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS

Background

The Florida Retirement System (FRS) was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense totaled \$326,446 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2017.

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Elected District Officers Class* – Members who hold specified elective offices in local government.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Plan Description (Continued)

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS 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 member's five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the member's 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

<u>Class, Initial Enrollment, and Retirement Age/Years of Service:</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement up to age 63 or up to 31 years of service	1.63
Retirement up to age 64 or up to 32 years of service	1.65
Retirement up to age 65 or up to 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement up to age 66 or up to 34 years of service	1.63
Retirement up to age 67 or up to 35 years of service	1.65
Retirement up to age 68 or up to 36 years of service	1.68
Elected District Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the District, effective July 1, 2016, were applied to employee salaries as follows: regular employees, 7.52%; District elected officials, 42.47%; senior management, 21.77%; DROP participants, 12.99%; and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage, 4.49%. The District's contributions to the FRS Plan were \$107,064 for the year ended September 30, 2017.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2017, the District reported a liability of \$1,745,822 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportion of the net pension liability was based on the District's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2017, the District's proportion was 0.00590%, which was an increase of 0.00017% from its proportion measured as of June 30, 2016.

For the year ended September 30, 2017, the District recognized pension expense of \$286,088 for its proportionate share of FRS's pension expense. In addition, the District reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 160,224	\$ 9,671
Changes in Actuarial Assumptions	586,719	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	43,266
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	149,891	23,796
District Contributions Subsequent to the Measurement Date	47,813	-
Total	<u>\$ 944,647</u>	<u>\$ 76,733</u>

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$47,813 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 138,083
2019	288,267
2020	192,537
2021	37,738
2022	118,270
Thereafter	45,206

Actuarial Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	7.50%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation, as outlined in the FRS Plan's investment policy, and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Florida Retirement System Pension Plan (Continued)
Actuarial Assumptions (Continued)**

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.8%
Fixed Income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real Estate (Property)	10.0%	6.6%	5.9%	12.8%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	9.7%
Totals	<u>100%</u>			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.10% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
FRS Plan Discount Rate	6.10%	7.10%	8.10%
District's Proportionate Share of the FRS Plan Net Pension Liability	\$ 3,159,831	\$ 1,745,822	\$ 57,200

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of state-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided

For the fiscal year ended June 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2017, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The District's contributions to the HIS Plan were \$29,734 for the year ended September 30, 2017.

Pension Costs

At September 30, 2017, the District reported a liability of \$575,038 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportion of the net pension liability was based on the District's contributions received during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all participating employers. At June 30, 2017, the District's proportion was 0.00538%, which was an increase of 0.00013% from its proportion measured as of June 30, 2016.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

**Retiree Health Insurance Subsidy Program (Continued)
Pension Costs (Continued)**

For the year ended September 30, 2017, the District recognized pension expense of \$40,358 for its proportionate share of HIS's pension expense. In addition, the District reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ -	\$ 1,197
Changes in Actuarial Assumptions	80,831	49,724
Net Difference Between Projected and Actual Earnings on HIS Program Investments	318	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	11,329	22,760
District Contributions Subsequent to the Measurement Date	8,753	-
Total	<u>\$ 101,231</u>	<u>\$ 73,681</u>

\$8,753 reported as deferred outflows of resources related to pensions resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 5,951
2019	5,891
2020	5,862
2021	3,918
2022	2,831
Thereafter	(5,656)

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.58%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 3.58% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase in Discount Rate
HIS Plan Discount Rate	2.58%	3.58%	4.58%
District's Proportionate Share of the HIS Plan Net Pension Liability	\$ 656,195	\$ 575,038	\$ 507,439

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website (www.dms.myflorida.com).

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 9 DEFINED CONTRIBUTION PLAN

The Florida State Board of Administration (SBA) administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected District Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$24,512 for the year ended September 30, 2017.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 9 DEFINED CONTRIBUTION PLAN (CONTINUED)

Pilots Supplemental Retirement Plan

Effective June 1, 2005, the District adopted and established the *Collier Mosquito Control District Supplemental Retirement Plan for Pilots*, a defined contribution pension plan for the benefit of its pilots. Contributions to the plan are limited to employer contributions. The District is required to contribute to the plan the percentage representing the difference between the total employer contribution rate for members of the "Special Risk Class" under the Florida Retirement System and the total employer contribution rate actually applicable for the plan participants under the Florida Retirement System (currently the "Regular Class" or "DROP" rate). The employer contribution to the plan for the year ended September 30, 2017, was \$36,025. At September 30, 2017, there were five plan participants. The District has reserved the right to amend all plan provisions.

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The Collier Mosquito Control District IRC Section 115 Retiree Benefit Trust (the Trust) is a single-employer defined benefit healthcare plan established by the District. The provisions of the Trust can be amended by the District. The Board of Trustees consists of the District's board of commissioners, the District's executive director, and the District's director of administration.

For eligible employees who retired on or before December 31, 2011, the plan provides healthcare coverage for them, their spouse, and qualifying dependents for a period equal to one-half of the number of years of service at the District, after accruing a minimum of 20 years of service, through the District's group health plan, which covers both active and retired employees.

Beginning January 1, 2012, the plan provides healthcare coverage for eligible retirees and their spouse for a period equal to one-half of the number of years of service at the District, after accruing a minimum of 20 years of service, through the District's group health plan, which covers both active and retired employees. Upon the demise of the employee, the spouse is offered coverage at the current plan rates in accordance with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).

At September 30, 2016, the date of the most recent plan valuation, the Trust covered 33 members (24 active plan members and 9 retirees and/or qualifying family members receiving benefits). 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.

The Trust does not issue a separate financial report.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funding Policy

The District has assets designated for OPEB. These assets are in a qualified irrevocable trust which is included as a fiduciary fund in these financial statements. Contribution requirements are established through Policy #2008-02, *Policy for Funding OPEB Contributions*. Active employees are not required to make contributions to the plan. Retirees must contribute the monthly health insurance subsidy received from the Florida Retirement System (FRS). For the year ended September 30, 2017, the District contributed \$21,704 to the Trust in FRS monthly health, vision, and dental insurance subsidies received by the District from retirees. In addition, a contribution from the District of \$250,000 was contributed directly to the Trust and \$143,211 in benefits were paid by general fund rather than from the Trust, which resulted in an offsetting contribution recorded. In the event that Trust assets are not sufficient to pay benefits, the District is required to fund healthcare expenses from the current operating budget. Administrative costs of the Trust are to be paid by the District until such time the Trust becomes self-sustaining.

Net OPEB Liability of the District

The components of the net OPEB liability of the District at September 30, 2017 were as follows:

Total OPEB Liability	\$ 2,263,337
Plan Fiduciary Net Position	2,187,888
District's Net OPEB Liability	\$ 75,449

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	97%
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Actuarial Methods and Assumptions

The long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that (1) the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (2) OPEB plan assets are expected to be invested using a strategy to achieve that return, and a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale), to the extent that the conditions above are not met.

The District's net OPEB liability was measured as of September 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2016. Liabilities in this report were calculated as of the valuation date and rolled forward to the measurement date using the standard actuarial roll-forward techniques.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The total OPEB liability was determined by an actuarial valuation as of September 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.50%
Expected return on plan assets	3.50%
Inflation rate	2.75%
Mortality	Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2016, and other adjustments.

Health care cost trend rate	6.80% for FY2017, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2075 and later years. The medical trend rates above were increased by an average 0.36% for non-Medicare Supplement plans beginning calendar year 2020, to reflect an estimated increase in liability due to the Affordable Care Act's Excise Tax on high-cost health insurance plans.
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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 expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage (or target allocation, if available) and by adding expected inflation (2.75%).

The best estimates of expected future asset class returns were published in the 2017 Survey of Capital Market Assumptions produced by Horizon Actuarial Services. These expected returns, along with expected asset class standard deviations and correlation coefficients, are based on Horizon's annual survey of investment advisory firms. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

Best estimates of geometric real and nominal rates of return for each major asset class included in the OPEB plan's asset allocation as of the measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Domestic Equity	0.00%	8.14%
International Equity	0.00%	7.95%
Fixed Income	0.00%	4.73%
Real Estate and Alternatives	0.00%	7.00%
Cash and Equivalents	<u>100.00%</u>	3.54%
 Total	 <u>100.00%</u>	 3.54%
Reduced for Assumed Investment Expense		<u>0.00%</u>
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		<u>3.50%</u>

The discount rate used to measure the total OPEB liability was 3.50%. The projection of cash flows and OPEB trust assets used to determine the discount rate were based on the District's contribution history and funding policy. Retiree health benefits will be paid directly by the District until the projected OPEB trust assets are sufficient for all future benefit payments. The municipal bond index rate of 3.60% was used to discount projected benefit payments in the years prior to the OPEB trust reaching full funding. The long-term expected rate of return on OPEB plan investments was applied to all expected benefit payments after the trust's projected full-funding date.

For the year ended September 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 0.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Since the most recent GASB 45 valuation, the following changes have been made:

- The actuarial cost method changed from using the Projected Unit Credit cost method to the Entry Age Normal level percentage of pay cost method.
- The discount rate was changed from 3.48% to 3.50%.
- Health care trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.
- Medical per capita claims costs were updated to reflect recent experience.
- Withdrawal rates were updated from the age-based turnover data provided in Table 1 in Paragraph 35b of GASB 45 to the Small Plan age-based table in the 2003 SOA Turnover Study, adjusted by 50%.
- A salary scale assumption was added to reflect the cost method change. A flat rate of 3.25% was used.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

- Mortality rates were updated from the 2000 United States Life Tables to the RP-2014 headcount-weighted tables to reflect recently published mortality rates.
- The inflation assumption was changed from 3.00% to 2.75% based on an updated historical analysis of inflation rates and forward-looking market expectations.
- The expected age at retirement changed from 65 to 63 to reflect recent experience.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance at September 30, 2016	\$ 2,282,581	\$ 1,901,343	\$ 381,238
Changes for the Year:			
Service Cost	48,620	-	48,620
Interest Cost	78,634	-	78,634
Changes of Assumptions	(3,287)	-	(3,287)
Contributions-Employer	-	414,915	(414,915)
Net Investment Income	-	14,841	(14,841)
Benefit Payments	(143,211)	(143,211)	-
Net Changes	(19,244)	286,545	(305,789)
Balance at September 30, 2017	<u>\$ 2,263,337</u>	<u>\$ 2,187,888</u>	<u>\$ 75,449</u>

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 one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	2.50%	3.50%	4.50%
Net OPEB Liability (Asset)	\$ 249,470	\$ 75,449	\$ (79,579)

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes in the Net OPEB Liability (Continued)

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 1% point lower or 1% point higher than the current healthcare cost trend rates:

	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability	\$ 5,163	\$ 75,449	\$ 158,477

For the year ended September 30, 2017, the District recognized OPEB expense of \$(347,457). At September 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Investment Earnings	\$ 41,668	\$ -
Total	\$ 41,668	\$ -

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

Year Ending September 30,	Future Recognition
2018	\$ 10,417
2019	10,417
2020	10,417
2021	10,417

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance coverage for such risk of loss is purchased from commercial insurance companies, except for aircraft which are partially self-insured for physical damage in flight and chemical liability coverage. The financial impact of the District's risk management activities are reported in the accompanying financial statements. For 2017, the District paid \$193,454 in premiums for policies to insure for these risks. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for any of the past three fiscal years.

The District is self-insured for health, dental, and vision benefits. The plans are administered by an independent third party who processes the claims for payment. The plan administrator actuarially calculates a premium for which the District makes monthly payments. During the fiscal year, the District incurred expenses totaling \$719,722 for claims, administrative fees, and premiums.

The activity for the self-insured plans for 2016 and 2017 was as follows:

Claims Liability, October 1, 2015	\$ -
Current Year Claims and Insurance Funding	522,761
Claims Paid During the Year	(229,762)
Insurance Premiums	(248,151)
Third-Party Administrator Fees	(44,848)
Claims Liability, September 30, 2016	<u>\$ -</u>
Claims Liability, October 1, 2016	\$ -
Current Year Claims and Insurance Funding	646,528
Claims Paid During the Year	(327,434)
Insurance Premiums	(258,352)
Third-Party Administrator Fees	(60,742)
Claims Liability, September 30, 2017	<u>\$ -</u>

NOTE 12 RESTATEMENT FOR A CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year ended September 30, 2017, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This pronouncement require the restatement of the September 30, 2016 net position of the governmental activities as follows:

	<u>Governmental Activities</u>
Net Position, September 30, 2016, as Previously Reported	\$ 6,543,827
Cumulative Affect of Application of GASB 75	(149,768)
Net Position, September 30, 2016, as Restated	<u>\$ 6,394,059</u>

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2017**

Total OPEB Liability	
Service Cost	\$ 48,620
Interest	78,634
Differences Between Expected and Actual Experience	-
Changes of Assumptions	(3,287)
Changes of Benefit Terms	-
Benefit Payments	<u>(143,211)</u>
Net Change in Total OPEB Liability	<u>(19,244)</u>
Total OPEB Liability - Beginning	2,282,581
Total OPEB Liability - Ending (a)	<u><u>\$ 2,263,337</u></u>
Plan Fiduciary Net Position	
Employee Contributions	\$ -
Employer Contributions	414,915
Net Investment Income	14,841
Other Additions	-
Benefits Paid	(143,211)
Administrative Expense	-
Other Deductions	-
Net Change in Plan Fiduciary Net Position	<u>286,545</u>
Plan Fiduciary Net Position - Beginning	1,901,343
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,187,888</u></u>
District's Net OPEB Liability - Ending (a) - (b)	\$ 75,449
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	96.67%
Covered-Employee Payroll	\$ 1,827,554
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	4.13%

*The District implemented GASB Statements Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS – OPEB
SEPTEMBER 30, 2017**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	0.78%

*The District implemented GASB Statements Nos. 74 and 75 in fiscal year 2017, and the above table will be expanded to 10 years of information as the information becomes available.

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
SEPTEMBER 30, 2017**

	2017	2016	2015	2014
Collier Mosquito Control District's proportion of the net pension liability	0.005902166%	0.005733070%	0.005978794%	0.005352249%
Collier Mosquito Control District's proportionate share of the net pension liability	\$ 1,745,822	\$ 1,447,606	\$ 772,242	\$ 326,566
Collier Mosquito Control District's covered payroll	\$ 1,439,584	\$ 1,369,860	\$ 1,344,543	\$ 1,445,939
Collier Mosquito Control District's proportionate share of the net pension liability as a percentage of its covered payroll	121.27%	105.68%	57.44%	22.59%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
SEPTEMBER 30, 2017**

	2017	2016	2015	2014
Contractually required contribution	\$ 107,064	\$ 124,073	\$ 130,401	\$ 114,081
Contributions in relation to the contractually required contribution	(107,064)	(124,073)	(130,401)	(114,081)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Collier Mosquito Control District's covered payroll	\$ 1,585,580	\$ 1,346,674	\$ 1,338,175	\$ 1,423,673
Contributions as a percentage of covered payroll	6.75%	9.21%	9.74%	8.01%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**COLLIER MOSQUITO CONTROL DISTRICT
 REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
 HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
 SEPTEMBER 30, 2017**

	2017	2016	2015	2014
Collier Mosquito Control District's proportion of the net pension liability	0.005377978%	0.005244361%	0.005320494%	0.005625335%
Collier Mosquito Control District's proportionate share of the net pension liability	\$ 575,038	\$ 611,209	\$ 542,607	\$ 525,983
Collier Mosquito Control District's covered payroll	\$ 1,720,192	\$ 1,618,968	\$ 1,615,978	\$ 1,671,369
Collier Mosquito Control District's proportionate share of the net pension liability as a percentage of its covered payroll	33.43%	37.75%	33.58%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

* The amounts presented for each fiscal year were determined as of 6/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
SEPTEMBER 30, 2017**

	2017	2016	2015	2014
Contractually required contribution	\$ 29,734	\$ 26,219	\$ 21,600	\$ 20,091
Contributions in relation to the contractually required contribution	(29,734)	(26,219)	(21,600)	(20,091)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Collier Mosquito Control District's covered payroll	\$ 1,791,214	\$ 1,579,444	\$ 1,597,592	\$ 1,654,990
Contributions as a percentage of covered payroll	1.66%	1.66%	1.35%	1.21%

* The amounts presented for each fiscal year were determined as of 9/30.

¹ 2014 was the first year reporting net pension liability (GASB 68)



**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**

Honorable Board of Commissioners
Collier Mosquito Control District
Naples, 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, the major fund, and the remaining fund information of Collier Mosquito Control District (the District) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

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

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

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

2017-001 – Bank Reconciliations

Criteria

Per review of the District's cash management procedures, administrative staff reconciles the District's accounts on a monthly basis by comparing the District's ledgers with the applicable bank account statements under the supervision of the Director of Administration and the Executive Director (in the case of payroll). The review of bank statements and reconciliation of the accounts would reveal any difference in transactions recorded and the actual transactions executed.

Condition

We noted the September payroll bank account reconciliation was not prepared and reviewed within a timely manner subsequent to month-end.

Cause

The bank reconciliation was not prepared and reviewed timely due to the impact of Hurricane Irma.

Effect

Not reconciling the account on a monthly basis allows for errors and possible misappropriations to occur and not be detected in a timely manner.

Recommendation

We recommend that the District follow established procedures to ensure the timely preparation and review of bank reconciliations.

Management Response

We agree with the auditors' remarks regarding the payroll account reconciliation, and the following action has been taken to improve the condition.

- An additional staff member was hired in the Administration Department who became responsible for reconciliation of all bank accounts January 2018.
- Effective March 2018, account reconciliations will be electronically forwarded to the Director of Administration when completed, who will, in turn, review and approve them.

2017-002 – Payroll Review and Approval

Criteria

Due to the limited number of accounting personnel and the sensitivity of the information, a key control over payroll is for the Executive Director to review the payroll reports for accuracy.

Condition.

Payroll was not reviewed by the Executive Director for August or September of 2017.

Cause

The District switched to ADP for payroll processing in August 2017. Due to the change in processes and the impact of Hurricane Irma, the reviews were not performed.

Effect

Not reviewing the payroll on a monthly basis means that errors or other problems might not be recognized and resolved on a timely basis.

Recommendation

We recommend the Executive Director perform his review of the payroll report in a timely manner and document the date of his review.

Management Response

We concur with the auditor's comment regarding the Executive Director's review of payroll during the month of August and September 2017. The reviews were not performed by the Executive Director.

- Beginning Q3, fiscal year 2018, the Director of Administration will forward payroll timesheets electronically to the Executive Director for review and approval on a bi-weekly basis. Any subsequent changes to payroll will be communicated to the Executive Director electronically, and the final check register will be electronically signed by the Executive Director.
- Subsequent to the audit, implementation was completed for ADP payroll and time and attendance.

Compliance and Other Matters

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

Collier Mosquito Control District's Response to Findings

The District's response to the findings identified in our audit are described previously. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.



CliftonLarsonAllen LLP

Fort Myers, Florida
March 20, 2018

MANAGEMENT LETTER

Honorable Board of Commissioners
Collier Mosquito Control District
Naples, Florida

Report on the Financial Statements

We have audited the financial statements of the Collier Mosquito Control District (the District), as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 20, 2018.

Auditors' Responsibility

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 and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of 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, which are dated March 20, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.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 the review of financial information provided by same.

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, provided 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. The District does not have any special district component units.

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 which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Honorable Board of Commissioners
Collier Mosquito Control District

Purpose of this Letter

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
March 20, 2018



600 North Road | Naples, FL 34104-3464 | P 239.436.1000 | F 239.436.1005

March 19, 2018

Board of Commissioners
Collier Mosquito Control District
600 North Road
Naples, FL 34104-3464

Dear Commissioners:

We acknowledge receipt of the Management Letter presented to you by CliftonLarsonAllen® L.L.P. There were no prior year comments that continue to apply to the District.

Regarding current year comments, we agree with the auditor’s remarks regarding the payroll account reconciliation, and the following action has been taken to improve the condition.

- An additional staff member was hired in the Administration Department who became responsible for reconciliation of all bank accounts January 2018.
- Effective March 2018, account reconciliations will be electronically forwarded to the Director of Administration when completed, who will in turn, review and approve them.

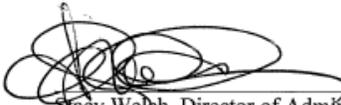
We also concur with the auditor’s comment regarding the Executive Director’s review of payroll during the month of August and September 2017. The reviews were not performed by the Executive Director.

- Beginning Q3, fiscal year 2018, the Director of Administration will forward payroll timesheets electronically to the Executive Director for review and approval on a bi-weekly basis. Any subsequent changes to payroll will be communicated to the Executive Director electronically, and the final check register will be electronically signed by the Executive Director.
- Subsequent to the audit, implementation was completed for ADP payroll and time and attendance.

The District is in the process of installing a generator with an automatic transfer switch at its Naples Headquarters for the administration building. Estimated completion is the end of quarter three, fiscal year 2018. This will ensure that after a storm, power will be available for staff to perform its administrative functions.

Sincerely,


Patrick P. Linn, MS, MSHAPI, Executive Director


Stacy Welch, Director of Administration

Immokalee Substation | Hangar | P 239.436.1008 | F 239.436.1007
165 Airpark Blvd., Bldg. A-1½ | Immokalee, FL 34142 | 239.867.3200

Board of Commissioners David H. Farmer, Chair | Jacquelyn D. Thompson-Fresenius, Vice-Chair/Secretary
Michael P. Williams, Treasurer | David N. Chapman | Robert D. Geroy
Executive Director Patrick P. Linn, MS, MSHAPI

INDEPENDENT ACCOUNTANTS' REPORT

Honorable Board of Commissioners
Collier Mosquito Control District
Naples, Florida

We have examined the Collier Mosquito Control District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

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



CliftonLarsonAllen LLP

Fort Myers, Florida
March 20, 2018