

COLLIER MOSQUITO CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2018

**COLLIER MOSQUITO CONTROL DISTRICT
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YEAR ENDED SEPTEMBER 30, 2018**

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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, 2018, 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, 2018, 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.

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 3-10, 46, 47, and 48-51, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2019, 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
May 14, 2019

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, 2018. 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 36 full-time employees and one part-time employee, as well as owning and operating 8 aircraft and 20 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, 2018.
- 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, 2018, 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 \$12,794,459 (net position).
- Of this amount, \$9,897,202 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$6,933,300 from operations. This increase is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$1,447,540. This amount reflects an increase in net pension liability of \$146,742, an increase in net OPEB liability of \$728,488, recording of \$273,500 for environmental remediation, combined with an increase of current and noncurrent liabilities in the amount of \$298,810. The pension liability increase and the OPEB liability increase are discussed further in Note 8 and Note 10 to the Financial Statements respectively. The environmental remediation liability is discussed further in Note 6 to the Financial Statements.
- At the close of the current fiscal year, the ending fund balance was \$12,267,363, an increase of \$6,322,394, or 106.35%, from the 2017 ending fund balance of \$5,944,969.

Financial Highlights: (Continued)

- Of this balance, \$688,000 has been committed for self-insurance, \$143,448 committed for the sick and annual leave reserve, and \$1,896,190 committed for future capital outlays. In addition, \$2,904,766 is nonspendable, consisting of prepaid items and inventories. Approximately \$6.6 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.

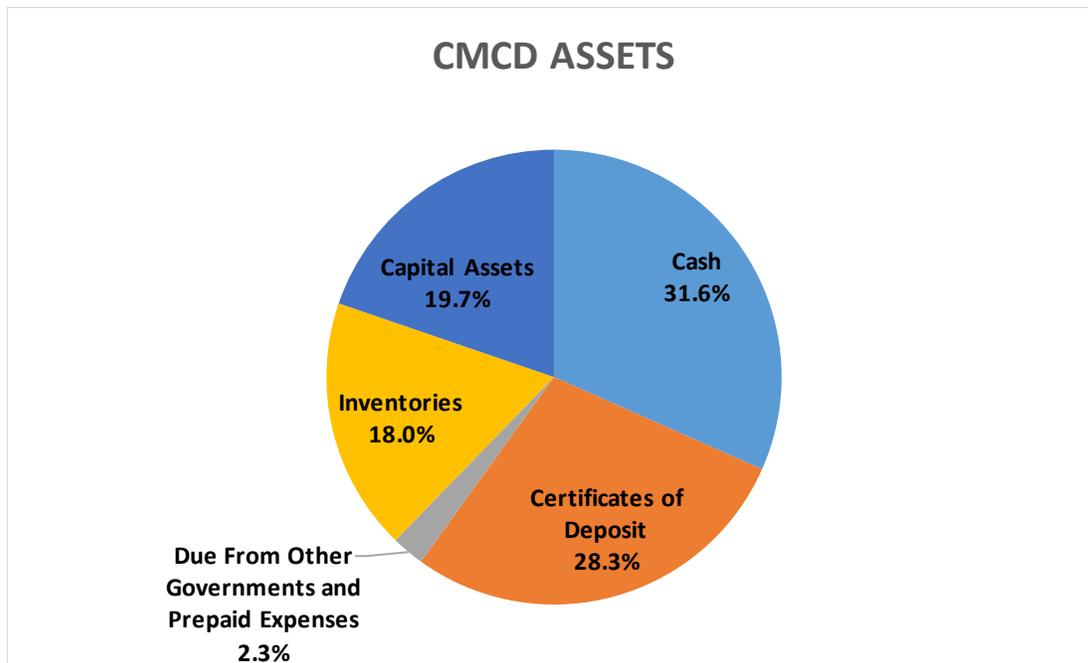
Notes to Financial Statements:

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, 2018 was \$12,794,459. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$15,784,842 (*general revenue plus program revenue*). Total program expenses were \$8,851,542.

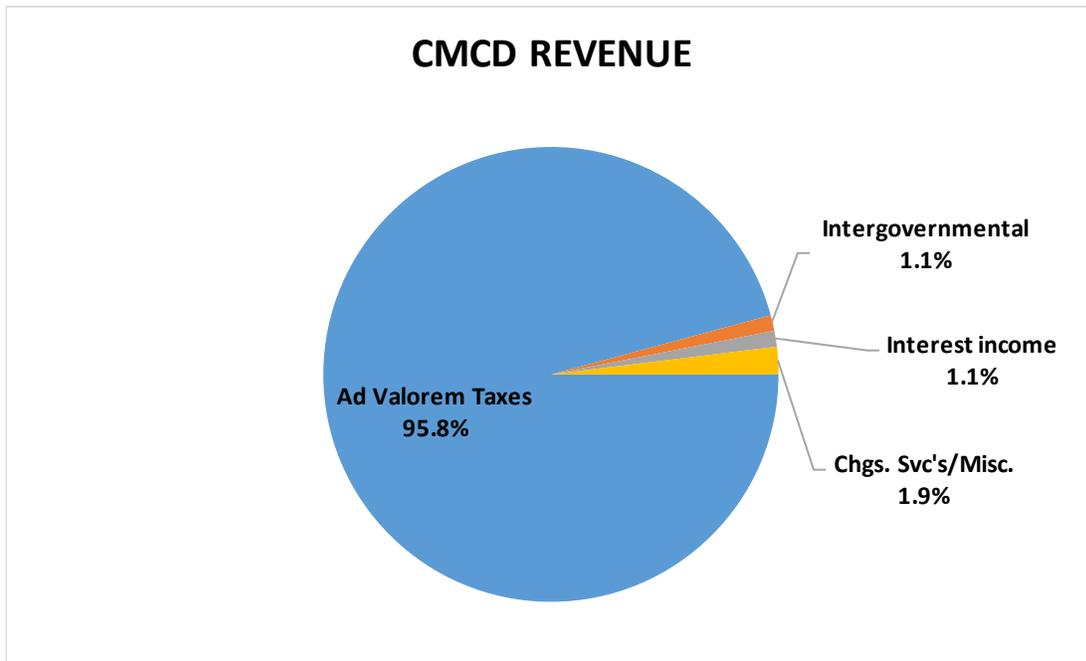
More than Thirty-eight percent of the District's assets represent its investment in capital assets, chemicals, and aircraft parts inventory. The District utilizes and consumes these assets in order to safely provide effective mosquito control to the citizens within the District boundaries. The assets 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

	<u>2018</u>	<u>2017</u>	<u>Difference</u>
Current and Other Assets	\$ 12,987,753	\$ 6,187,274	\$ 6,800,479
Capital Assets	3,179,382	1,549,827	1,629,555
Total Assets	<u>16,167,135</u>	<u>7,737,101</u>	<u>8,430,034</u>
Deferred Outflows of Resources	1,139,364	1,087,546	51,818
Current and Other Liabilities	551,631	242,305	309,326
Long-Term Liabilities	<u>3,708,983</u>	<u>2,570,769</u>	<u>1,138,214</u>
Total Liabilities	4,260,614	2,813,074	1,447,540
Deferred Inflows of Resources	251,426	150,414	101,012
Net Position:			
Invested in Capital Assets	2,897,257	1,549,827	1,347,430
Unrestricted	<u>9,897,202</u>	<u>4,311,332</u>	<u>5,585,870</u>
Total Net Position	<u>\$ 12,794,459</u>	<u>\$ 5,861,159</u>	<u>\$ 6,933,300</u>

During the past year, total assets increased by \$8,430,034, total deferred outflow of resources increased \$51,818, total liabilities increased by \$1,447,540, total deferred inflows of resources increased \$101,012 as indicated in the above table. Adulticide/larvicide materials on-hand at the end of the year increased by approximately \$862,000 as we have begun to keep multiple adulticides on hand for chemical rotation, in an effort to prevent insecticide resistance. Additionally, due to the expansion of the larvicide program, an abundance of larvicide is on hand for pretreatment of areas before mosquito season begins. The balance in cash and CDs increased by approximately \$5,487,783, as the District has embarked on a plan to strategically replace the District's fleet with new or newer airplanes and helicopters during the coming years. The value of the capital assets increased in book value by \$1,629,555. Notable additions included the replacement of five roofs due to Hurricane Irma, purchasing four vehicles, procuring and installing new accounting software, and refurbishment of one Hughes 500 helicopter.

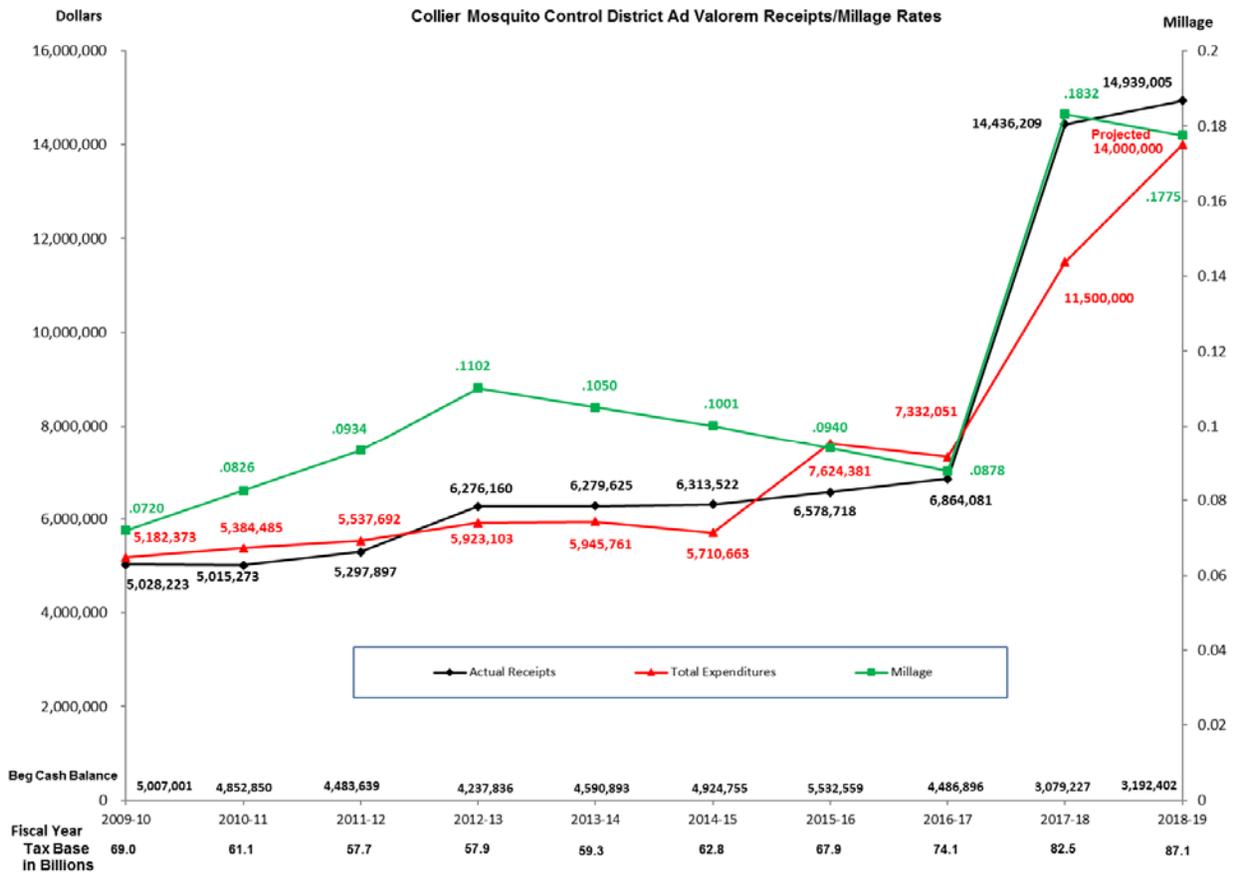


Summary Changes in Net Position

	<u>2018</u>	<u>2017</u>	<u>Difference</u>
Revenues			
General Revenues			
Property Taxes	\$ 14,583,285	\$ 6,450,412	\$ 8,132,873
Intergovernmental	168,759	-	168,759
Charges for Services	289,734	223,818	65,916
Interest	172,094	43,644	128,450
Miscellaneous	570,970	139,913	431,057
Total Revenues	<u>15,784,842</u>	<u>6,857,787</u>	<u>8,927,055</u>
Expenses			
Human Services – Mosquito Control	<u>8,851,542</u>	<u>7,390,687</u>	<u>1,460,855</u>
Increase/Decrease in Net Position	6,933,300	(532,900)	7,466,200
Net Position - Beginning of Fiscal Year	<u>5,861,159</u>	<u>6,394,059</u>	<u>(532,900)</u>
Net Position - End of Fiscal Year	<u><u>\$ 12,794,459</u></u>	<u><u>\$ 5,861,159</u></u>	<u><u>\$ 6,933,300</u></u>

Total revenue increased by \$8,927,055. Charges for services were for reimbursable contractual mosquito control treatment rendered to the Ave Maria Stewardship Community District. In fiscal year 2017-2018, property tax revenue increased by \$8,132,873 to begin accumulating funds for future upgrades to our fleet, thus increasing our mission capabilities and efficiency, consequently reducing maintenance costs. Property taxes represent 96% of the District's revenue. Expenditures increased by \$1,460,855, and the net change increased the net position at the end of the fiscal year. Post-employment health insurance related contributions were made in the amount of \$100,000.

Personnel expenses increased by \$1,524,988, as eight employees were hired, three employees retired, and three seasonal employees were utilized during the fiscal year. In addition, changes in compensated absence, pension, and OPEB related items increased personnel expenses by about \$900,000. Operating expenses decreased by \$53,550, which represents a decrease of about \$670,000 in chemicals used. This decrease was offset by increases for equipment and building upgrades, to include post Hurricane Irma improvements and an accrued expense amount of \$273,500 for environmental remediation. The balance in cash and CDs increased by \$5.5 million as 30% of the operating budget was not utilized during the fiscal year.



The chart above reflects revenues, expenses, and millage rates for the past nine years and projections for the upcoming fiscal year (FY 2018-2019).

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, 2018 was \$688,000. For more information on the District's risk management, please see Note 11 on page 45 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:

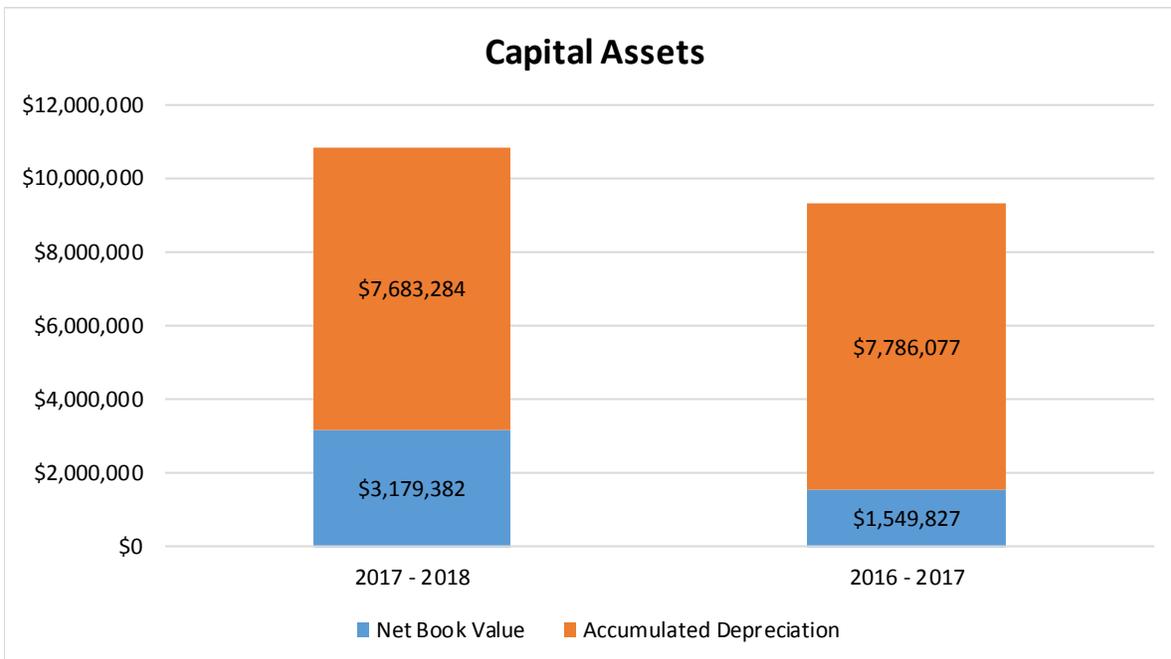
The District adopts an annual budget for its funds as required by Florida Statutes. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them.

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 17. The discrepancy of \$20,156 is 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 \$5,159,875. The variance is primarily due to capital outlay funds earmarked for a new aircraft that was not purchased and unspent contingency funds.

Capital Asset and Debt Administration:

The District’s investment in *capital assets* at year-end is \$3,179,382 (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 estimated acquisition value at the date of donation, and are depreciated utilizing the straight-line method. The reported value of the District’s capital assets has increased in book value by \$1,629,555. 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

	2018	2017
Construction in Progress	\$ 641,184	\$ 124,525
Buildings & Leasehold Improvements	6,182,162	5,226,169
Aircraft	1,889,672	2,064,672
Vehicles	624,214	409,248
Equipment	1,525,434	1,511,290
 Total Assets	 10,862,666	 9,335,904
 Less: Accumulated Depreciation	 (7,683,284)	 (7,786,077)
 Net Book Value	 \$ 3,179,382	 \$ 1,549,827

At September 30, 2018, the District had no *long-term debt*; its *other noncurrent liabilities* were comprised of accrued compensated absences, net pension liability, and net OPEB liability. For more information on accrued compensated absences, pensions or Postemployment Benefits other than Pensions, please see Note 1 on page 24, Note 8 on page 29, Note 9 on page 38 and Note 10 on page 39, respectively, of the *Notes to Financial Statements*. For more information on capital assets, please see Note 4 on page 27, of the *Notes to Financial Statements*.

Economic Factors and Next Year's Budget and Rates:

In September of 2018, the Board of Commissioners approved a \$24.8 million budget for fiscal year 2019. The millage rate is .1775 mills per thousand, which is at the rolled-back rate, resulting in an increase in revenue of approximately \$329,066. 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, 2018**

ASSETS

Cash	\$ 5,094,108
Certificates of Deposit	4,557,672
Prepaid Items	8,296
Other Receivable	67,776
Due From Other Governments	363,431
Inventories	2,896,470
Capital Assets, Net	<u>3,179,382</u>
Total Assets	<u>16,167,135</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	1,081,799
OPEB Related	<u>57,565</u>
	<u>1,139,364</u>

LIABILITIES

Accounts Payable	444,493
Salaries and Related Benefits Payable	83,287
Matured Compensated Absences	23,851
Noncurrent Liabilities:	
Net Pension Liability	2,467,602
Net OPEB Liability	803,937
Compensated Absences Expected to be Paid After One Year	163,944
Environmental Remediation	<u>273,500</u>
Total Liabilities	<u>4,260,614</u>

DEFERRED INFLOWS OF RESOURCES

Pension Related	251,426
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NET POSITION

Invested in Capital Assets	2,897,257
Unrestricted	<u>9,897,202</u>
Total Net Position	<u><u>\$ 12,794,459</u></u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

PROGRAM EXPENSES

Human Services - Mosquito Control	
Personnel Service	\$ 4,545,309
Operating	4,117,762
Depreciation	188,471
Total Program Expenses	<u>8,851,542</u>

PROGRAM REVENUES

Charges for Services	<u>289,734</u>
Net Program Expenses	8,561,808

GENERAL REVENUES

Property Taxes	14,583,285
Intergovernmental	168,759
Interest Income	172,094
Insurance Proceeds	564,653
Miscellaneous	6,317
Total General Revenues	<u>15,495,108</u>

INCREASE IN NET POSITION

6,933,300

Net Position - Beginning of Year

5,861,159

NET POSITION - END OF YEAR

\$ 12,794,459

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2018**

ASSETS

Cash	\$ 5,094,108
Certificates of Deposit	4,557,672
Prepaid Items	8,296
Other Receivable	67,776
Due From Other Governments	363,431
Inventories	2,896,470
Total Assets	\$ 12,987,753

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 444,493
Salaries and Related Benefits Payable	83,287
Matured Compensated Absences	23,851
Total Liabilities	551,631

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenue	168,759
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FUND BALANCE

Nonspendable:	
Prepaid and Inventories	2,904,766
Committed to:	
Self-Insurance	688,000
Sick and Annual Leave	143,448
Future Capital Outlay	1,896,190
Unassigned:	6,634,959
Total Fund Balance	12,267,363

Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,987,753
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**COLLIER MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

FUND BALANCE	\$ 12,267,363
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.	3,179,382
Some revenues are not available in the current period and, therefore, are not reported in the funds.	168,759
Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions and OPEB in the statement of net position.	1,139,364
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)	(2,467,602)
Compensated Absences (see Note 5)	(163,944)
Net OPEB Liability (see Note 10)	(803,937)
Environmental Remediation Liability (Note 6)	(273,500)
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>(251,426)</u>
NET POSITION	<u><u>\$ 12,794,459</u></u>

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

REVENUES

Property Taxes	\$ 14,583,285
Charges for Services	289,734
Interest	172,094
Insurance Proceeds	564,653
Miscellaneous	15,193
Total Revenues	15,624,959

EXPENDITURES

Current:	
Human Services - Mosquito Control:	
Personnel Service	3,631,401
Operating Expenditures	4,795,416
Capital Outlays	1,826,902
Total Expenditures	10,253,719

Excess Revenues Over Expenditures	5,371,240
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Fund Balance - Beginning of Year	5,944,969
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INCREASE IN NONSPENDABLE INVENTORY	951,154
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FUND BALANCE - END OF YEAR	\$ 12,267,363
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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, 2018**

Net Change in Fund Balance		\$ 5,371,240
<p>Amounts reported for governmental activities in the statement of Activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities cost of those assets are depreciated over their estimated useful lives.</p>		
Expenditures for Capital Assets	\$ 1,826,902	
Less: Current Year Depreciation	<u>(188,471)</u>	1,638,431
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) which decrease net position.</p>		
		(8,876)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This item represents the change caused by the "available" revenue recognition criteria.</p>		
		168,759
<p>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.</p>		
Change in Net Pension Liability (see Note 8)		(146,742)
Change in Compensated Absences (see Note 5)		10,516
Change in Net OPEB Liability (see Note 10)		(728,488)
Change in Environmental Remediation Liability (see Note 6)		(273,500)
<p>Net change in the deferred outflows and inflows for OPEB is reported in the government-wide statements, but not in the governmental fund statements.</p>		
		(65,091)
<p>Net change in the deferred outflows and inflows for pension is reported in the government-wide statements, but not in the governmental fund statements.</p>		
		15,897
<p>Governmental funds report inventory purchases as expenditures. However, in the statement of activities, cost of inventory is capitalized and expensed as consumed.</p>		
Increase in Inventory Over the Purchase Method		<u>951,154</u>
Change in Net Position		<u><u>\$ 6,933,300</u></u>

See accompanying Notes to Financial Statements.

**COLLIER MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 14,609,939	\$ 14,583,286	\$ 14,583,285	\$ (1)
Charges for Services	100,000	269,576	289,734	20,158
Interest	78,000	172,094	172,094	(0)
Insurance Proceeds	-	-	564,653	564,653
Miscellaneous	-	579,846	15,193	(564,653)
Total Revenues	<u>14,787,939</u>	<u>15,604,803</u>	<u>15,624,959</u>	<u>20,156</u>
EXPENDITURES				
Current				
Human Services				
Personnel Services				
Personnel Service	2,167,363	2,167,363	2,067,556	99,807
Personnel Services Benefits	1,660,624	1,660,627	1,563,845	96,782
Operating Expenditures				
Travel, Utilities, Repairs, and Service	1,162,690	1,162,690	744,637	418,053
Chemicals	2,650,000	2,650,000	2,579,677	70,323
Gasoline, Oil, and Lube	166,300	166,300	108,451	57,849
Other Supplies and Materials	316,700	316,700	154,636	162,064
Other Operating Expenditures	1,133,916	1,533,916	1,208,015	325,901
Capital Outlay	4,416,500	4,416,500	1,826,902	2,589,598
Contingency	922,634	1,339,498	-	1,339,498
Total Expenditures	<u>14,596,727</u>	<u>15,413,594</u>	<u>10,253,719</u>	<u>5,159,875</u>
Excess Revenues Over (under) Expenditures	191,212	191,209	5,371,240	5,180,031
Fund Balance - Beginning of Year	3,100,000	4,018,926	5,944,969	1,926,043
Increase in Nonspendable Inventory	<u>-</u>	<u>-</u>	<u>951,154</u>	<u>951,154</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 3,291,212</u></u>	<u><u>\$ 4,210,135</u></u>	<u><u>\$ 12,267,363</u></u>	<u><u>\$ 8,057,228</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, 2018**

ASSETS

Certificates of Deposit \$ 2,358,827

LIABILITIES

Accounts Payable and Accrued Liabilities -

**NET POSITION HELD IN TRUST FOR
OPEB BENEFITS**

\$ 2,358,827

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, 2018**

ADDITIONS:

CONTRIBUTIONS

Employer Contributions	\$ 328,006
Total Contributions	<u>328,006</u>

INVESTMENT INCOME

Interest	<u>44,270</u>
Total Additions	372,276

DEDUCTIONS:

BENEFIT PAYMENTS

	<u>201,337</u>
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CHANGE IN NET POSITION

	170,939
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Net Position - Beginning of Year

	<u>2,187,888</u>
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NET POSITION - END OF YEAR

	<u><u>\$ 2,358,827</u></u>
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**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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, 2018**

**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, 2018**

**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>	
Buildings and Leasehold Improvements	30 Years
Aircraft	20-25 Years
Vehicles	7 Years
Machinery and Equipment	5-10 Years

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, 2018**

**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. Reported prepaid items are equally offset as nonspendable fund balance in the fund financial statement, which indicates that they do not constitute "available spendable resources".

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.

Deferred inflows of resources also include amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criterion (availability) has not been met.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

**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, 2018 was \$187,795, of which \$23,851 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, 2018 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, 2018**

**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, 2018**

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

New Accounting Pronouncements

The statements also include the impact of the adoption of GASB Statement No. 82, *Pension Issues*, and GASB Statement No. 85, *Omnibus 2017*. GASB Statement No. 82 addresses issues regarding the presentation of payroll related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and the classification of payments made by employers to satisfy employee contribution requirements. GASB Statement No. 85 establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application and post employment benefits.

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, 2018 consisted of the following:

	Carrying Amount
Chemicals	\$ 1,752,759
Aircraft and Vehicle Parts	1,143,711
Total	\$ 2,896,470

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, is as follows:

	Balance October 1, 2017	Increases	Decreases	Balance September 30, 2018
<i>Capital Assets Not Being Depreciated:</i>				
Construction in Progress	\$ 124,525	\$ 516,659	\$ -	\$ 641,184
<i>Capital Assets Being Depreciated:</i>				
Buildings and Leasehold Improvements	5,226,169	955,993	-	6,182,162
Aircraft	2,064,672	-	(175,000)	1,889,672
Vehicles	409,248	229,737	(14,771)	624,214
Machinery and Equipment	1,511,290	127,513	(113,369)	1,525,434
Total Capital Assets Being Depreciated	9,211,379	1,313,243	(303,140)	10,221,482
<i>Less Accumulated Depreciation for:</i>				
Buildings and Leasehold Improvements	4,605,257	20,706	-	4,625,963
Aircraft	1,819,873	34,561	(175,000)	1,679,434
Vehicles	167,942	60,148	(14,771)	213,319
Machinery and Equipment	1,193,005	73,056	(101,493)	1,164,568
Total Accumulated Depreciation	7,786,077	188,471	(291,264)	7,683,284
Total Capital Assets Being Depreciated, Net	1,425,302	1,124,772	(11,876)	2,538,198
Governmental Activities Capital Assets, Net	\$ 1,549,827	\$ 1,641,431	\$ (11,876)	\$ 3,179,382

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 196,881	\$ 155,189	\$ (164,275)	\$ 187,795	\$ 23,851
Total	\$ 196,881	\$ 155,189	\$ (164,275)	\$ 187,795	\$ 23,851

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 6 COMMITMENTS AND CONTINGENCIES

The District is committed under noncancelable operating leases for the use of various properties. Total payments under the noncancelable operating leases for the year ended September 30, 2018 were \$89,266.

Future minimum lease payments under noncancelable operating leases having remaining terms in excess of one year as of September 30, 2018 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 85,823
2020	57,698
2021	55,438
2022	51,442
2023	49,740
Thereafter	1,023,750
Total Future Minimum Lease Payments	<u><u>\$ 1,323,891</u></u>

The District is currently involved in an environmental assessment related to petroleum soil contamination at the District's facility at the Naples Municipal Airport in Naples, Florida. The District entered into a contract with GFA International to prepare a work plan for petroleum soil contamination assessment, excavation and source removal. The assessment involved collaboration between the District and GFA International. In October 2018, GFA International concluded that contamination of soil associated with petroleum or petroleum-based constituents existed in the vicinities of the southwestern and southeastern former service islands.

On October 3, 2018, GFA International provided the District a preliminary cost estimate for excavation and removal of petroleum contaminated soil. The costs associated with the work plan are estimated at \$273,500. In compliance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*, the District accrued the total cost of the environmental remediation project in the governmental activities as of September 30, 2018.

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, 2018, was \$0.1832 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, 2018**

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 \$403,738 for both the FRS Pension Plan and HIS Plan for the year ended September 30, 2018.

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, 2018**

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, 2018**

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, 2017, were applied to employee salaries as follows: regular employees, 7.92%; District elected officials, 45.50%; senior management, 22.71%; DROP participants, 13.26%; and retirees initially reemployed on or after July 1, 2010, who are not eligible for retirement coverage, 4.96%. The District's contributions to the FRS Plan were \$158,412 for the year ended September 30, 2018.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2018, the District reported a liability of \$1,827,607 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2018, the District's proportion was 0.00607%, which was an increase of 0.00017% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the District recognized pension expense of \$350,178 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:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 154,826	\$ 5,619
Changes in Actuarial Assumptions	597,173	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	141,205
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	121,881	18,388
District Contributions Subsequent to the Measurement Date	49,265	-
Total	<u>\$ 923,145</u>	<u>\$ 165,212</u>

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

\$49,265 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>
2019	\$ 286,577
2020	188,816
2021	30,262
2022	113,091
2023	77,494
Thereafter	12,428

Actuarial Assumptions

The total pension liability in the July 1, 2018, 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	7.40%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, 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, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.8%
Fixed Income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real Estate (Property)	11.0%	6.6%	6.0%	11.3%
Private Equity	10.0%	10.7%	7.8%	26.5%
Strategic Investments	6.0%	6.0%	5.7%	8.6%
Totals	<u>100%</u>			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% 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:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase in Discount Rate</u>
FRS Plan Discount Rate	6.00%	7.00%	8.00%
District's Proportionate Share of the FRS Plan Net Pension Liability	\$ 3,335,457	\$ 1,827,607	\$ 575,246

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, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (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, 2018, 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, 2018, 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 \$33,493 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the District reported a liability of \$639,995 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. 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, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the District's proportion was 0.00605%, which was an increase of 0.00067% from its proportion measured as of June 30, 2017.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

For the year ended September 30, 2018, the District recognized pension expense of \$53,560 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 9,798	\$ 1,087
Changes in Actuarial Assumptions	71,175	67,666
Net Difference Between Projected and Actual Earnings on HIS Program Investments	385	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	67,841	17,461
District Contributions Subsequent to the Measurement Date	9,455	-
Total	<u>\$ 158,654</u>	<u>\$ 86,214</u>

\$9,455 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, 2019. 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:

Year Ended June 30,	Amount
2019	\$ 14,742
2020	14,710
2021	12,475
2022	10,861
2023	2,836
Thereafter	7,361

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018, 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	3.87%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 3.87% 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	2.87%	3.87%	4.87%
District's Proportionate Share of the HIS Plan Net Pension Liability	\$ 728,916	\$ 639,995	\$ 565,873

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, 2018**

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Summary

	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net pension liability	\$ 1,827,607	\$ 639,995	\$ 2,467,602
Deferred outflows of resources related to pension	923,145	158,654	1,081,799
Deferred inflows of resources related to pensions	165,212	86,214	251,426
Pension expense	350,178	53,560	403,738

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, 2018, 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.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 9 DEFINED CONTRIBUTION PLAN (CONTINUED)

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 \$37,057 for the year ended September 30, 2018.

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, 2018, was \$30,090. At September 30, 2018, 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).

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Plan Description (Continued)

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.

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, 2018, the District contributed \$26,668 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 \$100,000 was contributed directly to the Trust and \$201,337 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, 2018 were as follows:

Total OPEB Liability	\$ 3,162,764
Plan Fiduciary Net Position	2,358,827
District's Net OPEB Liability	\$ 803,937

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	74.58%
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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.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

The District's net OPEB liability was measured as of September 30, 2018, 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.

The total OPEB liability was measured as of September 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.25%
Expected return on plan assets	3.25%
Inflation rate	2.75%
Mortality	Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.

Health care cost trend rate	6.80% for FY2018, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2075 and later years. In addition, the medical trend rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.36% beginning calendar year 2022 for plans other than Medicare 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 2018 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, 2018**

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Domestic Equity	0.00%	7.70%
International Equity	0.00%	7.99%
Fixed Income	0.00%	4.74%
Real Estate and Alternatives	0.00%	6.94%
Cash and Equivalents	<u>100.00%</u>	3.33%
Total	<u>100.00%</u>	3.33%
Reduced for Assumed Investment Expense		<u>0.00%</u>
Net Assumed Investment Return (Weighted Avg, Rounded to 1/4%)		<u>3.25%</u>

The discount rate used to measure the total OPEB liability was 3.25%. 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 3.83% 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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 3.25% (rounded to ¼%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Since the most recent revised 2017 GASB 74/75 valuation report, the following changes have been made:

- The discount rate was changed from 3.50% to 3.25%.
- Expected long-term rate of return on assets changed from 3.50% to 3.25%.
- Index rate for 20-year, tax-exempt municipal bonds¹ (Fidelity 20-Year Municipal GO AA Index) used in discount rate determination changed from 3.60% to 3.83%.
- A salary scale assumption was updated from a flat rate of 3.25% to rates from the July 1, 2017 Florida Retirement System Pension Plan actuarial valuation.

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

- Withdrawal rates were updated from the Small Plan age-based table in the 2003 SOA Turnover Study, adjusted by 50% to the rates from the July 1, 2017 Florida Retirement System Pension Plan actuarial valuation. This change was made due to updated valuation methods.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at September 30, 2017	\$ 2,263,337	\$ 2,187,888	\$ 75,449
Changes for the Year:			
Service Cost	50,433	-	50,433
Interest Cost	77,459	-	77,459
Changes of Assumptions	972,872	-	972,872
Contributions-Employer	-	328,006	(328,006)
Net Investment Income	-	44,270	(44,270)
Benefit Payments	(201,337)	(201,337)	-
Net Changes	<u>899,427</u>	<u>170,939</u>	<u>728,488</u>
Balance at September 30, 2018	<u>\$ 3,162,764</u>	<u>\$ 2,358,827</u>	<u>\$ 803,937</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 2.25%	Discount Rate 3.25%	1% Increase 4.25%
Net OPEB Liability	\$ 1,127,148	\$ 803,937	\$ 526,053

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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	\$ 448,359	\$ 803,937	\$ 1,238,969

For the year ended September 30, 2018, the District recognized OPEB expense of \$1,040,596. At September 30, 2018, 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	\$ 57,565	\$ -
Total	\$ 57,565	\$ -

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
2019	\$ 16,996
2020	16,996
2021	16,996
2022	6,577
Total	\$ 57,565

**COLLIER MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 2018, the District paid \$196,885 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 \$944,460 for claims, administrative fees, and premiums.

The activity for the self-insured plans for 2017 and 2018 was as follows:

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>
Claims Liability, October 1, 2017	\$ -
Current Year Claims and Insurance Funding	1,027,402
Claims Paid During the Year	(632,219)
Insurance Premiums	(302,081)
Third-Party Administrator Fees	(93,102)
Claims Liability, September 30, 2018	<u>\$ -</u>

**COLLIER MOSQUITO CONTROL DISTRICT
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULES OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2018**

	2018	2017
Total OPEB Liability		
Service Cost	\$ 50,433	\$ 48,620
Interest	77,459	78,634
Changes of Assumptions	972,872	(3,287)
Benefit Payments	<u>(201,337)</u>	<u>(143,211)</u>
Net Change in Total OPEB Liability	899,427	(19,244)
Total OPEB Liability - Beginning	<u>2,263,337</u>	<u>2,282,581</u>
Total OPEB Liability - Ending (a)	<u><u>\$ 3,162,764</u></u>	<u><u>\$ 2,263,337</u></u>
Plan Fiduciary Net Position		
Employer Contributions	\$ 328,006	\$ 414,915
Net Investment Income	44,270	14,841
Benefits Paid	<u>(201,337)</u>	<u>(143,211)</u>
Net Change in Plan Fiduciary Net Position	170,939	286,545
Plan Fiduciary Net Position - Beginning	<u>2,187,888</u>	<u>1,901,343</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,358,827</u></u>	<u><u>\$ 2,187,888</u></u>
District's Net OPEB Liability - Ending (a) - (b)	\$ 803,937	\$ 75,449
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	74.58%	96.67%
Covered-Employee Payroll	\$ 1,270,931	\$ 1,827,554
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	63.26%	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
OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS – OPEB
SEPTEMBER 30, 2018**

<u>Year</u>	<u>Annual Money-Weighted Rate of Return, Net of Investment Expense</u>
2017	0.78%
2018	2.01%

*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
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
FLORIDA RETIREMENT SYSTEM PENSION PLAN *
LAST 10 FISCAL YEARS¹**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Collier Mosquito Control District's Proportion of the Net Pension Liability	0.006067643%	0.005902166%	0.005733070%	0.005978794%	0.005352249%
Collier Mosquito Control District's Proportionate Share of the Net Pension Liability	\$ 1,827,607	\$ 1,745,822	\$ 1,447,606	\$ 772,242	\$ 326,566
Collier Mosquito Control District's Covered Payroll	\$ 1,974,975	\$ 1,720,192	\$ 1,618,986	\$ 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	92.54%	101.49%	89.41%	47.79%	19.54%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**COLLIER MOSQUITO CONTROL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
FLORIDA RETIREMENT SYSTEM PENSION PLAN *
LAST 10 FISCAL YEARS¹**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 158,412	\$ 145,652	\$ 124,073	\$ 130,401	\$ 114,081
Contributions in Relation to the Contractually Required Contribution	(158,412)	(145,652)	(124,073)	(130,401)	(114,081)
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 2,017,633	\$ 1,791,214	\$ 1,579,444	\$ 1,597,592	\$ 1,654,990
Contributions as a Percentage of Covered Payroll	7.85%	8.13%	7.86%	8.16%	6.89%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

**COLLIER MOSQUITO CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –
HEALTH INSURANCE SUBSIDY PENSION PLAN *
LAST 10 FISCAL YEARS¹**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Collier Mosquito Control District's Proportion of the Net Pension Liability	0.006046748%	0.005377998%	0.005244361%	0.005320494%	0.005625335%
Collier Mosquito Control District's Proportionate Share of the Net Pension Liability	\$ 639,995	\$ 575,038	\$ 611,209	\$ 542,607	\$ 525,983
Collier Mosquito Control District's Covered Payroll	\$ 1,974,975	\$ 1,720,192	\$ 1,618,986	\$ 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	32.41%	33.43%	37.75%	33.58%	31.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.15%	1.64%	0.97%	0.50%	0.99%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.

For June 30, 2015, and later, covered payroll shown includes the payroll for Investment Plan members and payroll on which only UAL rates are charged.

**COLLIER MOSQUITO CONTROL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS –
HEALTH INSURANCE SUBSIDY PENSION PLAN *
LAST 10 FISCAL YEARS¹**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 33,493	\$ 29,734	\$ 26,219	\$ 21,600	\$ 20,091
Contributions in Relation to the Contractually Required Contribution	(33,493)	(29,734)	(26,219)	(21,600)	(20,091)
Contribution Deficiency (Excess)	<u>\$ -</u>				
Covered Payroll	\$ 2,017,633	\$ 1,791,214	\$ 1,579,444	\$ 1,597,592	\$ 1,654,990
Contributions as a Percentage of Covered Payroll	1.66%	1.66%	1.66%	1.35%	1.21%

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

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the County will present information for only those years for which information is available.



**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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 14, 2019.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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
May 14, 2019



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, 2018, and have issued our report thereon dated May 14, 2019.

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 May 14, 2019, 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. See Exhibit A for the status of findings and 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition and our financial condition assessment was based in part on representations made by management and 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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, 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.

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

Fort Myers, Florida
May 14, 2019

Honorable Board of Commissioners
 Collier Mosquito Control District

Exhibit A

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2016-2017	2015-2016	Cleared	Partially Cleared	Not Cleared
2017-001 Bank Reconciliations	Significant Deficiency	N/A	2017-001	N/A	X		
2017-002 Payroll Review and Approval	Significant Deficiency	N/A	2017-002	N/A	X		



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, 2018. 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, 2018.

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

CliftonLarsonAllen LLP

Fort Myers, Florida
May 14, 2019