

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2021**

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA**

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INDEPENDENT AUDITOR'S REPORT

To the 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 Collier Mosquito Control District, Naples, Florida ("District") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 auditor's 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, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of changes in the District's OPEB liability and related ratios, annual money-weighted rate of return schedule, and the schedules of proportionate share of net pension liability and pension contributions - defined benefit pension plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2022, 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



June 8, 2022

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, 2021. 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 45 full-time employees and two part-time employees, as well as owning and operating seven aircraft and 32 vehicles.
- The primary location for operations is at the Naples Municipal Airport with a substation close to the Immokalee Airport. The District and its operations are 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, 2021.
- 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, 2021 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 \$30,690,959 (*net position*).
- Of this amount, \$17,543,511 (*unrestricted net position*) may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$5,982,499 from investments in capital assets and operations. This increase is discussed further in the government-wide financial analysis.
- Total liabilities decreased by \$2,602,006. This amount reflects a decrease in accounts payable due to the completion of the construction in progress, a decrease in net pension of \$1,929,910 and an OPEB liability decrease of \$620,074 respectively. Short-term compensated absences increased by \$38,443 due to an atypical event, long-term compensated absences increased by \$38,443, and the environmental liability decreased by \$10,115. The pension liability decrease is discussed further in Note 8 and the OPEB liability decrease is discussed in Note 10 to the Financial Statements.
- At the close of the current fiscal year, the ending fund balance was \$19,455,178, a decrease of \$283,678, or 1.44%, from the 2020 ending fund balance of \$19,738,856.
- Of this balance, \$1,037,375 has been committed for self-insurance, \$136,771 committed for the sick and annual leave reserve, and \$6,390,031 has been committed for future capital outlays, which includes significant investment into District infrastructure. In addition, \$4,053,103 is nonspendable, consisting of prepaid items and inventories. Approximately \$726,648 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 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 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.

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 17 and 18.

Notes to Financial Statements:

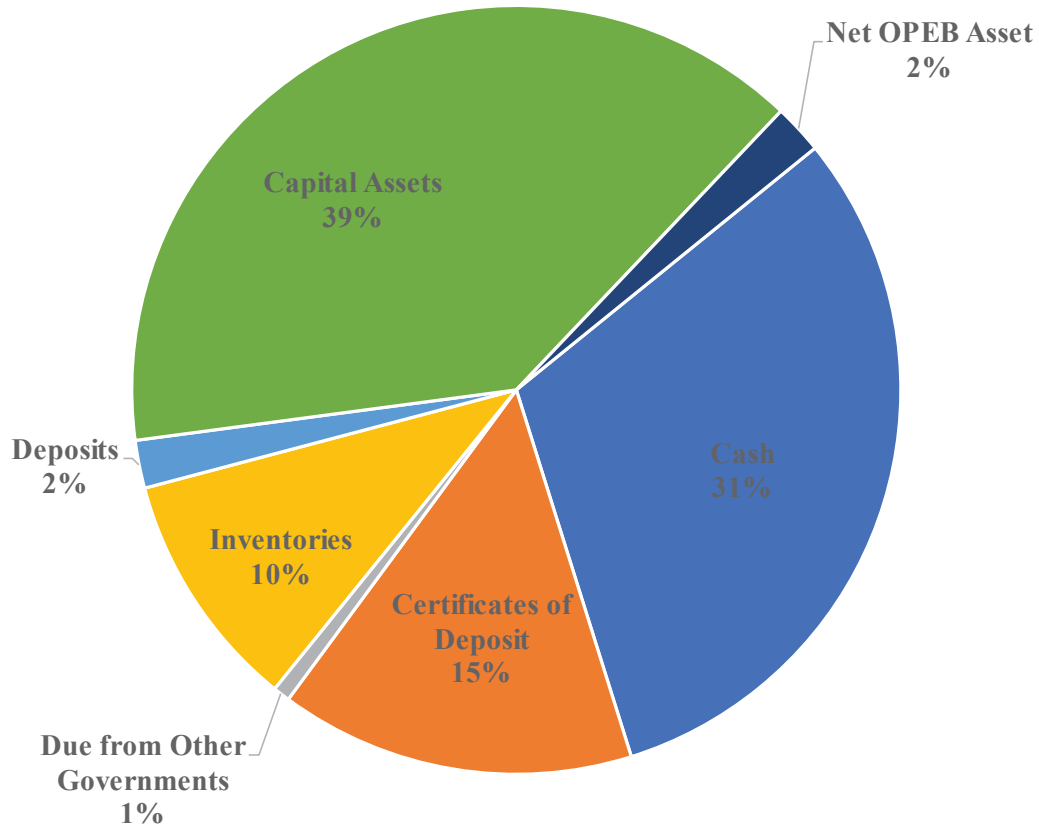
The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 19. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis:

Net position may serve as a useful indicator of an agency's financial position. The District's net position as of September 30, 2021 was \$30,690,959. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$16,654,395 (*general revenue plus program revenue*). Total program expenses were \$10,671,896.

Approximately fifty 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.

CMCD ASSETS



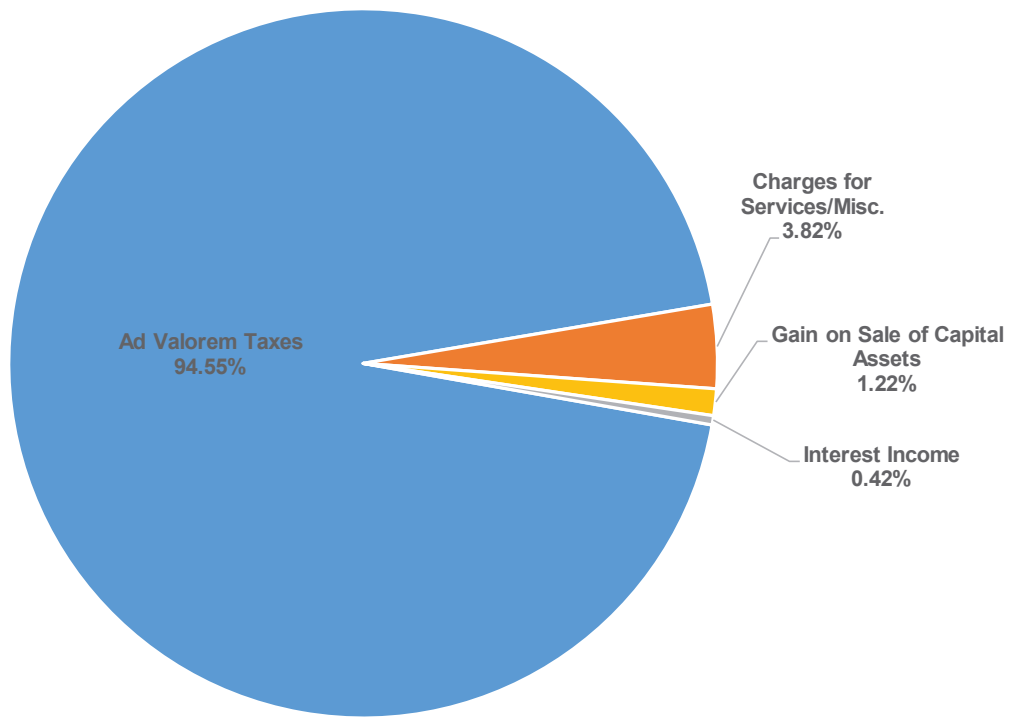
Summary of Net Position

	2021	2020	Difference
Current and Other Assets	\$ 20,404,517	\$ 20,100,898	\$ 303,619
Capital Assets	<u>13,147,448</u>	<u>8,361,511</u>	<u>4,785,937</u>
Total Assets	33,551,965	28,462,409	5,089,556
Deferred Outflows of Resources	1,205,997	1,175,177	30,820
Current and Other Liabilities	250,972	362,042	(111,070)
Long-Term Liabilities	<u>1,936,962</u>	<u>4,427,898</u>	<u>(2,490,936)</u>
Total Liabilities	2,187,934	4,789,940	(2,602,006)
Deferred Inflows of Resources	1,879,069	139,186	1,739,883
Net Position			
Invested in Capital Assets	13,147,448	8,361,511	4,785,937
Unrestricted	<u>17,543,511</u>	<u>16,346,949</u>	<u>1,196,562</u>
Total Net Position	<u>\$ 30,690,959</u>	<u>\$ 24,708,460</u>	<u>\$ 5,982,499</u>

During the past year, total assets increased by \$5,089,556 due to the purchase of new aircraft and the unanticipated delay of capital improvement projects. There was also an increase in the net OPEB asset due to increased contributions to the plan. Total deferred outflow of resources increased by \$30,820, total liabilities decreased by \$2,602,006 due primarily to a large decrease in the net pension liability, and total deferred inflows of resources increased \$1,739,883, as indicated in the above table. In fiscal year 2020-2021, adulticide/larvicide materials on-hand at the end of the year decreased by approximately \$302,594 as we experienced a more demanding mosquito season requiring the use of more than expected material.

Due to construction delays the balance in cash and CDs increased by approximately \$2,085,695. The District has contracted with a vendor to purchase a new rotor-wing aircraft with the balance to be paid in fiscal year 21-22. Personnel expenses increased by \$627,775, as five full-time employees were hired as well as two part-time employees. Operating expenses increased by \$986,852 which is due to the net effect of the activities mentioned above.

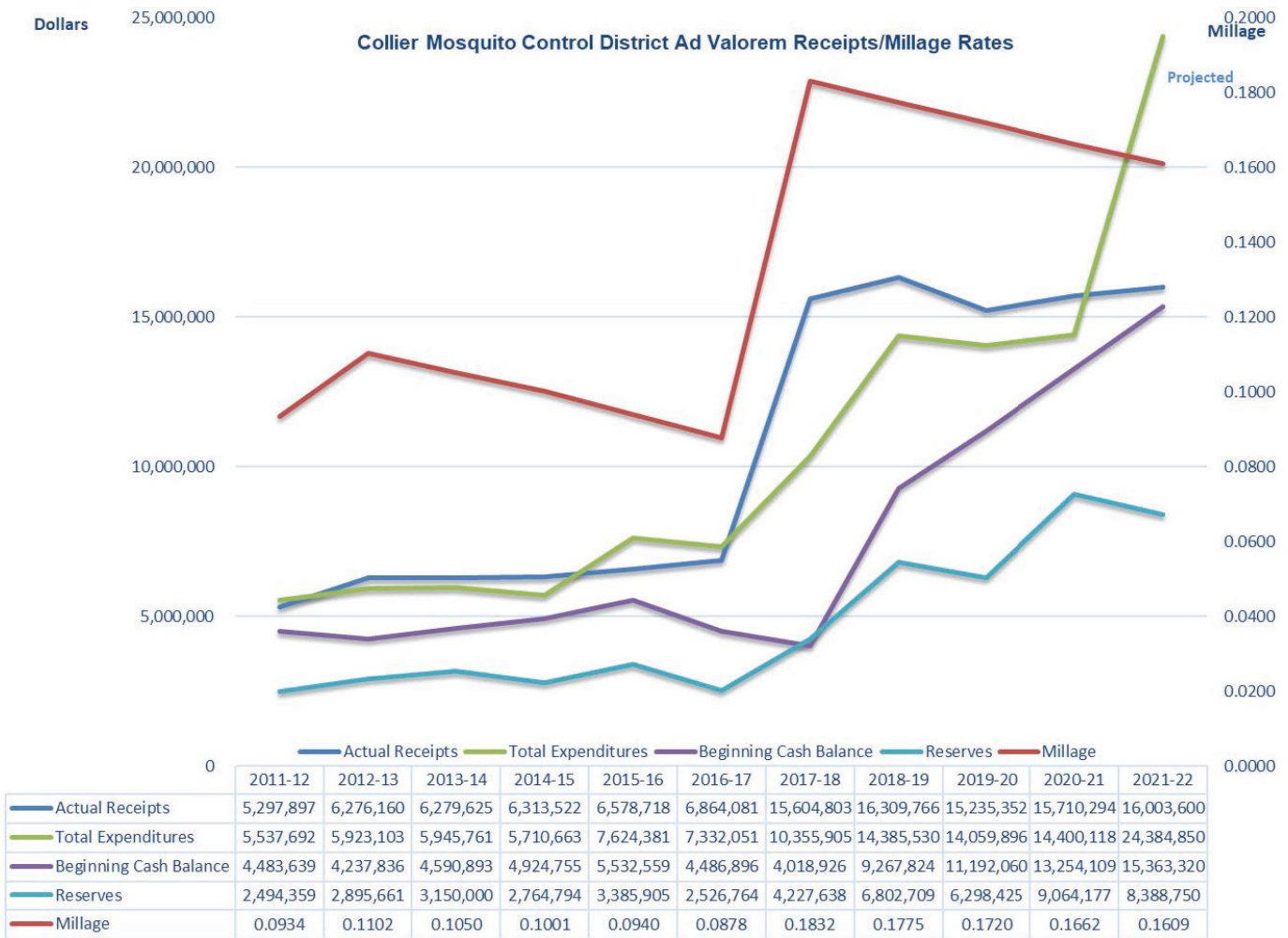
CMCD REVENUE



Summary Changes in Net Position

	2021	2020	Difference
Revenues			
Property Taxes	\$ 15,745,920	\$ 15,325,627	\$ 420,293
Intergovernmental	-	10,451	(10,451)
Interest	69,854	287,005	(217,151)
Charges for Services	524,507	330,002	194,505
Gain(Loss) on Sale of Capital Asset	202,400	(111,388)	313,788
Miscellaneous	<u>111,714</u>	<u>107,472</u>	<u>4,242</u>
Total Revenues	<u>\$ 16,654,395</u>	<u>\$ 15,949,169</u>	<u>\$ 705,226</u>
Expenses			
Human Services - Mosquito Control	<u>10,671,896</u>	<u>9,255,296</u>	<u>1,416,600</u>
Increase/Decrease in Net Position	5,982,499	6,693,873	(711,374)
Net Position - Beginning of Fiscal Year	<u>24,708,460</u>	<u>18,014,383</u>	<u>6,694,077</u>
Net Position - End of Fiscal Year	<u><u>\$ 30,690,959</u></u>	<u><u>\$ 24,708,256</u></u>	<u><u>\$ 5,982,703</u></u>

Total revenue increased by \$705,226. Charges for services were for reimbursable contractual mosquito control treatment rendered to the Ave Maria Stewardship Community Development District. In fiscal year 2020-2021, property tax revenue increased by \$420,293 resulting from higher property values and expenditures increased by \$1,416,600 mainly for personnel costs. Net position increased by \$5,982,703 during the fiscal year. Property taxes represent 95% of the District's revenue. Post-employment health insurance-related contributions were made in the amount of \$503,241.



The chart above reflects revenues, expenses, and millage rates (cash basis) for the past ten years and projections for the upcoming fiscal year (FY 2021-2022).

The District is partially self-insured for health insurance and has a high deductible on several other insurance policies. Four aircraft are fully insured and three aircraft are self-insured for physical damage liability. The fund balance committed for uninsured events on September 30, 2021 was \$1,037,375. For more information on the District's risk management, please see Note 12 on page 36 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:

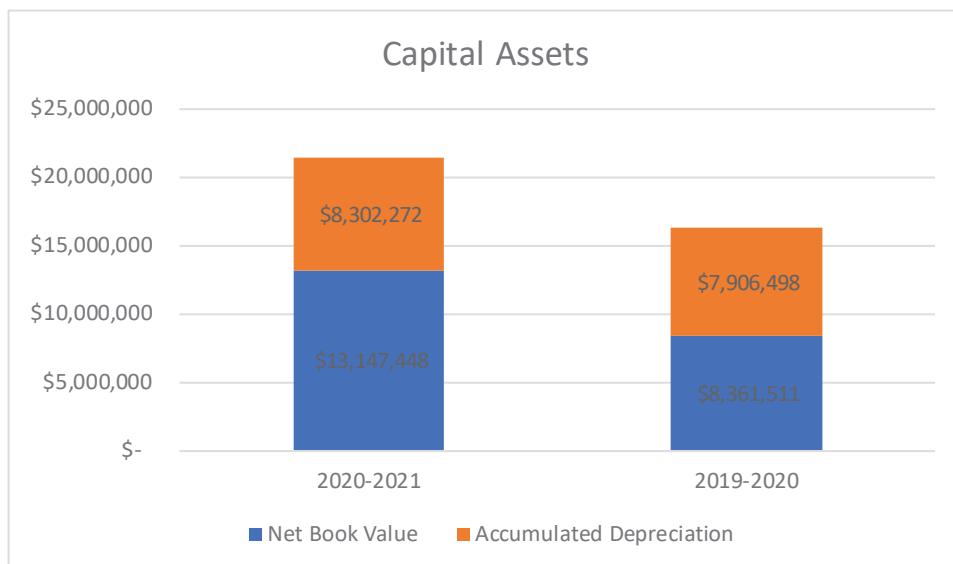
The District adopts an annual budget for its funds as required by Florida Statutes. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them.

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 38 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 38. The discrepancy of \$145,066 is mainly comprised of accrued revenue from the Ave Maria Stewardship Community Development 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 \$13,148,703. The variance is due primarily to the delay in the refurbishment of District headquarters as discussed earlier, the delay in capital improvement projects in Immokalee, as well as unspent contingency funds.

Capital Asset and Debt Administration:

The District's *investment in capital assets* at year-end is \$13,147,448 (net of accumulated depreciation) which includes property, plant, and equipment with a threshold of \$1,000 and an estimated useful life of more than one year, with the exception of software and improvements which extend the useful life beyond two years. Software and improvements acquired for general government purposes with an initial individual cost equal to or more than \$25,000 are capitalized. Assets are recorded at the lesser of cost when purchased or constructed, at acquisition value at the date of donation, and are depreciated utilizing the straight-line method. The reported value of the District's capital assets has increased in book value by \$4,785,937. Maintenance and repairs of aircraft are not capitalized. The District remains financially stable, as all of its assets are purchased on a cash basis.



Capital Assets

	<u>2021</u>	<u>2020</u>
Construction in Progress	\$ 517	\$ 1,697,114
Buildings & Leasehold Improvements	7,917,564	6,073,815
Aircraft	10,621,262	5,906,262
Vehicles	990,313	958,714
Equipment	<u>1,920,064</u>	<u>1,632,104</u>
Total Assets	\$ 21,449,720	\$ 16,268,009
Less: Accumulated Depreciation	<u>(8,302,272)</u>	<u>(7,906,498)</u>

At September 30, 2021, the District had no *long-term debt*; its *other non-current liabilities* were comprised of accrued compensated absences, net pension liability and net OPEB obligation payables. For more information on accrued compensated absences, pensions or Postemployment Benefits other than Pensions, please see Note 2 on page 21, Note 8 on page 24, Note 9 on page 31 and Note 10 on page 31, respectively, of the *Notes to Financial Statements*. For more information on capital assets, please see Note 6 on page 24, of the *Notes to Financial Statements*.

Economic Factors and Next Year's Budget and Rates:

In September of 2021, the Board of Commissioners approved a \$32.8 million budget for the fiscal year 2022. The millage rate is .1609 mills per thousand, which is at the rolled-back rate, resulting in an increase in revenue of approximately \$385,194 or 2.47%. 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 Chief Financial Officer, Collier Mosquito Control District, 600 North Road, Naples, Florida 34104-3464.

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 10,400,602
Certificates of deposit	5,013,100
Due from other governments	239,345
Deposits	676,257
Inventories	3,376,846
Net OPEB asset	698,367
Capital assets:	
Nondepreciable	517
Depreciable, net	13,146,931
Total assets	<u>33,551,965</u>
 DEFERRED OUTFLOWS OF RESOURCES	
FRS Pension	1,096,161
OPEB	109,836
Total deferred outflows of resources	<u>1,205,997</u>
 LIABILITIES	
Accounts payable and accrued expenses	77,422
Salaries and benefits payable	173,550
Non-current liabilities:	
Due within one year	
Compensated absences	73,777
Due in more than one year:	
Net pension liability	1,510,329
Compensated absences	280,751
Environmental remediation	72,105
Total liabilities	<u>2,187,934</u>
 DEFERRED INFLOWS OF RESOURCES	
FRS Pension	<u>1,879,069</u>
 NET POSITION	
Investment in capital assets	13,147,448
Unrestricted	17,543,511
Total net position	<u>\$ 30,690,959</u>

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Primary government:			
Governmental activities:			
Human services - mosquito control			
Personnel services	\$ 3,972,049	\$ -	\$ (3,972,049)
Operating expenditures	6,095,990	524,507	(5,571,483)
Depreciation	603,857	-	(603,857)
Total governmental activities	10,671,896	524,507	(10,147,389)
General revenues:			
Ad valorem taxes			15,745,920
Unrestricted investment earnings			69,854
Miscellaneous			111,714
Gain (loss) on sale of capital asset			202,400
Total general revenues			16,129,888
Change in net position			5,982,499
Net position - beginning			24,708,460
Net position - ending			\$ 30,690,959

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

	General	Total Governmental Fund
ASSETS		
Cash	\$ 10,400,602	\$ 10,400,602
Certificates of deposit	5,013,100	5,013,100
Due from other governments	239,345	239,345
Deposits	676,257	676,257
Inventories	3,376,846	3,376,846
Total assets	\$ 19,706,150	\$ 19,706,150
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued expenses	\$ 77,422	\$ 77,422
Salaries and benefits payable	173,550	173,550
Total liabilities	250,972	250,972
Fund balance:		
Nonspendable:		
Deposits and inventories	4,053,103	4,053,103
Committed to:		
Self-insurance	1,037,375	1,037,375
Future capital outlay	6,390,031	6,390,031
Vacation and sick leave	136,771	136,771
Assigned to:		
Subsequent year's budget	7,111,250	7,111,250
Unassigned	726,648	726,648
Total fund balance	19,455,178	19,455,178
Total liabilities and fund balance	\$ 19,706,150	\$ 19,706,150

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund balance - governmental fund	\$ 19,455,178
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	21,449,720	
Accumulated depreciation	<u>(8,302,272)</u>	13,147,448

Deferred outflows of resources related to pensions are recorded in the statement of net position.	1,096,161
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Deferred inflows of resources related to pensions are recorded in the statement of net position.	(1,879,069)
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Deferred outflows of resources related to Other Post Employment Benefit (OPEB) are recorded in the statement of net position.	109,836
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Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Net pension liability	(1,510,329)	
Net OPEB liability/(asset)	698,367	
Environmental remediation liability	(72,105)	
Accrued compensated absences	<u>(354,528)</u>	
Net position of governmental activities	<u>\$ 30,690,959</u>	

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	General	Total Governmental Fund
REVENUES		
Ad valorem taxes	\$ 15,745,920	\$ 15,745,920
Charges for services	524,507	524,507
Interest income	69,854	69,854
Miscellaneous income	111,714	111,714
Total revenues	16,451,995	16,451,995
EXPENDITURES		
Current:		
Human services - mosquito control		
Personnel services	5,442,174	5,442,174
Operating expenditures	5,746,054	5,746,054
Capital outlay	5,426,506	5,426,506
Total expenditures	16,614,734	16,614,734
Excess (deficiency) of revenues over (under) expenditures	(162,739)	(162,739)
OTHER FINANCING SOURCES		
Proceeds from sale of capital asset	202,400	202,400
Total other financing sources	202,400	202,400
Net change in fund balances	39,661	39,661
Fund balance - beginning	19,738,856	19,738,856
Decrease in Non-spendable inventory	(323,339)	(323,339)
Fund balance - ending	\$ 19,455,178	\$ 19,455,178

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - governmental fund	\$	39,661
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are eliminated and capitalized as capital assets.		
		5,389,794
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.		
		(603,857)
Governmental funds report inventory purchases as expenditures; however, in the statement of activities, the cost of inventory is capitalized and expensed as consumed		
		(323,339)
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 governmental funds. The details of the differences are as follows:		
Change in long-term compensated absences		(69,163)
Change in net pension liability and deferred outflows and inflows of resources related to pensions		167,425
Change in environmental remediation liability		10,115
Change in net OPEB liability and deferred outflows and inflows of resources related to OPEB		1,371,863
		1,371,863
Change in net position of governmental activities	\$	5,982,499

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION – IRC SECTION 115
RETIREE BENEFIT TRUST FUND
SEPTEMBER 30, 2021**

ASSETS	
Cash	<u>\$ 3,735,602</u>
Total assets	<u><u>\$ 3,735,602</u></u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ -</u>
Total liabilities	<u>-</u>
NET POSITION HELD IN TRUST FOR OPEB BENEFITS	<u><u>\$ 3,735,602</u></u>

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
IRC SECTION 115 RETIREE BENEFIT TRUST FUND
SEPTEMBER 30, 2021**

ADDITIONS	
Contributions	
Employer	
Cash contributions	\$ 533,860
Benefits paid by employer	299,428
Investment income	<u>12,871</u>
Total additions	<u>846,159</u>
DEDUCTIONS	
Benefit payments	
Explicit subsidy	295,933
Implicit subsidy	<u>3,495</u>
Total deductions	<u>299,428</u>
Change in net position	546,731
Net position - beginning	<u>3,188,871</u>
Net position - ending	<u><u>\$ 3,735,602</u></u>

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Collier Mosquito Control District, Naples, Florida ("District") is an independent special district created to perform mosquito control and suppression in Collier County in accordance with Chapter 388, Florida Statutes. The District was created as 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 resulted codification of previous legislation and amended the boundaries of the District, and Chapter 2004-425 Laws of Florida, further amended the boundaries.

The District is governed by the Board of Commissioners ("Board"), which is composed of five members, who are elected for terms of four years.

The Board has the final responsibility for:

1. Assessing and levying taxes and assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of the Executive Director.
6. Financing improvements.

The financial statements were prepared in accordance with Governmental Accounting Standards Board ("GASB") Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

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

Measurement Focus, 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and any claims or judgments, are recorded only when payment is due.

Property Taxes

Property taxes are ad valorem and levied each November 1 on property as of the previous January 1. The fiscal year for which annual assessments are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the District. The amounts remitted to the District are net of applicable discounts or fees. The tax rate levied upon all of the taxable property in the Collier Mosquito Control District for the fiscal year ended September 30, 2021 was 0.1662 mills (\$0.1662 per \$1,000 of assessed taxable property value). Property tax revenue is recognized in the fiscal year for which taxes are levied.

Property tax revenue, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and are recorded as earned since they are measurable and available. In addition, revenue from Federal, State or local reimbursement type grants for which eligibility requirements have been met and which meet the availability criteria have been accrued and recognized as revenues of the period. Other revenue items are not considered to be measurable until cash is received by the government and, therefore, are not recorded as revenue until cash is actually received.

The District reports the following major governmental fund:

General Fund

The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another 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. The trust fund is accounted for on an accrual basis of accounting.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first for qualifying expenditures, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments (Continued)

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items

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.

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of 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 of more than \$25,000 are capitalized. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and leasehold improvements	30
Aircraft	20-25
Vehicles	5
Machinery and equipment	3-10

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Compensated Absences

It is the District's policy to permit employees to accumulate, within certain limits, earned but unused vacation and sick pay benefits, which will be paid to employees upon separation from the District's service, if certain criteria are met. In addition, certain sick pay, subject to limitation, is eligible for payout. Vacation and sick pay is accrued when earned in the government-wide financial statements. A liability for those amounts is reported in the governmental funds if they have matured as a result of employee resignations, termination or retirements.

Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Long-Term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

The District first uses 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.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

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 emergence or unanticipated expenditures and/or revenue shortfalls. The District adopted a financial standard to maintain a general fund minimum unassigned fund balance of approximately three months' worth of operating expenditures, not to exceed 20% of local and state funds budgeted for expenditures.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund. All annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) During the summer, the executive director submits to the District Board of Commissioners a proposed operating budget for the fiscal year commencing the following October.
- b) Public hearings are conducted to obtain taxpayer comments.
- c) Prior to October 1, the budget is legally adopted through a resolution by the District Board of Commissioners. The budget is then approved by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
- d) All budget changes must be approved by the District Board and by the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.
- e) The budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
- f) The level of control for appropriations is exercised at the functional level.
- g) Unused appropriations for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS

The District's cash balances including certificates of deposits were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 5 – INVENTORIES

Inventories as of September 30, 2021 were as follows:

	<u>Carrying amount</u>
Chemicals	\$ 2,469,855
Aircraft and vehicle parts	906,991
Total	<u>\$ 3,376,846</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Construction in progress	\$ 1,697,114	\$ 517	\$ (1,697,114)	\$ 517
Total capital assets, not being depreciated	1,697,114	517	(1,697,114)	517
Capital assets, being depreciated				
Buildings and leasehold improvements	6,073,815	1,843,749	-	7,917,564
Aircrafts	5,906,262	4,890,000	(175,000)	10,621,262
Vehicles	958,714	64,682	(33,083)	990,313
Machinery and equipment	1,632,104	287,960	-	1,920,064
Total capital assets, being depreciated	14,570,895	7,086,391	(208,083)	21,449,203
Less accumulated depreciation for:				
Buildings and leasehold improvements	4,729,127	97,826	-	4,826,953
Aircrafts	1,665,915	181,404	(175,000)	1,672,319
Vehicles	438,008	164,986	(33,083)	569,911
Machinery and equipment	1,073,448	159,641	-	1,233,089
Total accumulated depreciation	7,906,498	603,857	(208,083)	8,302,272
Total capital assets, being depreciated, net	6,664,397	6,482,534	-	13,146,931
Governmental activities capital assets, net	\$ 8,361,511	\$ 6,483,051	\$ (1,697,114)	\$ 13,147,448

Depreciation expense was charged to the Human services – mosquito control operating expenditures function.

NOTE 7 – LONG TERM LIABILITIES

The changes in long-term liabilities for the fiscal year ended September 30, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Compensated absences	\$ 285,365	\$ 69,163	\$ -	\$ 354,528	\$ 73,777
Governmental activity long-term liabilities	\$ 285,365	\$ 69,163	\$ -	\$ 354,528	\$ 73,777

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS)

General Information about the FRS

The FRS was created in 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.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

General Information about the FRS (Continued)

All regular employees of the District are eligible to enroll as members of the 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 \$156,004 for the fiscal year ended September 30, 2021. Other totals reported on the Statement of Net Position are as follows:

	<u>FRS</u>		<u>HIS</u>		<u>Total</u>
Deferred Outflow of Resources	\$ 775,650	\$	320,511	\$	1,096,161
Deferred Inflow of Resources	\$ 1,835,445	\$	43,624	\$	1,879,069
Net Pension Liability	\$ 509,169	\$	1,001,160	\$	1,510,329

FRS Pension Plan

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

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight 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. All members enrolled in the 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 service. Members of the Plan may include up to four years of credit for military service toward creditable service. The 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 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 Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. 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 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 (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement 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.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS Pension Plan (Continued)

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 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 at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Senior Management Service Class	2.00
Elected Local Officers	3.00

Per 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%. 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. Contribution rates during the 2021 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2020 to June 30, 2021		Percent of Gross Salary July 1, 2021 to September 30, 2021	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	10.00	3.00	10.82
FRS, Elected Officials	3.00	49.18	3.00	51.42
FRS, Senior Management Service Class	3.00	27.29	3.00	29.01
DROP, Applicable to all members in the above classes	0.00	16.98	0.00	18.34

(1) Except for the DROP, employer rates include a postemployment HIS contribution rate of 1.66%. Also, employer rates include .06% for administrative costs of the Investment plan.

The District's contributions to the Plan totaled \$211,953 for the fiscal year ended September 30, 2021. This excludes the HIS defined benefit pension plan contributions.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of \$509,169 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the District’s contributions for the year ended June 30, 2021 relative to the contributions made during the year ended June 30, 2020 of all participating members. At June 30, 2021, the District’s proportionate share was .0067%, an increase of .0009% from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$45,749 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 87,272	\$ -
Change of assumptions	348,399	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(1,776,362)
Changes in proportion and differences between City FRS contributions and proportionate share of FRS contributions	258,783	(59,083)
City FRS contributions subsequent to the measurement date	81,196	-
Total	<u>\$ 775,650</u>	<u>\$ (1,835,445)</u>

The deferred outflows of resources related to pensions, totaling \$81,196, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2022	\$ (191,625)
2023	(231,138)
2024	(324,924)
2025	(430,279)
2026	36,975
Thereafter	-
Total	<u>\$ (1,140,991)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Discount rate	6.8%

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS Pension Plan (Continued)

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 and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			
Assumed inflation - mean			2.4%	1.2%

(1) As outlined in the Plan's investment policy

Discount Rate – The discount rate used to measure the total pension liability was 6.8 percent. The 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 discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.8%) or 1-percentage-point higher (7.8%) than the current rate:

	1% Decrease	Current Discount Rate Assumption	1% Increase
	5.80%	6.80%	7.80%
Net Pension Liability	\$ 2,277,038	\$ 509,169	\$ (968,571)

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description – The HIS Pension Plan (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 Division of Retirement within the Florida Department of Management Services.

Benefits Provided – In general, eligible retirees and beneficiaries receive 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.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

HIS Pension Plan (Continued)

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 September 30, 2021, the contribution rate was 1.66% of payroll from October 1, 2020 through September 30, 2021 pursuant to section 112.363, Florida Statutes. The District contributed 100 percent 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 totaled \$50,015, (including investment plan), for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a net pension liability of \$1,001,160 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the year ended June 30, 2021 contributions relative to the year ended June 30, 2020 contributions of all participating members. At June 30, 2021, the District's proportionate share was .0082%, an increase of .0008% compared to its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$110,255 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,501	\$ (419)
Change of assumptions	78,669	(41,250)
Net difference between projected and actual earnings on FRS pension plan investments	1,044	-
Changes in proportion and differences between City FRS contributions and proportionate share of FRS contributions	193,222	(1,955)
City FRS contributions subsequent to the measurement date	14,075	-
Total	<u>\$ 320,511</u>	<u>\$ (43,624)</u>

The deferred outflows of resources related to pensions, totaling \$14,075, 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 fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2022	\$ 62,053
2023	50,183
2024	55,595
2025	51,942
2026	34,159
Thereafter	8,880
Total	<u>\$ 262,812</u>

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

HIS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- 2.40%
- 3.25%, average, including inflation
- 2.16%

Mortality rates were based on the PUB-2010 base table which varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 2.16%. 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.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 2.16%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Discount Rate Assumption 2.16%	1% Increase 3.16%
Net Pension Liability	\$ 1,157,435	\$ 1,001,160	\$ 873,125

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

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 Local 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.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

FRS – Defined Contribution Pension Plan (Continued)

Allocations to the investment member’s accounts during the 2020 fiscal year were as follows:

Investment plan Class	October 1, 2020 to June 30, 2021	July 1, 2021 to September 30, 2021
FRS, Regular	6.30%	6.30%
FRS, Elected Officials	11.34%	11.34%
FRS, Senior Management Service Class	7.67%	7.67%

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. Nonvested 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. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

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 \$104,331 for the fiscal year ended September 30, 2021.

NOTE 9 – DEFINED CONTRIBUTION PLAN

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 total employer contribution rate for members in 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 fiscal year ended September 30, 2021 was \$34,247. At September 30, 2021 there were seven participants. The District has reserved the right to amend all plan provisions.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 plan 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 spouses, 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’ group health plan, which covers both active and retired employees.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Description (Continued)

Beginning January 1, 2012, the plan provides healthcare coverage for eligible retirees and their spouses 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' group health plan, which covers both active and retired employees. Upon demise of the employee, the spouse is offered coverage at the current plan rates with the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). When a retiree reaches eligibility 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 fiscal year ended September 30, 2021, the District contributed \$30,619 to the Trust in FRS monthly health, vision, and dental insurance subsidies received by the District from retirees. In addition, the District contributed \$503,241 directly to the Trust and \$295,933 in benefits were paid by the General Fund rather than 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 as the Trust becomes self-sustaining.

Membership

At September 30, 2021, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Active employees	<u>37</u>
	<u>50</u>

Actuarial Methods and Assumptions

The assumptions used in the September 30, 2020 actuarial valuation report are based on the Alternative Measurement Method assumptions and methods under GASB 75.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

The net OPEB liability at September 30, 2021 was determined using the following actuarial assumptions:

Valuation date	September 30, 2020
Measurement date	September 30, 2021
Actuarial cost method	Entry age normal (level % of pay)
Amortization method	Straight-line over a closed 5-year period
Inflation	2.25 percent
Healthcare cost trend rates	6.7 percent for FY21, gradually decreasing to 3.7% for the years FY 2075 and later. Dental and vision premiums are assumed to increase 3.25% and 2% annually, respectively
Salary increases	3.25 percent per annum
Discount rate	2 percent.
Investment rate of return	2 percent
Retirement age	Latest of age 63, plan eligibility or current age.
Mortality	Rates are from the Pub-2010 headcount weighted mortality tables for General projected generational using scale MP-2021.
Coverage election	100% of the future retirees eligible for District premium subsidy and 0% of the future retirees not eligible for a District premium subsidy are assumed to elect coverage at retirement, continue until the District subsidy expires and then waive coverage. Employees currently waiving coverage are assumed to waive coverage at retirement. Future retirees electing coverage at retirement are assumed to cover their spouse, if their spouse currently has coverage. 100% of current retirees are assumed to continue their current single or family coverage until the District subsidy expires and then waive coverage.
Spouses and dependents	Future retirees: husbands are assumed to be three years older than their wives; retirees: actual spouse date of birth is used, if provided. Otherwise, males are assumed to be 3 years older than females
Funding Policy	The District has assets designated for OPEB in a GASB 74 qualified irrevocable Trust. No future contributions are assumed to be made to the Trust and no benefit payments are assumed to be made from the Trust.
Assumption changes	Since the last valuation, the following changes have been made: <ul style="list-style-type: none">• The discount rate and long-term investment return rate was changed from 3.25% to 2%.• Healthcare trend rates were reset to reflect updated cost increase expectations.• Medical per capita claims costs were updated to reflect recent experience.• The mortality improvement scale was updated from MP-2018 to MP-2021.• Dental and vision premium increase rates were changed from 3.75% and 2.75% to 3.25% and 2.0%, respectively.• The inflation assumption was changed from 2.5% to 2.25% based on an updated historical analysis of inflation rates and forward-looking market expectations.

Discount Rate

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. The weighted asset class estimates are combined with the inflation and investment expense assumptions to produce the portfolio long-term expected rate of return. The assumed asset weighting is based on target allocations in the plan's investment policy statement.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Methods and Assumptions (Continued)

Discount Rate (Continued)

Expected future asset class returns were published in the 2021 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of
International equity	0.0%	4.91%	7.16%
Domestic equity	0.0%	4.42%	6.67%
Fixed income	0.0%	1.00%	3.25%
Real estate and alternatives	0.0%	3.98%	6.23%
Cash and equivalents	100.0%	-0.33%	1.92%
Total	100.00%		1.92%
Net long-term expected investment return (rounded)			2.00%
Weighted Arithmetic average			1.9%

Changes in the Net OPEB Liability

Changes in the net OPEB liability during the fiscal year ended September 30, 2021 were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 9/30/2020	\$ 3,808,945	\$ 3,188,871	\$ 620,074
Changes for the year:			
Service cost	61,333	-	61,333
Interest	120,918	-	120,918
Change of assumptions	540,056	-	540,056
Differences between expected and actual experience	(1,194,589)	-	(1,194,589)
Employer contributions	-	833,288	(833,288)
Net investment income	-	12,871	(12,871)
Benefit payments & refunds	(299,428) ¹	(299,428)	-
Net Changes	(771,710)	546,731	(1,318,441)
Balance at 9/30/2021	\$ 3,037,235	\$ 3,735,602	\$ (698,367)

¹ Benefit payments equal \$295,933 explicit subsidy payments to retirees and \$3,495 implicit subsidy costs incurred during the measurement period ending 9/30/2021.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1%) or 1-percentage-point higher (3%) than the current discount rate:

	<u>1% Decrease (1%)</u>	<u>Discount Rate (2%)</u>	<u>1% Increase (3%)</u>
Net OPEB liability/(asset)	\$ (376,143)	\$ (698,367)	\$ (978,654)

Sensitivity of the Net OPEB Liability to the Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Healthcare Cost Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Net OPEB liability/(asset)	\$ (1,071,678)	\$ (698,367)	\$ (232,981)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the fiscal year ended September 30, 2021, the District recognized OPEB expense of (\$538,575). At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual investment earnings	\$ 109,836	\$ -
Total	<u>\$ 109,836</u>	<u>\$ -</u>

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

<u>Year Ending September 30:</u>	<u>Amount</u>
2022	\$ 35,625
2023	29,046
2024	25,271
2025	19,894
2026	-
Thereafter	-
Total	<u>\$ 109,836</u>

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Operating facility leases

The District is committed under non-cancelable operating leases for the use of various properties. Total payments under the lease for the year ended September 30, 2021 were \$88,444.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Operating facility leases

Future minimum lease payments under noncancelable operating leases having excess of one year as of September 30, 2021 were as follows:

Year Ending September 30,	Amount
2022	\$ 89,313
2023	90,208
2024	59,475
2025	59,475
2026	59,475
Thereafter	1,050,923
Total Future Minimum Lease Payments	<u>\$ 1,408,869</u>

Environmental Remediation Liability

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 concluded that contamination existed in the vicinities of the southwestern and southeastern former service islands. GFA International provided a preliminary cost estimate for excavation and removal of petroleum contaminated soil of \$273,500. To date, the District has incurred costs of \$201,395 related to the remediation. A liability for the remaining estimated amount of \$72,105 is included in the governmental activities at September 30, 2021.

NOTE 12 – 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, and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks, except for 4 aircraft which are partially self-insured for in-flight coverage. Three of the District's aircraft include in-flight and all aircrafts have physical damage coverage.

The District is self-insured for health benefits, and procures indemnity insurance for dental and vision benefits. During 2019, the District joined the Florida Local Government Health Insurance Consortium ("Consortium") risk pool for self-insured health benefits. The plan is managed by a third-party administrator and member contributions are established by the Consortium based on benefits selected by the member, premiums charged by an insurance company for reimbursement of benefits under a high-deductible insurance contract, and by use of a risk model for paying benefits on a self-funded basis. During the current fiscal year, the District paid \$1,192,833 for premiums, various fees, claims and cross-share amounts, of which \$63,001 is reported as an advance deposit at September 30, 2021.

A liability for claims incurred but not reported ("IBNR") is recognized when it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. At September 30, 2021, the District reported an IBNR of \$55,624.

NOTE 13 – SUBSEQUENT EVENTS

Unmanned Aerial Systems

The District has employed the use of Unmanned Aerial Systems (UAS), also known as drones, since 2018. These drones have been used for mapping, inspection, and treatment of areas within the District boundaries. Effective January 1, 2022, changes to 934.50 F.S., *The Freedom from Unwarranted Surveillance Act*, have resulted in the restriction of governmental agencies from purchasing or otherwise acquiring a drone from a manufacturer, not on the approved list (known as the *sUAS Blue List*), published on the Department of Management Services (DMS) website. A comprehensive plan for discontinuing the use of the affected drones must be submitted to DMS by July 1, 2022. The District owns eight drones at a cost of \$78,500. If the legislation is unchanged, the use of seven drones, with a value of \$75,000, will cease by January 1, 2023.

NOTE 13 – SUBSEQUENT EVENTS (Continued)

Environmental Remediation Liability

Florida Department of Environmental Protection (FDEP) has reviewed the Interim Source Removal (ISR) and Site Assessment Report (SAR) which were submitted to the FDEP on March 8, 2021, by GFA International (See Note 11). The initial response from FDEP is that in accordance with 62-780 F.A.C., regarding contaminated sites, additional remediation may be required. The District has retained an environmental attorney to work with GFA International on a remediation action plan to successfully close this case with the FDEP. At this time, it is unknown whether there will be additional costs associated with this project.

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 15,618,406	\$ 15,710,294	\$ 15,745,920	\$ 35,626
Grant revenue	180,000	-	-	-
Charges for services	200,000	509,267	524,507	15,240
Interest income	225,000	69,854	69,854	-
Miscellaneous income	-	17,514	111,714	94,200
Total revenues	16,223,406	16,306,929	16,451,995	145,066
EXPENDITURES				
Current:				
Human services - mosquito control				
Personnel services	5,662,833	5,662,833	5,442,174	220,659
Operating expenditures	14,755,273	17,645,304	5,746,054	11,899,250
Capital outlay	6,455,300	6,455,300	5,426,506	1,028,794
Total expenditures	26,873,406	29,763,437	16,614,734	13,148,703
Excess (deficiency) of revenues over (under) expenditures	(10,650,000)	(13,456,508)	(162,739)	13,293,769
OTHER FINANCING SOURCES				
Sale of capital asset	150,000	202,400	202,400	-
Use of fund balance	10,500,000	13,254,108	-	(13,254,108)
Total other financing sources	10,650,000	13,456,508	202,400	(13,254,108)
Net change in fund balance	\$ -	\$ -	39,661	\$ 39,661
Fund balance - beginning			19,738,856	
Increase in Non-spendable inventory			(323,339)	
Fund balance - ending			\$ 19,455,178	

See notes to required supplementary information

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. The general fund budget for the fiscal year ended September 30, 2021 was amended to increase revenues by \$83,523, increase expenditures by \$2,890,031, and increase other financing sources for sale of capital assets and use of fund balance by \$52,400 and \$2,754,108, respectively. Actual expenditures did not exceed appropriations for the fiscal year ended September 30, 2021.

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017
Total OPEB liability					
Service Cost	\$ 61,333	\$ 58,102	\$ 77,389	\$ 50,433	\$ 48,620
Interest	120,918	124,863	101,852	77,459	78,634
Differences between expected and actual experience	(1,194,589)	-	984,424	-	-
Changes of assumptions	540,056	-	(172,254)	972,872	(3,287)
Benefit payments	(299,428)	(315,723)	(212,472)	(201,337)	(143,211)
Net change in total OPEB liability	(771,710)	(132,758)	778,939	899,427	(19,244)
Total OPEB liability - beginning	3,808,945	3,941,703	3,162,764	2,263,337	2,282,581
Total OPEB liability - ending (a)	\$ 3,037,235	\$ 3,808,945	\$ 3,941,703	\$ 3,162,764	\$ 2,263,337
Plan fiduciary net position					
Contributions - employer	\$ 833,288	\$ 846,228	\$ 393,173	\$ 328,006	\$ 414,915
Net investment income	12,871	58,110	60,728	44,270	14,841
Benefits paid	(299,428)	(315,723)	(212,472)	(201,337)	(143,211)
Net change in plan fiduciary net position	546,731	588,615	241,429	170,939	286,545
Plan fiduciary net position - beginning	3,188,871	2,600,256	2,358,827	2,187,888	1,901,343
Plan fiduciary net position - ending (b)	\$ 3,735,602	\$ 3,188,871	\$ 2,600,256	\$ 2,358,827	\$ 2,187,888
District's net OPEB liability - ending (a) - (b)	\$ (698,367)	\$ 620,074	\$ 1,341,447	\$ 803,937	\$ 75,449
Plan fiduciary net position as a percentage of the total OPEB liability	123.0%	83.7%	66.0%	74.6%	96.7%
Covered payroll	1,071,324	1,058,658	1,255,234	1,270,931	1,827,554
District's net OPEB liability as a percentage of covered payroll	-65.2%	58.6%	106.9%	63.3%	4.1%

(1) GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.

**COLLIER MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF MONEY-WEIGHTED RATE OF RETURN ON PLAN ASSETS - OPEB
SEPTEMBER 30, 2021**

Year Ending September 30:	Annual Money-Weighted Rate of Return
2021	0.37%
2020	2.22%
2019	2.48%
2018	2.01%
2017	0.78%

GASB 74 requires 10 years of data to be reported. Information is not available prior to 2017. As information is available it will be presented.

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
FLORIDA RETIREMENT SYSTEM
SEPTEMBER 30, 2021**

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan
Last 10 Years (1) (2)**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the FRS net pension liability	0.0067%	0.0059%	0.0062%	0.0061%	0.0059%	0.0057%	0.0060%	0.0054%
District's proportionate share of the FRS net pension liability	509,169	2,536,633	2,131,979	1,827,607	1,745,822	1,447,606	772,242	326,566
District's covered payroll	1,758,901	1,627,906	1,802,176	1,974,975	1,720,192	1,618,986	1,615,978	1,671,369
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	28.95%	155.82%	118.30%	92.54%	101.49%	89.41%	47.79%	19.54%
FRS plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

**Schedule of the District's Proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan
Last 10 Years (1) (2)**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the HIS net pension liability	0.0082%	0.0074%	0.0070%	0.0060%	0.0054%	0.0052%	0.0053%	0.0056%
District's proportionate share of the HIS net pension liability	1,001,160	903,606	788,821	639,995	575,038	611,209	542,607	525,983
District's covered payroll	1,758,901	1,627,906	1,802,176	1,974,975	1,720,192	1,618,986	1,615,978	1,671,369
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	56.92%	55.51%	43.77%	32.41%	33.43%	37.75%	33.58%	31.47%
HIS plan fiduciation net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

(2) Information is not available for years prior to 2014. As information is available it will be presented.

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
FLORIDA RETIREMENT SYSTEM
SEPTEMBER 30, 2021**

**Schedule of the District Contributions -
Florida Retirement System Pension Plan
Last 10 Fiscal Years (1)**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required FRS contribution	\$ 211,953	\$ 167,090	\$ 178,712	\$ 158,412	\$ 145,652	\$ 124,073	\$ 130,401	\$ 114,081
FRS contributions in relation to the contractually required contribution	(211,953)	(167,090)	(178,712)	(158,412)	(145,652)	(124,073)	(130,401)	(114,081)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,834,822	\$ 1,610,931	\$ 1,797,985	\$ 2,017,633	\$ 1,791,214	\$ 1,597,444	\$ 1,597,592	\$ 1,654,990
FRS contributions as a percentage of covered payroll	11.55%	10.37%	9.94%	7.85%	8.13%	7.77%	8.16%	6.89%

**Schedule of the District Contributions -
Health Insurance Subsidy Pension Plan
Last 10 Fiscal Years (1)**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required HIS contribution	\$ 30,458	\$ 26,741	\$ 29,847	\$ 33,493	\$ 29,734	\$ 26,219	\$ 21,600	\$ 20,091
HIS contributions in relation to the contractually required contribution	(30,458)	(26,741)	(29,847)	(33,493)	(29,734)	(26,219)	(21,600)	(20,091)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,834,822	\$ 1,610,931	\$ 1,797,985	\$ 2,017,633	\$ 1,791,214	\$ 1,579,444	\$ 1,597,592	\$ 1,654,990
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.21%

(1) Information is not available for periods prior to 2014. As information becomes available it will be presented.

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of district employees compensated at 9/30/2021	47
Number of independent contractors compensated in September 2021	1
Employee compensation for FYE 9/30/2021 (paid/accrued)	\$3,175,142.00
Independent contractor compensation for FYE 9/30/2021	\$47,224.20
Construction projects to begin on or after October 1; (>\$65K)	\$719,347.40
Budget variance report	See page 38
Ad Valorem taxes;	
Millage rate FYE 9/30/2021	\$0.1662
Ad valorem taxes collected FYE 9/30/2021	\$15,742,795.00
Outstanding Bonds:	Not applicable
Non ad valorem special assessments;	Not applicable
Special assessment rate FYE 9/30/2021	Not applicable
Special assessments collected FYE 9/30/2021	Not applicable
Outstanding Bonds:	Not applicable



INDEPENDENT AUDITOR'S 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

To the 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, Naples, Florida ("District") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 8, 2022.

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 agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

B *harr & Associates*

June 8, 2022



Grau & Associates
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

To the Board of Commissioners
Collier Mosquito Control District
Naples, Florida

We have examined Collier Mosquito Control District, Naples, Florida, (the "District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2021. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 in Section 218.415, Florida Statutes. 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 the aforementioned requirements for the fiscal year ended September 30, 2021.

This report 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, management, and the Board of Commissioners of Collier Mosquito Control District, Naples, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

June 8, 2022



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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Commissioners
Collier Mosquito Control District
Naples, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Collier Mosquito Control District, Naples, Florida (the "District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 8, 2022.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's 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 June 8, 2022, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. **Current year findings and recommendations.**
- II. **Status of prior year findings and recommendations.**
- III. **Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Commissioners of Collier Mosquito Control District, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the District and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

June 8, 2022

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2020.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2021.

3. 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.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2021.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2021. It is management's responsibility to monitor 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.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 44.