

COLLIER SOIL AND WATER CONSERVATION DISTRICT

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Collier Soil and Water Conservation District

Report on Financial Statements

I have audited the accompanying financial statements of the governmental activities, and major fund of Collier Soil and Water Conservation District, Florida (the "District") as of and for the year ended September 30, 2019, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund, the aggregate remaining fund information and the District as of September 30, 2019, and the changes in financial position and the respective budgetary comparison for the major funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information:

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budgetary Comparison Schedule on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of financial assistance on page 45 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Budgetary Comparison Schedule on page 45 and schedule of expenditures of financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the budgetary comparison schedule and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of District's proportionate share of net pension liability, and the schedules of District contributions on pages 4-9 and 35-38 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquires, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 28, 2020 on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 28, 2020

James E. Davis
Certified Public Accountant

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the Collier Soil and Water Conservation District has prepared the following discussion and analysis to (a) assist the reader in focusing on significant financial issues; (b) provide an overview and analysis of the District's financial activities; (c) identify changes in the District's financial position; (d) identify material deviations from the approved budget; and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transaction, events, and conditions, it should be considered in conjunction with the District's financial statements and notes to financial statements found on pages 10 through 15.

Its intent is to provide a brief, objective and easily readable analysis of the District's financial performance for the year and its financial position at fiscal year-end September 30, 2019.

The District was established on August 29, 1984, as a governmental sub-division of the State of Florida, encompassing Collier County and is authorized under the Soil and Water Conservation Law of 1937 and Chapter 582, Florida Statutes to pursue the policy for conservation as set forth by the Florida Legislature in Chapter 582.05, Florida Statutes:

"It is the policy of the Legislature to provide for control and prevention of soil erosion, and for the prevention of floodwater and sediment damages, and for furthering the conservation, development and utilization of soil and water resources, and the disposal of water, and thereby to preserve natural resources, control floods, prevent impairment of dams and reservoirs, assist in maintaining the navigability of rivers and harbors, preserve wildlife, protect the tax base, protect public lands, and protect and promote the health, safety and general welfare of the people of this state."

The Florida Department of Agriculture and Consumer Services (FDACS) administers programs assigned to it by the Florida Legislature under the Soil and Water Conservation Law, Chapter 582 Florida Statutes. The District coordinates FDACS Best Management Plan Implementation, cost share programs, mobile irrigation labs and public land management.

The Collier Soil and Water Conservation District administers two Mobile Irrigation Labs (MIL):

- Urban Mobile Irrigation Lab (Collier County)
- Agricultural Mobile Irrigation Lab (Collier, Lee, Hendry, Glades, and Charlotte Counties)

The Mobile Irrigation Labs conduct extensive irrigation system evaluations, measuring flow rates and pressures, testing water quality, and analyzing water management strategies. The information gathered is used to make recommendations for improvements to the system for water conservation and the health of the plants. Physical improvements that can increase the efficiency of the irrigation system are detailed, as well as scheduling and water management recommendations.

Follow-up evaluations are conducted after improvements are made to measure actual water savings and to improve MIL procedures. Both potential and actual water savings number in the millions of gallons per year and the MIL is considered to be an effective conservation program by numerous government agencies.

The MILs also participate in outreach and education in coordination with the Rookery Bay Natural Estuarine Research Reserve, the University of Florida Best Management Practices program, the University of Florida Extension Service, and the Master Gardener program.

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

Benfield Management Area is being prepared for the sale of Vegetation Purchase Units (VPU) as an alternative for code enforcement mitigation within the functional watershed. It considers resource needs of the functional watershed where impacts occurred and also considers the resource needs. The objective is to provide, at a minimum, one-to-one functional replacement, i.e., no net loss of functions, with an adequate margin of safety to reflect anticipated success.

The District has been a proponent of correcting the damage done in Big Cypress Basin, an isolated basin that derives no benefit from Everglades Restoration or the Everglades Area or the Everglades Area using ecological restoration methods.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2018-19 fiscal year are as follows:

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$315,020.
- The District's total net assets, increased by \$17,436, which represents a 5.9 percent increase from the 2017-18 fiscal year.
- As of the close of the current fiscal year, the District's governmental fund reported a fund balance of \$178,198, an increase of \$24,104 in comparison with the prior year.
- During the current year, General Fund revenues were greater than expenditures by \$24,104.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

Government-Wide Financial Statements

The government-wide financial statements provide both short-term and long-term information about the District's overall financial condition in a manner similar to those of a private-sector business. The statements include a statement of net assets and a statement of activities that are designed to provide consolidated financial information about the governmental activities of the District presented on the accrual basis of accounting. The statement of net assets provides information about the government's financial position, its assets and liabilities, using an economic resources measurement focus. The difference between the assets and liabilities, the net assets, is a measure of the financial health of the District. The statement of activities presents information about the change in the District's net assets, the results of operations, during the fiscal year. An increase or decrease in net assets may be an indication of whether the District's financial health is improving or deteriorating.

The government-wide statements present the District's activities in one category:

- Governmental activities – This represents the District's conservation services. Support functions such as administration are also included. Support from the State of Florida provides most of the resources that support these activities.

Fund Financial Statements

Fund financial statements are one of the components of the basic financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued

finance-related legal requirements and prudent fiscal management. Certain funds are established by law while others are created by legal agreements, such as bond covenants. Fund financial statements provide more detailed information about the District's financial activities, focusing on its most significant or "major" funds rather than fund types. This is in contrast to the entity-wide perspective contained in the government-wide statements. All of the District's funds may be classified within the category discussed below.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the governmental funds utilize a spendable financial resources measurement focus rather than the economic resources measurement focus found in the government-wide financial statements. This financial resources measurement focus allows the governmental fund statements to provide information on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year.

The governmental fund statements provide a detailed short-term view that may be used to evaluate the District's near-term financing requirements. This short-term view is useful when compared to the long-term view presented as governmental activities in the government-wide financial statements. To facilitate this comparison, both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation of governmental funds to governmental activities.

The governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide detailed information about the District's only fund, the General Fund.

The District adopts an annual appropriated budget for its governmental fund. A budgetary comparison schedule has been provided for the General Fund.

Notes to Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. The following is a summary of the District's net assets as of September 30, 2019.

The District's net assets are primarily in cash, grant receivables and capital assets. The District uses these funds to provide services to Collier County Soil and Water Conservation District.

MANAGEMENT’S DISCUSSION AND ANALYSIS – continued

**NET ASSETS
END OF YEAR
GOVERNMENTAL ACTIVITIES**

	9/30/2019	9/30/2018
Cash and cash equivalents	\$ 129,317	\$ 119,059
Grants Receivable	39,245	61,032
Prepaid Expenses	359	359
Capital Assets: Equipment, net	240,239	242,118
	409,160	422,568
Deferred outflows of resources - pensions		
Deferred amount on pensions	96,267	32,841
Liabilities	15,211	110,217
Deferred inflows of resources - pensions	2,669	30,172
Invested in Capital Assets	240,239	242,118
Restricted	-	32,560
Unrestricted	-	40,342
Total Net Assets	\$ 240,239	\$ 315,020

The District’s net assets are spread approximately in cash and grants receivable, as well as its investment in capital assets (e.g. equipment and land). The District uses these capital assets to provide services to Collier County Soil and Water Conservation District; consequently, these assets are not available for future spending.

MANAGEMENT’S DISCUSSION AND ANALYSIS – continued

The key elements of the changes in the District’s net assets for the fiscal years ended September 30, 2019 and 2018 are as follows:

OPERATING RESULTS		
GOVERNMENTAL ACTIVITIES		
	<u>9/30/2019</u>	<u>9/30/2018</u>
Program Revenues		
Operating Grants and Contributions	\$ 142,606	\$ 209,168
General Revenues		
Miscellaneous	-	-
Investment Earnings	13	9
	<u>142,619</u>	<u>209,177</u>
Total Revenue	<u>142,619</u>	<u>209,177</u>
Functions/Program Expenses:		
Conservation	<u>153,534</u>	<u>191,741</u>
	<u>153,534</u>	<u>191,741</u>
Total Functions/Program Expenses	<u>153,534</u>	<u>191,741</u>
Increase (Decrease) in Net Assets	<u>\$ (10,915)</u>	<u>\$ 17,436</u>

Governmental activities increased the District’s net assets by \$17,436, or approximately 5.1 percent.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

Major Governmental Funds

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, restricted fund balance was \$32,560, while the total fund balance was \$178,198. As a measure of the General Fund’s liquidity, it may be useful to compare both the restricted fund balance and total fund balance to total General Fund expenditures. Restricted fund balance represents 17.6 percent of total General Fund expenditures, while total fund balance represents 80.4 percent of that same amount. The total fund balance increased by \$24,104 during the year ended September 30, 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the course of the 2018-19 fiscal year, the District did not amend its General Fund budget. At the same time, final expenses were less than of the original budgeted amount by \$14,678.

CAPITAL ASSETS

The District owns no land or buildings for its operations. Office space is provided by the U.S. Department of Agriculture at no cost. Capital assets consist of equipment which is depreciated using the straight-line method over the estimated useful life of the asset (generally 5-10 years).

MANAGEMENT'S DISCUSSION AND ANALYSIS – continued

The District did begin to purchase land as part of its Mitigation Land Bank during the year ended September 30, 2008. The District expended \$41,265 to purchase land in 2008 but did not purchase any in any subsequent years.

Depreciation expense of \$7,478 was charged against the capital assets during the fiscal year ended September 30, 2019. The District did not purchase any capital assets during the year. Additional information on the District's capital assets can be found in Note 4 on page 24 of this report.

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Collier Soil and Water Conservation District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the, Collier Soil and Water Conservation District, Naples, Florida, 34120, (239) 455-4100.

**COLLIER CONSERVATION DISTRICT
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2019**

		Governmental Activities
<hr/>		
ASSETS		
Cash	\$	96,757
Cash - Restricted		32,560
Due from Other Governments		39,245
Prepaid Expenses		359
Capital Assets:		
Land		240,239
Depreciable Equipment, net		-
Total Assets		<u>409,160</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Pensions		<u>19,568</u>
 LIABILITIES		
Accounts Payable		1,700
Accrued Liabilities		11,811
Noncurrent Liabilities:		
Net Pension Liability		<u>93,837</u>
Total Liabilities		<u>107,348</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred Amount on Pensions		<u>30,366</u>
 NET ASSETS		
Net Investment in Capital Assets		240,239
Restricted for Mitigation		32,560
Unrestricted		<u>18,215</u>
Total Net Assets	\$	<u><u>291,014</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Conservation	\$ 166,624	\$ -	\$ 142,605	\$ -	\$ (24,019)
Total Government Activities	\$ 166,624	\$ -	\$ 142,605	\$ -	\$ (24,019)
General Revenues:					
Investment Earnings					13
Total General Revenue					13
Change in Net Assets					(24,006)
Net Assets - October 1, 2018					315,020
Net Assets - September 30, 2019					\$ 291,014

The accompanying notes to financial statements are an integral part of this statement.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	General Fund
ASSETS	
Cash	\$ 129,317
Cash - Restricted	-
Due from Other Government	39,245
Prepaid Expenses	359
TOTAL ASSETS	\$ 168,921
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable and Accrued Liabilities	\$ 1,700
Total Liabilities	1,700
Fund Balances:	
Unassigned	134,661
Restricted for Mitigation	32,560
Total Fund Balances	167,221
TOTAL LIABILITIES AND FUND BALANCES	\$ 168,921

The accompanying notes to financial statements are an integral part of this statement.

**COLLIER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2019**

Fund Balance	\$	167,221
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
Capital Assets used in Governmental Activities are not financial resources and are, therefore, in the governmental funds.		240,239
Deferred outflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.		19,568
Long-term liabilities are not payable in the current period and therefore are not reported in the governmental funds.		(93,837)
Compensated Absences are not payable in the current period and therefore are not reported in the governmental funds.		(11,811)
Deferred inflows of resources are reported as a result of changes in deferred amounts on pensions in the statement of net position.		<u>(30,366)</u>
Net Position of Governmental Activities	\$	<u>291,014</u>

The accompanying notes to financial statements are an integral part of this statement.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	<u>General Fund</u>
REVENUES	
Intergovernmental - Grants	\$ 142,605
Miscellaneous:	
Interest Income	13
TOTAL REVENUES	<u>142,618</u>
 EXPENDITURES	
Current:	
Conservation:	
Personal Services	122,441
Operating Expenditures	31,676
TOTAL EXPENDITURES	<u>154,117</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(11,499)</u>
 Fund Balances, October 1, 2018	<u>-</u>
 FUND BALANCES, September 30, 2019	<u>\$ (11,499)</u>

The accompanying notes to financial statements are an integral part of this statement.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2019**

Net Change in Fund Balance	\$	(11,499)
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report depreciation as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as deprecation expense. Transactions involving capital assets are summarized below:

Depreciation Expense		(1,879)
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the Governmental Funds.

Change in Compensated Absences		(975)
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Net change in the liability for pensions and the deferred outflows and inflows of resources are reported in the government-wide statements, but not in the governmental fund statements.		(9,653)
		(9,653)

Change in Net Position of Governmental Activities	\$	(24,006)
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The accompanying notes to financial statements are an integral part of this statement.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies as applicable to governmental units, which has been consistently, applied in the preparation of the financial statements of the various funds and account groups follows.

▪ Reporting Entity

The Collier Soil and Water Conservation District was authorized under Chapters 582 of the Laws of Florida to promote conservation in Collier County, Florida. District board members are nonpartisan and elected locally.

The District is an independent special district administered by a five member board of supervisors elected by the voters of Collier County. The District for financial reporting purposes includes all of the funds relevant to the operation of the District. There are not separately administered organizations, which are controlled by, or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board. Therefore, in accordance with U.S. generally accepted accounting principles, the District has determined that there are no potential component units that it must include within its financial statements.

The purpose of the Collier District is to “annually assess the condition of the soils and waters, both above and below ground, in Collier County; to educate the public about the state of the soils and waters; and to promote and advocate conservation practices and policies which will benefit the soils and waters of the County.”

▪ Basis of Presentation

These financial statements are fund financial statements that have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB) and accounting practices prescribed by the State of Florida, Office of the Auditor General.

As permitted by Chapter 10.556(4), Rules of the Auditor General State of Florida, the special-purpose financial statements consist of only the fund level financial statements as defined in GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*.

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, which are not properly accounted for in another fund. Activities related to the promotion of economic development flow through the General Fund.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the fund financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. The major modifications to the accrual basis are : (a) revenues are recorded in the accounting period in which they become available and measureable (available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days for property taxes and ninety days for all other revenue) and (b) expenditures are recorded in the accounting period in which the liability is incurred, if measureable, except for accumulated sick and vacation compensation, which are expensed when paid.

Fiduciary fund (agency fund) statements are prepared using economic resource measurement focus and the accrual basis of accounting.

▪ Measurement Focus

The accounting and financial reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental funds are accounted for on a spending or “financial flow” measurement focus. This means that generally, only current assets and current liabilities are included in the balance sheet. Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

▪ Cash and Cash Equivalents

Cash and cash equivalents represent cash on hand as well as demand deposits, and certificates of deposit with original maturities of three months or less.

▪ Inventory and Prepaid Items

The purchase method is used to account for inventory and payments to vendors for costs applicable to future periods (prepaid). Under the purchase method, expenditures are recognized when the available financial resource is expended. Inventory is not deemed significant and therefore no amount has been reported.

▪ Interfund Loans and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

▪ Capital Assets

Expenditures for capital assets acquired or constructed for general District purposes are reported in the governmental fund that financed the acquisition or construction. The capital assets so acquired are reported at cost in the government-wide statement of net assets but are not reported in the governmental fund financial statements. Donated assets are recorded at fair value at the date of donation.

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

<u>Description</u>	<u>Estimated Lives</u>
Equipment	5 years

▪ Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County had deferred outflows at year end related to various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations and retirement contribution payments made by the County after the valuation date of the Florida Retirement System's latest valuation but before the end of the County's fiscal year.

In addition to liabilities, the statement of net 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 and so will not be recognized as an inflow of resources (revenue) until that time. The only such item at year end consists of various actuarial assumption changes and valuations related to the County's portion of the Florida Retirement System Pension Plan and Retiree Health Insurance Subsidy Program annual valuations. These amounts are recognized as inflows of resources in the period that they become available.

▪ Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from these estimates.

▪ Governmental Fund Balances

Fund balances are classified either as nonspendable or spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external internal constraints on the spending of these fund balances. These classifications are described as follows:

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

Nonspendable fund balances included amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances at the Collier Soil and Water Conservation District as of September 30, 2019.

Spendable fund balances are classified based on a hierarchy of the Collier Soil and Water Conservation District's ability to control the spending of these fund balances.

Restricted fund balances are fund balance amounts that are constrained for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or imposed by law through constitutional provisions or enabling legislation. As of September 30, 2019, the Collier Soil and Water Conservation District had \$598,062 restricted fund balances, originating from unspent grant funds.

Committed fund balances are fund balances constrained for specific purposes imposed by the Collier Soil and Water Conservation District's formal action of highest level of decision making authority. As of September 30, 2019, the Collier Soil and Water Conservation District had no committed fund balances.

Assigned fund balances are fund balances intended to be used for specific purposes, but which are neither restricted nor committed. As of September 30, 2019, the Collier Soil and Water Conservation District had assigned fund balances as indicated on the Balance Sheet.

Unassigned fund balances represent the residual positive fund balance within the general fund, which has not been assigned to other funds and has not been restricted, committed or assigned. In funds other than the general fund, unassigned fund balances are limited to negative residual fund balances. As of September 30, 2019, the Collier Soil and Water Conservation District had unassigned fund balances of \$145,638.

When expenditures are incurred for purposes for which restricted or unrestricted fund classifications could be used, it is the Collier Soil and Water Conservation District's policy to use restricted funds first, then unrestricted.

Impact of Recently Issued Accounting Pronouncements

In fiscal year 2019, the County adopted two new statements of financial reporting accounting standards issued by the GASB:

- *Statement No. 83, Certain Asset Retirement Obligations ("GASB 83")*
- *Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements ("GASB 88")*

GASB 83 establishes standards of accounting and financial reporting requirements for legally enforceable liabilities associated with the retirement of certain tangible capital assets. State and local governments that have legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the regulation of GASB 83. The requirements of GASB 83 had no impact on the County's financial statements.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES (continued)

GASB 88 defines debt for purposed on disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. GASB 88 required that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credits; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant subjective acceleration clauses. GASB 88 also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements for GASB 88 are effective for reporting periods beginning after June 15, 2018.

Pronouncements Issued But Not Yet Effective

GASB has issued the following pronouncements that may affect future financial position, results of operations, cash flows, or financial presentation of the County upon implementation. Management has not yet evaluated the effect of implementation of these standards.

GASB Statement No.	GASB Accounting Standard	Effective Fiscal Year
84	Fiduciary Activities	2020
87	Leases	2021
89	Accounting for Interest Cost Incurred before the End of a Construction Period	2021
90	Majority Equity Interest and amendment of GASB Statements No. 14 and No. 61	2020
91	Conduit Debt Obligations	2022

NOTE 2 – BUDGETARY COMPLIANCE AND ACCOUNTABILITY

The District adopts an annual budget prior to the beginning of the next fiscal year based on historical data plus knowledge of current and future events. As the year progresses, the budget is reviewed and amended if the need occurs.

NOTE 3 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2019 consisted of \$129,267 maintained in a local checking account. This depository qualifies as a "public depository", as required by law (Florida Security for Public Deposits Act Chapter 280, Florida Statutes). All the cash deposits of the Collier Soil and Water Conservation District are classified as category one risk, which means they are insured or collateralized.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 4 – CHANGES IN CAPITAL ASSETS

Changes in capital assets are presented in the table below:

GOVERNMENTAL ACTIVITIES	BALANCE 9/30/2018	ADDITIONS	DELETIONS	BALANCE 9/30/2019
Land	\$ 240,239	\$ -	\$ -	\$ 240,239
Equipment	47,150	-	-	47,150
Accumulated Depreciation	(45,271)	(1,879)	-	(47,150)
Total Capital Assets - net	<u>\$ 242,118</u>	<u>\$ (1,879)</u>	<u>\$ -</u>	<u>\$ 240,239</u>

Depreciation expense for the year ended September 30, 2019 was \$1,879.

NOTE 5 - DEFINED BENEFIT PENSION PLANS

Background

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

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

The District's pension contributions totaled \$8,585 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2019.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Florida Retirement System Pension Plan

Plan Description

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

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

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at 6 years of creditable service and employees enrolled in the FRS Plan on or after July 1, 2011, vest at 8 years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service.

All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to 4 years of credit for military service toward creditable service. The FRS Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The FRS Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the 5 highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the 8 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.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates effective September 30, 2019, were applied to employee salaries as follows: regular employees 8.47%, senior management 25.41%, special risk 25.48%, and DROP participants 14.60%. The District's contributions to the FRS Plan were \$5,209 for the year ended September 30, 2019.

Pension Costs

At September 30, 2019, the District reported a liability of \$56,428 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportion of the net pension liability was based on the District's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019,

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2019, the District's proportion was 0.00016%, which was a decrease of 0.00002% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2019, the District recognized pension expense of \$9,702 for its proportionate share of FRS's pension expense. In addition, the District reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 3,347	\$ 35
Changes in Actuarial Assumptions	14,493	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	3,122
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	102	10,750
District Contributions Subsequent to the Measurement Date	1,172	-
Total	<u>\$ 19,114</u>	<u>\$ 13,907</u>

\$1,172 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2018	\$ 1,821
2019	7,699
2020	4,865
2021	(377)
2022	(43)
Thereafter	-

Actuarial Assumptions

The total pension liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Inflation	2.60% per year
Salary Increases	3.25%, Average, including inflation
Investment Rate of Return	7.60%, Net of Pension Plan Investment Expense, Including Inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.0%	3.0%	1.7%
Fixed Income	18.0%	4.7%	4.6%	4.6%
Global Equity	53.0%	8.1%	6.8%	17.2%
Real Estate (Property)	10.0%	6.4%	5.8%	12.0%
Private Equity	6.0%	11.5%	7.8%	30.0%
Strategic Investments	12.0%	6.1%	5.6%	11.1%
Totals	<u>100.0%</u>			
Assumed Inflation - Mean		2.6%		1.9%

Discount Rate

The discount rate used to measure the total pension liability was 7.60% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 DEFINED BENEFIT PENSION PLANS (continued)

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the fiscal year ended June 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2019, the contribution rate was 1.66 percent of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The District's contributions to the HIS Plan were \$2,135 for the year ended September 30, 2019.

Pension Costs

At September 30, 2019, the District reported a liability of \$37,409 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportion of the net pension liability was based on the District's contributions received during the measurement period for employer payroll paid dates from July 1, 2018, through June 30, 2019, relative to the total employer contributions received from all participating employers. At June 30, 2019, the District's proportion was 0.00033%, which was a decrease of 0.00008% from its proportion measured as of June 30, 2019.

For the year ended September 30, 2019, the District recognized pension expense of \$2,135 for its proportionate share of HIS's pension expense. In addition, the District reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 454	\$ 46
Changes in Actarial Assumptions	4,332	3,058
Net Difference Between Projected and Actual Earnings on HIS Program Investments	24	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share	2,029	13,355
District Contributions Subsequent to the Measurement Date	384	-
Total	<u>\$ 7,223</u>	<u>\$ 16,459</u>

\$384 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending June30,	Amount
2018	\$ (428)
2019	(433)
2020	(436)
2021	(762)
2022	161
Thereafter	-

Actuarial Assumptions

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

Inflation	2.60% per year
Salary Increases	3.25%, Average, including inflation
Municipal Bond Rate	2.85%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB. The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 2.85% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 6 - DEFINED BENEFIT PENSION PLANS (continued)

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

Pension Plan Fiduciary Net Position

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

NOTE 7 - DEFINED CONTRIBUTION PLAN

Florida Retirement System Pension Plan

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

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

Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2018-19 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class. The percentages are the same as those listed previously to the FRS Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS

Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Non-vested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2019, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 7 - DEFINED CONTRIBUTION PLAN – (continued)

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

The District's Investment Plan pension expense totaled \$0 for the year ended September 30, 2019.

NOTE 8 – RISK MANAGEMENT

The Collier Soil and Water Conservation District is exposed to various risk of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in a public entity risk pool administered by the Florida League of Cities, Inc. with insurance programs for general liability, auto, property and workers' compensation. The District pays an annual premium to the Florida League of Cities, Inc., for these insurance programs. Participation in the pool is non-assessable. There were no significant reductions in coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three years.

The District retains the risk of loss up to the deductible amount of \$25,000 with the risk of loss in excess of this amount transferred to the pool with limits of liability of \$300,000 per occurrence for general and professional liability and \$300,000 for automobile liability. Maximum liability coverage is \$200,000. Premiums charged during the year totaled \$7,470.

The Florida League of Cities, Inc. published financial report for the year ending September 30, 2019, can be obtained from the Florida League of Cities, Inc. Public Risk Services, 135 East Colonial Drive, Orlando, Florida 32852-0065.

NOTE 9 – SIGNIFICANT FUNDING SOURCE

The District's operations are substantially dependent on the receipt of revenue from the Florida Department of Agriculture and Consumer Services (FDACS). Loss of these funds and/or large decreases in this type of funding would have a material effect on the District and a negative impact on overall operations. For the year ended September 30, 2019, 99% of total General Fund revenue is attributable to fund received from FDACS.

NOTE 10 – COMMITMENTS

Land Trust

The District has a Mitigation Land Bank agreement with a real estate developer which required the developer to transfer \$140,000 to the District for the purchase of approximately 30 acres of undeveloped wetlands. The District is, further, required to then enhance, manage, and hold in perpetuity the respective wetlands purchased. The District has the right to transfer the land too another entity for long-term management and ownership at its discretion subject to approval by the U.S. Army Corps of Engineers. The developer entered the agreement to provide off-site compensatory mitigation for unavoidable wetland impact related to a specific real estate development. The agreement has no stated time-frame for he related land purchase. The funds are being accounted for in the General Fund.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019**

NOTE 11 – CONTINGENCIES

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Florida. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

NOTE 12 – SUBSEQUENT EVENTS

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 28, 2020, the date which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULE
GENERAL AND MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

	General Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental	\$ 201,176	\$ 201,176	\$ 142,605	\$ (58,571)
Miscellaneous:				
Investment Earnings	10	10	13	3
	<u>10</u>	<u>10</u>	<u>13</u>	<u>3</u>
TOTAL REVENUE	201,186	201,186	142,618	(58,568)
EXPENDITURES				
Insurance	9,500	9,500	7,901	1,599
Dues and Fees	1,100	1,100	990	110
Miscellaneous	850	850	970	(120)
Personnel Expenses	161,150	161,150	122,441	38,709
Equipment	-	-	584	(584)
Telephone	900	900	549	351
Office Expense	2,650	2,650	1,855	795
Audit Fee and Accounting	13,400	13,400	13,400	-
Vehicle Expense	4,550	4,550	5,427	(877)
TOTAL EXPENDITURES	<u>194,100</u>	<u>194,100</u>	<u>154,117</u>	<u>39,983</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,086	7,086	(11,499)	(18,585)
Fund Balances, October 1, 2018	-	-	-	-
FUND BALANCES, SEPT. 30, 2019	<u>\$ 7,086</u>	<u>\$ 7,086</u>	<u>\$ (11,499)</u>	<u>\$ (18,585)</u>

See Independent Auditor's Report

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's proportion of the net pension liability (asset)	0.000163850%	0.000182784%	0.000196935%	0.000230959%
District's proportionate share of the net pension liability (asset)	\$ 56,427	\$ 55,056	\$ 58,252	\$ 58,317
District's covered-employee payroll	\$ 102,457	\$ 129,391	\$ 112,243	\$ 80,633
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	55.07%	42.56%	51.90%	72.32%
Plan fiduciary net position as a percentage of the total pension liability	99.90%	99.90%	99.89%	92.00%

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

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

See Independent Auditor's Report

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN¹
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 4,869	\$ 5,209	\$ 5,127	\$ 4,739
Contributions in relation to the contractually required contribution				
Contribution deficiency (excess)	<u>(4,869)</u>	<u>(5,209)</u>	<u>(5,127)</u>	<u>(4,739)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 102,457	\$ 129,391	\$ 112,243	\$ 83,626
Contributions as a percentage of covered- employee payroll	4.75%	4.03%	4.57%	5.67%

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

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

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District proportion of the net pension liability (asset)	0.000334340%	0.000392769%	0.000367933%	0.000425740%
District's proportionate share of the net pension liability (asset)	\$ 37,409	\$ 41,571	\$ 39,341	\$ 49,618
District's covered-employee payroll	\$ 102,457	\$ 129,391	\$ 112,243	\$ 131,433
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	36.51%	32.12%	35.05%	37.75%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.50%	0.50%	0.50%

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

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

See Independent Auditor's Report

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN¹
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019***

	2019	2018	2017	2016
Contractually required contribution	\$ 1,716	\$ 2,135	\$ 1,947	\$ 2,263
Contributions in relation to the contractually required contribution				
Contribution deficiency (excess)	1,716	(2,135)	(1,947)	(2,263)
	<u>\$ 3,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 102,457	\$ 129,391	\$ 112,243	\$ 136,326
Contributions as a percentage of covered-employee payroll	1.67%	1.65%	1.73%	1.66%

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

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

See Independent Auditor's Report

JAMES E. DAVIS, CPA
1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Board of Directors
Collier Soil and Water Conservation District
Naples, Florida

I have audited the financial statements of Collier Soil and Water Conservation District, Florida (the District), as of and for the year ended September 30, 2019, and have issued my report thereon dated June 28, 2020. I conducted my 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.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying management letter, I identified no deficiencies in internal control that I consider to be material weaknesses.

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 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. No deficiencies were noted that were considered to be a material weakness.

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. During my audit I did not identify any deficiencies in internal control that I consider to be a significant deficiency. However, significant deficiencies 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 of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

I noted certain other matters that were reported to the District in a separate letter June 28, 2020.

District's Response to Findings

The District's responses to the findings identified in my audit are included in the accompanying management letter. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

James E. Davis
Certified Public Accountant

June 28, 2020

JAMES E. DAVIS, CPA

1733 Old Plank Road
Crawfordville, FL 32327
Phone: (850) 445-5878

INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION CONDUCTED IN ACCORDANCE WITH AICPA PROFESSIONAL STANDARDS, SECTION 601, REGARDING COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

Collier Soil and Water Conservation District
Naples, Florida

I have examined the Collier Soil and Water Conservation District's (the District) compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2019. Management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on the District's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the District's compliance with specified requirements.

In my opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

James E. Davis
Certified Public Accountant

June 28, 2020

JAMES E. DAVIS, CPA
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Phone: (850) 445-5878

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Collier Soil and Water Conservation District
Naples, Florida

Report on the Financial Statements

I have audited the financial statements of Collier Soil and Water Conservation District as of and for the fiscal year ended September 30, 2019 and have issued my report thereon dated June 28, 2020.

Auditor's Responsibility

I conducted my 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedules

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and State Project and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated, June 28, 2020, should be considered in conjunction with this management letter.

Audit Findings

No audit findings were discovered for the year ending September 30, 2019.

Official Title and Legal Authority

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

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that I report the results of my determination as to whether or not Collier Soil and Water Conservation District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined Collier Soil and Water Conservation District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. ad 10.556(8), Rules of the Auditor General, I applied financial condition assessment procedures. It is management's responsibility to monitor Collier Soil and Water Conservation District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by the same.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for Collier Soil and Water Conservation District for the fiscal year ended September 30, 2019, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(1), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2019. In connection with my audit, I determined that these two reports were in agreement, as the audit report will be used to complete the annual financial report.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I address in the management letter any recommendations to improve financial management. In connection with my audit, I did not have any such recommendations.

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

Purpose of this Letter

My 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, Collier Soil and Water Conservation District, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

James E. Davis
Certified Public Accountant

June 28, 2020

**COLLIER SOIL AND WATER CONSERVATION DISTRICT
 SCHEDULE OF FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

STATE AGENCY/PASS THROUGH ENTITY/PROJECT	CFDA/CFSA NUMBER	CONTRACT/GRANT NUMBER	EXPENDITURES
<u>Florida Department of Agriculture and Consumer Services</u>			
<u>Agricultural Nonprofit Source Best Management Practices Implementation</u>			
Lower West Coast Mobile Irrigation Laboratory	42.017	24366	\$ 142,605
			<u>\$ 142,605</u>

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2019**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Collier County Soil and Water Conservation District.
2. No significant deficiencies were reported in the Independent Auditor's report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards.
3. No instances of noncompliance material to the financial statements of Collier County Soil and Water Conservation District were disclosed during the audit.
4. The audit disclosed no significant deficiencies in internal control over any major federal program and state project.
5. The report on compliance with requirements applicable to the major state projects expressed an unqualified opinion.
6. The audit disclosed no findings related to the major state projects.
7. The District had no major state programs.
8. The threshold for distinguishing Type A and Type B project was \$300,000 for major state projects.

B. FINDINGS – FINANCIAL STATEMENTS

See Management Letter for discussion of recommendations resulting from audit of financial statement,

Management response is included in the Management Letter.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAM AND STATE PROJECTS

None

D. OTHER ISSUES

1. No Summary Schedule of Prior Audit Findings is required as there were no prior audit findings related to Federal programs or State projects.
2. No Corrective Action Plan is required because there were no findings required to be reported under the Federal or Florida Single Audit Acts.