

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

**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 Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 is the responsibility of management and, 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 Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c), but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2024, 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.



May 17, 2024

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, 2023. 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 53 full-time employees and one part-time employee, as well as owning and operating seven aircraft and 33 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, 2023.
- 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, 2023, and will continue as per the terms of this agreement. The service area consists of 12 ½ square miles.
- The District is tasked with the Mission of protecting public health and comfort by and through the control of disease-carrying and nuisance mosquitoes. Contributing to a healthy, high quality of life in southwest Florida and beyond by upholding public trust, applying sound science, using best practices in mosquito control, economic responsibility, and an enduring search for solutions.

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 \$41,782,091 (net position).
- Of this amount, \$25,391,435 (unrestricted net position) may be used to meet the District's ongoing obligations.
- The District's total net position increased by \$6,421,328 for future investment in capital improvement. This increase is discussed further in the government-wide financial analysis.
- Total liabilities increased by \$888,316, this amount reflects a slight increase in the District's net pension liability due to an increase in value of state pension plan.
- At the close of the current fiscal year, the ending fund balance was \$30,042,903, an increase of \$8,356,486, or 38.5%, from the 2022 ending fund balance of \$21,686,417.
- Of the \$30,042,903 ending fund balance, \$4,503,792 has been committed for self-insurance, \$354,528 committed for the sick and annual leave reserve, and \$9,500,000 has been committed for future capital outlays, which includes significant investment into District infrastructure. In addition, \$3,888,705 is nonspendable, consisting of prepaid items and inventories. Approximately \$1,154,198 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.

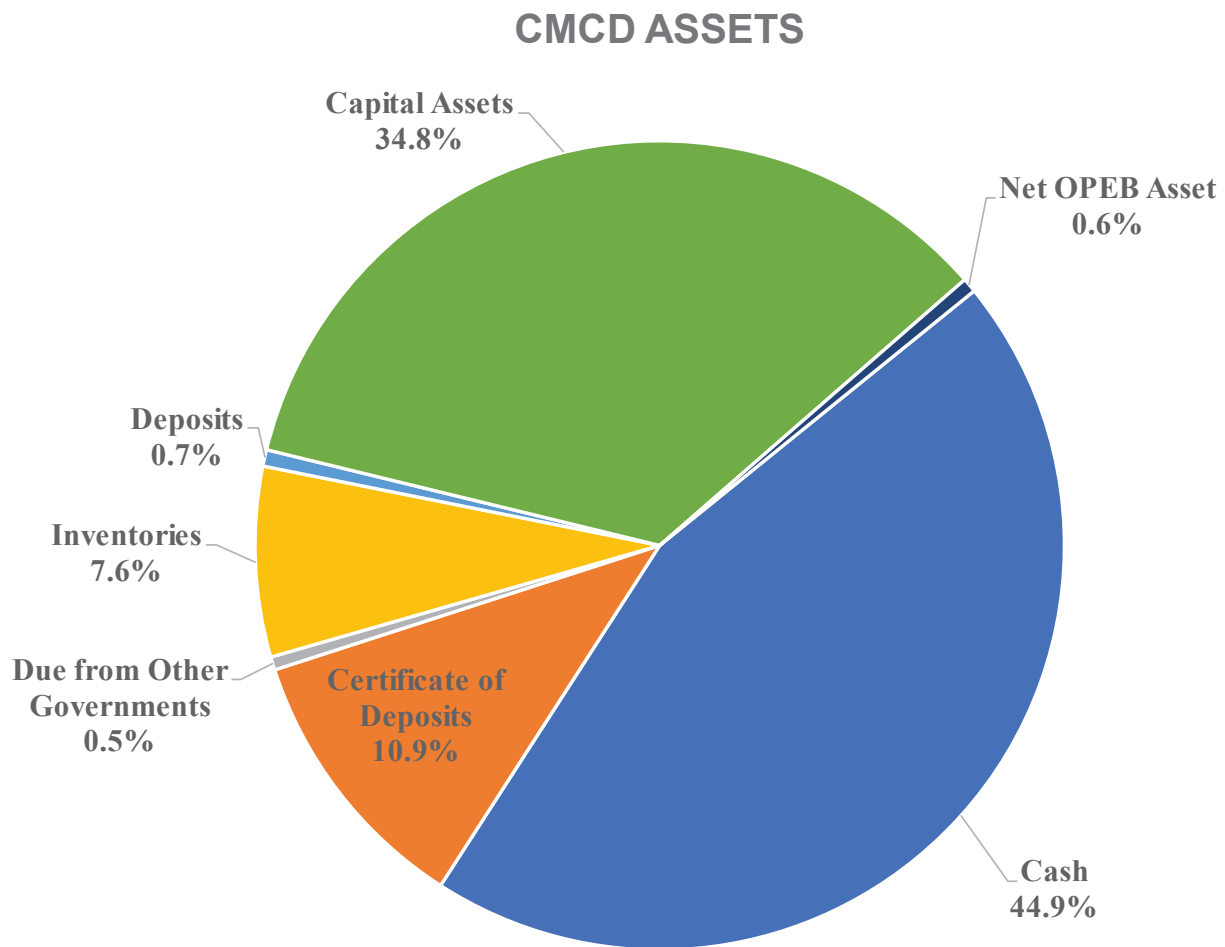
Notes to Financial Statements:

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, 2023 was \$41,782,091. Its revenues, which include property taxes, investments, and miscellaneous income, totaled \$21,093,226 (*general revenue plus program revenue*). Total program expenses were \$14,671,898.

Approximately thirty-five percent of the District’s assets represent its investment in capital assets (i.e. aircraft and buildings), 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. The District has a significant amount of cash for the ongoing investment into the District’s capital infrastructure.



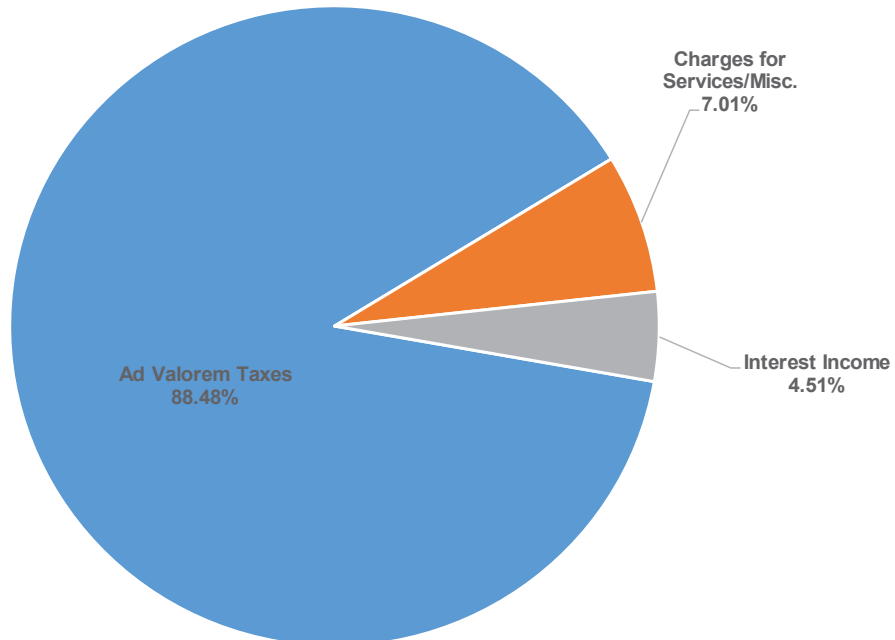
Summary of Net Position

| | 2023 | 2022 | Difference |
|--------------------------------|----------------------|----------------------|---------------------|
| Current and Other Assets | \$ 30,727,644 | \$ 22,540,997 | \$ 8,186,647 |
| Capital Assets | <u>16,390,656</u> | <u>17,126,991</u> | <u>(736,335)</u> |
| Total Assets | 47,118,300 | 39,667,988 | 7,450,312 |
| Deferred Outflows of Resources | 1,353,646 | 1,523,740 | (170,094) |
| Current and Other Liabilities | 412,683 | 286,478 | 126,205 |
| Long-Term Liabilities | <u>6,112,487</u> | <u>5,350,376</u> | <u>762,111</u> |
| Total Liabilities | 6,525,170 | 5,636,854 | 888,316 |
| Deferred Inflows of Resources | 164,685 | 194,111 | (29,426) |
| Net Position | | | |
| Invested in Capital Assets | 16,390,656 | 17,126,991 | (736,335) |
| Unrestricted | <u>25,391,435</u> | <u>18,233,772</u> | <u>7,157,663</u> |
| Total Net Position | \$ <u>41,782,091</u> | \$ <u>35,360,763</u> | \$ <u>6,421,328</u> |

During the past year, total assets increased by \$7,450,312 due to the foresight of capital improvement projects. Total deferred outflow of resources decreased by \$170,094, total liabilities increased by \$888,316 due to the increase in the net pension liability. The total deferred inflows of resources decreased \$29,426, as indicated in the above table. In fiscal year 2022-2023, adulticide/larvicide materials on-hand at the end of the year decreased by approximately \$354,623 as we experienced a more demanding mosquito season as well as an increase in particular materials being utilized.

The balance in cash and CDs increased by approximately \$8,534,288, as the District is in the process of a substantial capital infrastructure improvement project. The District has contracted with an architect to draw and oversee new headquarters to be built at a leasehold located at the Immokalee Regional Airport.

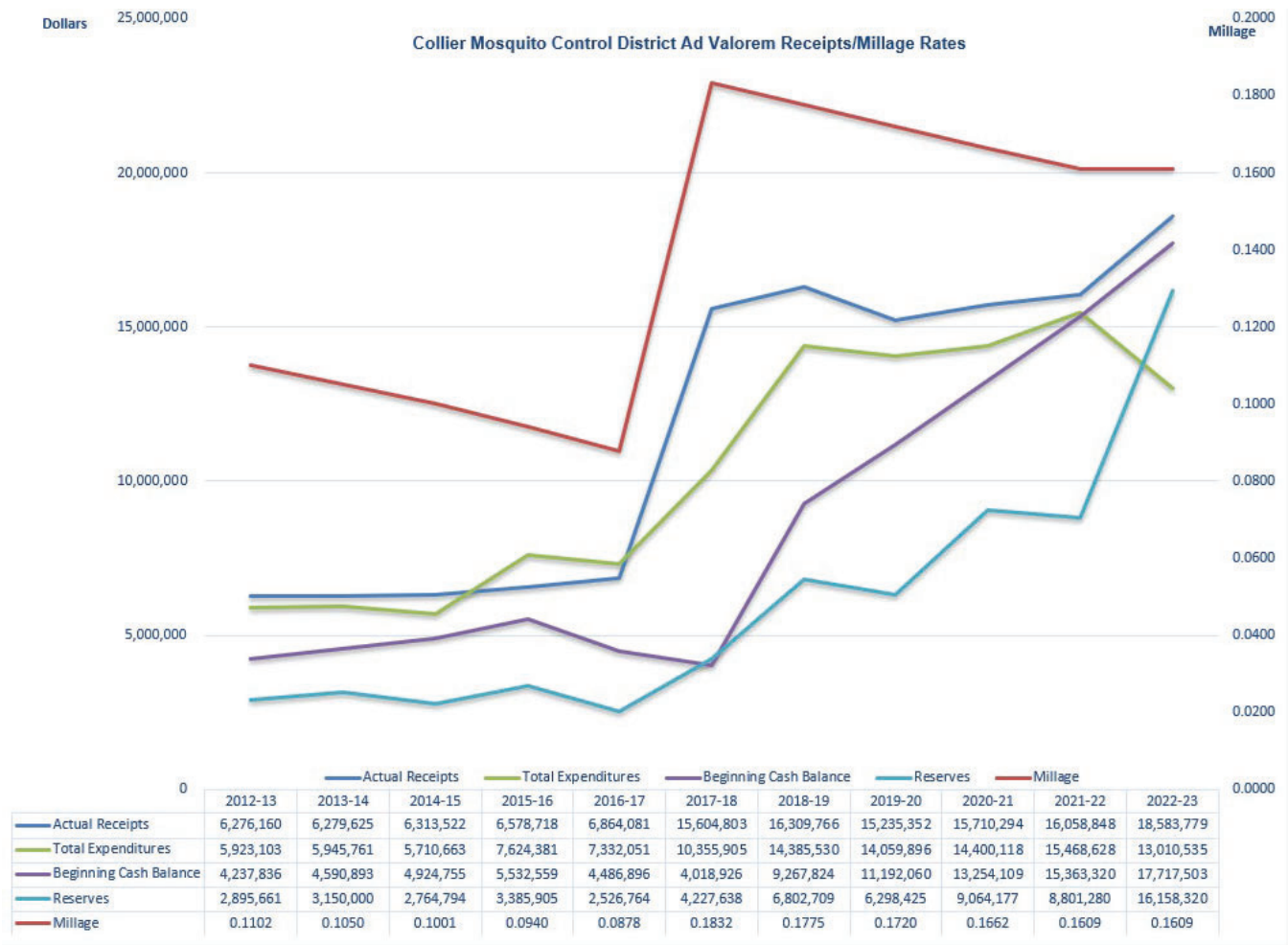
CMCD REVENUE



Summary Changes in Net Position

| | 2023 | 2022 | Difference |
|---|-----------------------------|-----------------------------|----------------------------|
| Revenues | | | |
| General Revenues | | | |
| Property Taxes | \$ 18,672,455 | \$ 16,073,105 | \$ 2,599,350 |
| Intergovernmental | - | 47,610 | (47,610) |
| Interest | 952,511 | 58,227 | 894,284 |
| Charges for Services | 358,834 | 414,586 | (55,752) |
| Gain(Loss) on Sale of Capital Asset | (10,251) | 912,194 | (922,445) |
| Miscellaneous | <u>1,119,677</u> | <u>115,895</u> | <u>1,003,782</u> |
| Total Revenues | <u>\$ 21,093,226</u> | <u>\$ 17,621,617</u> | <u>\$ 3,471,609</u> |
| Expenses | | | |
| Human Services - Mosquito Control | <u>14,671,898</u> | <u>12,951,813</u> | <u>1,720,085</u> |
| Increase/Decrease in Net Position | 6,421,328 | 4,669,804 | 1,751,524 |
| Net Position - Beginning of Fiscal Year | <u>35,360,763</u> | <u>30,690,959</u> | <u>4,669,804</u> |
| | | | |
| Net Position - End of Fiscal Year | <u><u>\$ 41,782,091</u></u> | <u><u>\$ 35,360,763</u></u> | <u><u>\$ 6,421,328</u></u> |

Total revenue increased by \$3,471,609. Charges for services were for reimbursable contractual mosquito control treatment rendered to the Ave Maria Stewardship Community District. In fiscal year 2022-2023, property tax revenue increased by \$2,599,350 and expenditures increased by \$1,720,085, thus increasing the net position by \$6,421,328 at the end of the fiscal year. Property taxes represent roughly 88.5% of the District's revenue. The remaining revenue is interest, insurance reimbursements and charges for services.



The chart above reflects revenues, expenses, and millage rates (cash basis) for the past 11 years.

The District is partially self-insured for health insurance and has a high deductible on several other policies. Five aircraft are fully insured, and two aircraft are self-insured for in-flight coverage. The fund balance committed for uninsured events on September 30, 2023 was \$4,503,792. The increase in Reserves for Self-Insurance was due in large part to proceeds received for Hurricane Ian claims. For more information on the District’s risk management, please see Note 12 on page 38 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:

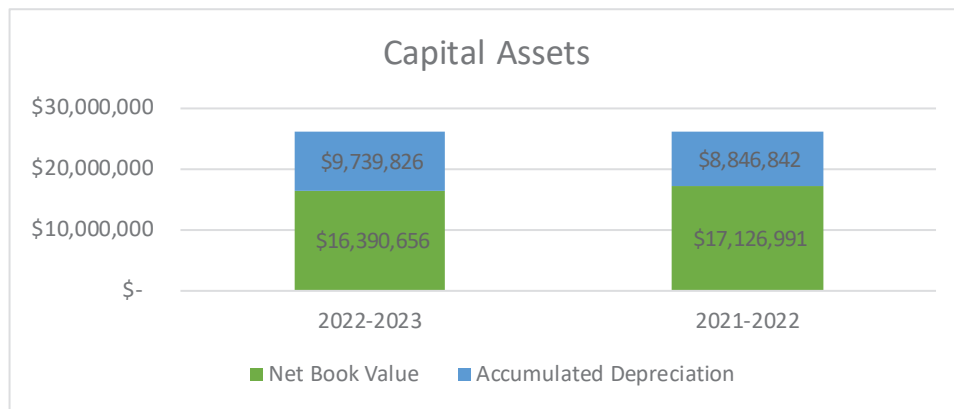
The District adopts an annual budget for its funds as required by Florida Statutes. The budget incorporates input from the Board of Commissioners, District staff, and citizens within the District regarding what services to provide and how to pay for them.

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 39 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 39. The discrepancy in total revenues of \$128,702 is mainly comprised of accrued revenue from the Ave Maria Stewardship Community District, as the result of a Governmental Interlocal Agreement as well as various insurance refunds. The difference between the final amended budgeted expenditures and actual expenditures represents a positive variance of \$10,321,772. The variance is due primarily to the capital infrastructure improvement project in Immokalee, as well as unspent contingency funds.

Capital Asset and Debt Administration:

The District’s investment in *capital assets* at year-end is \$16,390,656 (net of accumulated depreciation) which includes property, plant, and equipment with a threshold of \$5,000 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 fair value at the date of donation, and are depreciated utilizing the straight-line method. The reported value of the District’s net position has increased in book value by \$6,421,328. 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>2023</u> | <u>2022</u> |
|-------------------------------------|-----------------------------|-----------------------------|
| Buildings & Leasehold Improvements | \$ 7,955,622 | \$ 7,955,622 |
| Aircraft | 13,795,237 | 13,795,237 |
| Vehicles | 1,164,582 | 1,095,985 |
| Equipment | 2,035,144 | 1,888,043 |
| Right to use leased asset-buildings | 112,926 | 171,975 |
| Right to use leased asset-land | <u>1,066,971</u> | <u>1,066,971</u> |
| Total Assets | \$ 26,130,482 | \$ 25,973,833 |
| Less: Accumulated Depreciation | <u>(9,739,826)</u> | <u>(8,846,842)</u> |
| Net Book Value | <u>\$ 16,390,656</u> | <u>\$ 17,126,991</u> |

At September 30, 2023, the District's debt obligations were comprised of accrued compensated absences, lease liability, net pension liability and net OPEB obligation payables. For more information on accrued compensated absences, pensions or Postemployment Benefits other than Pensions, please see Note 1 on page 19, Note 8 on page 27, Note 9 on page 33 and Note 10 on page 34, respectively, of the *Notes to Financial Statements*. For more information on capital assets, please see Note 6 on page 25, of the *Notes to Financial Statements*.

Economic Factors and Next Year's Budget and Rates:

In September of 2023, the Board of Commissioners approved a \$46 million budget for the fiscal year 2024. The millage rate is .1443 mills per thousand, which is at the rolled-back rate from the prior year, resulting in no change in revenue. Property taxes are the largest source of revenue for the Collier Mosquito Control District. The District is undergoing a substantial capital improvement phase of development and will continue to invest in new infrastructure to improve and enhance the capabilities of services. The current outlook for the capital improvement plan is phased to take place over the course of seven fiscal years.

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, 2023**

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Cash | \$ 21,175,462 |
| Certificates of deposit | 5,142,527 |
| Due from other governments | 248,892 |
| Deposits | 309,867 |
| Inventories | 3,578,838 |
| Net OPEB asset | 272,058 |
| Capital assets: | |
| Depreciable, net | 16,390,656 |
| Total assets | 47,118,300 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| FRS Pension | 1,304,248 |
| OPEB | 49,398 |
| Total deferred outflows of resources | 1,353,646 |
| LIABILITIES | |
| Accounts payable and accrued expenses | 184,019 |
| Salaries and benefits payable | 228,664 |
| Non-current liabilities: | |
| Due within one year | |
| Compensated absences | 66,133 |
| Lease liability | 60,965 |
| Due in more than one year: | |
| Net pension liability | 4,542,301 |
| Compensated absences | 430,670 |
| Environmental remediation | 5,000 |
| Lease liability | 1,007,418 |
| Total liabilities | 6,525,170 |
| DEFERRED INFLOWS OF RESOURCES | |
| FRS Pension | 164,685 |
| NET POSITION | |
| Investment in capital assets | 16,390,656 |
| Unrestricted | 25,391,435 |
| Total net position | \$ 41,782,091 |

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues Charges for Services</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|--------------------------------------|-----------------|--|--|
| | | | <u>Governmental Activities</u> |
| Primary government: | | | |
| Governmental activities: | | | |
| Human services - mosquito control | | | |
| Personnel services | \$ 7,189,179 | \$ - | \$ (7,189,179) |
| Operating expenditures | 6,409,056 | 358,834 | (6,050,222) |
| Depreciation | 1,029,887 | - | (1,029,887) |
| Interest on long-term debt | 43,776 | - | (43,776) |
| Total governmental activities | 14,671,898 | 358,834 | (14,313,064) |
| General revenues: | | | |
| Ad valorem taxes | | | 18,672,455 |
| Unrestricted investment earnings | | | 952,511 |
| Miscellaneous | | | 1,119,677 |
| Gain (loss) on sale of capital asset | | | (10,251) |
| Total general revenues | | | 20,734,392 |
| Change in net position | | | 6,421,328 |
| Net position - beginning | | | 35,360,763 |
| Net position - ending | | | \$ 41,782,091 |

See notes to the financial statements

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2023**

| | General | Total Governmental Fund |
|---------------------------------------|---------------|-------------------------------|
| ASSETS | | |
| Cash | \$ 21,175,462 | \$ 21,175,462 |
| Certificates of deposit | 5,142,527 | 5,142,527 |
| Due from other governments | 248,892 | 248,892 |
| Deposits | 309,867 | 309,867 |
| Inventories | 3,578,838 | 3,578,838 |
| Total assets | \$ 30,455,586 | \$ 30,455,586 |
| LIABILITIES AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 184,019 | \$ 184,019 |
| Salaries and benefits payable | 228,664 | 228,664 |
| Total liabilities | 412,683 | 412,683 |
| Fund balance: | | |
| Nonspendable: | | |
| Deposits and inventories | 3,888,705 | 3,888,705 |
| Committed to: | | |
| Self-insurance | 4,503,792 | 4,503,792 |
| Future capital outlay | 9,500,000 | 9,500,000 |
| Vacation and sick leave | 354,528 | 354,528 |
| Assigned to: | | |
| Subsequent year's budget | 10,641,680 | 10,641,680 |
| Unassigned | 1,154,198 | 1,154,198 |
| Total fund balance | 30,042,903 | 30,042,903 |
| Total liabilities and fund balance | \$ 30,455,586 | \$ 30,455,586 |

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, 2023**

Fund balance - governmental fund \$ 30,042,903

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 | 26,130,482 | |
| Accumulated depreciation | <u>(9,739,826)</u> | 16,390,656 |

| | | |
|---|--|-----------|
| Deferred outflows of resources related to pensions are recorded in the statement of net position. | | 1,304,248 |
|---|--|-----------|

| | | |
|--|--|-----------|
| Deferred inflows of resources related to pensions are recorded in the statement of net position. | | (164,685) |
|--|--|-----------|

| | | |
|---|--|--------|
| Deferred outflows of resources related to Other Post Employment Benefit (OPEB) are recorded in the statement of net position. | | 49,398 |
|---|--|--------|

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 | | (4,542,301) |
| Net OPEB liability/(asset) | | 272,058 |
| Lease liability | | (1,068,383) |
| Environmental remediation liability | | (5,000) |
| Accrued compensated absences | | <u>(496,803)</u> |
| Net position of governmental activities | | <u>\$ 41,782,091</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, 2023**

| | General | Total Governmental Fund |
|--|---------------|-------------------------------|
| REVENUES | | |
| Ad valorem taxes | \$ 18,672,455 | \$ 18,672,455 |
| Charges for services | 358,834 | 358,834 |
| Interest income | 952,511 | 952,511 |
| Miscellaneous income | 1,119,677 | 1,119,677 |
| Total revenues | 21,103,477 | 21,103,477 |
| EXPENDITURES | | |
| Current: | | |
| Human services - mosquito control | | |
| Personnel services | 5,834,432 | 5,834,432 |
| Operating expenditures | 5,917,779 | 5,917,779 |
| Debt service | | |
| Principal | 88,819 | 88,819 |
| Interest | 43,776 | 43,776 |
| Capital outlay | 586,284 | 586,284 |
| Total expenditures | 12,471,090 | 12,471,090 |
| Excess (deficiency) of revenues over (under) expenditures | 8,632,387 | 8,632,387 |
| OTHER FINANCING SOURCES | | |
| Proceeds from sale of capital asset | 1,500 | 1,500 |
| Total other financing sources | 1,500 | 1,500 |
| Net change in fund balances | 8,633,887 | 8,633,887 |
| Fund balance - beginning | 21,686,417 | 21,686,417 |
| Decrease in Non-spendable inventory | (277,401) | (277,401) |
| Fund balance - ending | \$ 30,042,903 | \$ 30,042,903 |

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, 2023**

| | |
|---|----------------------------|
| Net change in fund balances - governmental fund | \$ 8,633,887 |
| 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. | 305,303 |
| Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities. | (1,029,887) |
| Governmental funds report inventory purchases as expenditures; however, in the statement of activities, the cost of inventory is capitalized and expensed as consumed | (277,401) |
| Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities. | 88,819 |
| 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 | (113,146) |
| Change in net pension liability and deferred outflows and inflows of resources related to pensions | (924,878) |
| Change in environmental remediation liability | 67,105 |
| Loss on disposal of capital assets | (11,751) |
| Change in net OPEB liability and deferred outflows and inflows of resources related to OPEB | <u>(316,723)</u> |
| Change in net position of governmental activities | <u><u>\$ 6,421,328</u></u> |

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, 2023**

| | |
|--|----------------------------|
| ASSETS | |
| Cash | <u>\$ 3,642,886</u> |
| Total assets | <u><u>\$ 3,642,886</u></u> |
| | |
| NET POSITION HELD IN TRUST FOR OPEB BENEFITS | <u><u>\$ 3,642,886</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, 2023**

| | |
|--|---------------------|
| ADDITIONS | |
| Contributions | |
| Employer | |
| Cash contributions | \$ 35,895 |
| Benefits paid by employer | 231,090 |
| Investment income | 106,869 |
| Total additions | <u>373,854</u> |
| DEDUCTIONS | |
| Benefit payments | |
| Explicit subsidy | 303,984 |
| Implicit subsidy | <u>(72,894)</u> |
| Total deductions | <u>231,090</u> |
| Excess (deficiency) of revenues over (under) expenditures | 142,764 |
| Net position - beginning | <u>3,500,122</u> |
| Net position - ending | <u>\$ 3,642,886</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, 2023 was 0.1609 mills (\$0.1609 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 for prior years, and \$5,000 being in 2022 fiscal year, 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 and for intangible right-to-use assets, discussed in Leases below. 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, except for intangible right-to-use assets, the measurement of which is discussed in Leases below. 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 |
| Right to use leased asset-buildings | 2-4 |
| Right to use leased asset-land | 23 |

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets, including right to use leased assets, are reported as fund expenditures. Depreciation and amortization 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Unearned Revenue

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

Long-Term Obligations

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

Leases

The District is a lessee for several non-cancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease assets (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more. At the commencement of the lease, the District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the commencement date, plus certain direct costs. Subsequently, the leased asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity/Net Position (Continued)

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 Commissioners. Commitments may be changed or lifted only by the Board of Commissioners 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.

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, as shown below 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.

At September 30, 2023, certificates of deposit were held as follows:

| | Amortized Cost | Maturities |
|-----------------------|----------------|-----------------|
| First Horizon Bank CD | \$ 5,142,527 | January 9, 2024 |
| | \$ 5,142,527 | |

NOTE 5 – INVENTORIES

Inventories as of September 30, 2023 were as follows:

| | Carrying amount |
|----------------------------|---------------------|
| Chemicals | \$ 2,567,934 |
| Aircraft and vehicle parts | 1,010,904 |
| Total | <u>\$ 3,578,838</u> |

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

| | Beginning Balance (Restated) | Increases | Decreases | Ending Balance |
|--|------------------------------------|---------------------|--------------------|----------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets, being depreciated | | | | |
| Buildings and leasehold improvements | \$ 7,955,622 | \$ - | \$ - | \$ 7,955,622 |
| Aircrafts | 13,795,237 | - | - | 13,795,237 |
| Vehicles | 1,095,985 | 122,841 | (54,244) | 1,164,582 |
| Machinery and equipment | 1,888,043 | 182,462 | (35,361) | 2,035,144 |
| Right to use leased asset-buildings | 171,975 | - | (59,049) | 112,926 |
| Right to use leased asset-land | 1,066,971 | - | - | 1,066,971 |
| Total capital assets, being depreciated | <u>25,973,833</u> | <u>305,303</u> | <u>(148,654)</u> | <u>26,130,482</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and leasehold improvements | 4,940,855 | 114,897 | - | 5,055,752 |
| Aircrafts | 1,712,494 | 488,568 | - | 2,201,062 |
| Vehicles | 742,232 | 187,036 | (53,254) | 876,014 |
| Machinery and equipment | 1,346,615 | 134,720 | (24,600) | 1,456,735 |
| Right to use leased asset-buildings | 57,756 | 57,756 | (59,049) | 56,463 |
| Right to use leased asset-land | 46,890 | 46,910 | - | 93,800 |
| Total accumulated depreciation | <u>8,846,842</u> | <u>1,029,887</u> | <u>(136,903)</u> | <u>9,739,826</u> |
| Total capital assets, being depreciated, net | <u>17,126,991</u> | <u>(724,584)</u> | <u>(11,751)</u> | <u>16,390,656</u> |
| Governmental activities capital assets, net | <u>\$ 17,126,991</u> | <u>\$ (724,584)</u> | <u>\$ (11,751)</u> | <u>\$ 16,390,656</u> |

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, 2023, were as follows:

| | Beginning Balance (Restated) | Additions | Reductions | Ending Balance | Due Within One Year |
|---|------------------------------------|-------------------|--------------------|---------------------|------------------------|
| <u>Governmental activities</u> | | | | | |
| Compensated absences | \$ 432,425 | \$ 64,378 | \$ - | \$ 496,803 | \$ 66,133 |
| Net pension liability | 3,688,644 | 853,657 | - | 4,542,301 | - |
| Lease liability | 1,157,202 | - | (88,819) | 1,068,383 | 60,965 |
| Governmental activity long-term liabilities | <u>\$ 5,278,271</u> | <u>\$ 918,035</u> | <u>\$ (88,819)</u> | <u>\$ 6,107,487</u> | <u>\$ 127,098</u> |

NOTE 7 – LONG TERM LIABILITIES (Continued)

Leases

During prior fiscal years, the District entered into various lease agreements as a lessee. The District adopted GASB 87 in the 2022 fiscal year and recognized the following leases:

| Lease Name | Asset Type | Start Date | End Date | Term (months) | Discount % | Payment Frequency | Payment Amount | Number of Payments |
|--------------------------|------------|------------|-----------|---------------|------------|-------------------|----------------|--------------------|
| Immokalee Unit 5 | Building | 10/5/2021 | 9/30/2023 | 24 | 4% | Monthly | \$ 2,500 | 6 |
| Immokalee Unit 5 | Building | | | | | Monthly | \$ 2,575 | 18 |
| Immokalee - Unit 7 | Building | 10/1/2021 | 9/30/2025 | 48 | 4% | Monthly | \$ 2,486 | 12 |
| Immokalee - Unit 7 | Building | | | | | Monthly | \$ 2,561 | 36 |
| Naples Airport Authority | Land | 10/1/2021 | 6/1/2044 | 273 | 4% | Monthly | \$ 5,444 | 12 |
| Naples Airport Authority | Land | | | | | Monthly | \$ 5,988 | 260 |

During the current fiscal year, the building lease on Immokalee Unit was terminated.

During the current fiscal year, the District recognized lease expense as follows:

| Lease expense | Fiscal Year Ending September 30, 2023 |
|---|--|
| Amortization expense by class of underlying asset | |
| Building | \$ 57,756 |
| Land | 46,910 |
| Total amortization expense | 104,666 |
| Interest on lease liabilities | 43,776 |
| Total lease expense | <u>\$ 148,442</u> |

As of September 30, 2023, the future principal and interest payments under the lease agreements were as follows:

| Year ending September 30: | Governmental Activities | | |
|------------------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | \$ 60,965 | \$ 41,626 | \$ 102,591 |
| 2025 | 63,449 | 39,142 | 102,591 |
| 2026 | 34,730 | 37,127 | 71,857 |
| 2027 | 36,146 | 35,712 | 71,858 |
| 2028 | 37,619 | 34,239 | 71,858 |
| 2029-2033 | 212,370 | 146,918 | 359,288 |
| 2034-2038 | 259,303 | 99,985 | 359,288 |
| 2039-2043 | 316,608 | 42,680 | 359,288 |
| 2044-2047 | 47,193 | 711 | 47,904 |
| Total | <u>\$ 1,068,383</u> | <u>\$ 478,140</u> | <u>\$ 1,546,523</u> |

The value of the right-to-use asset as of the end of the current fiscal year was \$1,179,897 and had accumulated amortization of \$150,263.

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.

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 \$1,355,602 for the fiscal year ended September 30, 2023. 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 | \$ 985,357 | \$ | 318,891 | \$ | 1,304,248 |
| Deferred Inflow of Resources | \$ 27,730 | \$ | 136,955 | \$ | 164,685 |
| Net Pension Liability | \$ 3,003,490 | \$ | 1,538,811 | \$ | 4,542,301 |

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.
- Elected Local Officers Class – Members who hold specified elective offices in local government.

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.

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

FRS Pension Plan (Continued)

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.

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 current fiscal year were as follows:

| Class | Percent of Gross Salary October 1, 2022 to June 30, 2023 | | Percent of Gross Salary July 1, 2023 to September 30, 2023 | |
|--|--|--------------|--|--------------|
| | Employee | Employer (1) | Employee | Employer (1) |
| FRS, Regular | 3.00 | 11.91 | 3.00 | 13.57 |
| FRS, Elected Officials | 3.00 | 57.00 | 3.00 | 58.68 |
| FRS, Senior Management Service Class | 3.00 | 31.57 | 3.00 | 34.52 |
| DROP, Applicable to all members in the above classes | 0.00 | 18.60 | 0.00 | 21.13 |

(1) Except for the DROP, employer rates include a postemployment HIS contribution rate of 1.66% for October 1, 2022 to June 30, 2023 and 2.0% from July 1, 2023 to September 30, 2023, and administrative costs of .06% for the Investment plan through September 30, 2023.

The District's contributions to the Plan totaled \$303,605 for the fiscal year ended September 30, 2023. 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, 2023, the District reported a liability of \$3,003,490 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District’s proportionate share of the net pension liability was based on the District’s contributions for the year ended June 30, 2023 relative to the contributions made during the year ended June 30, 2022 of all participating members. At June 30, 2023, the District’s proportionate share was .0075%, an increase of .0002% from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$706,730 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 | \$ 282,002 | \$ - |
| Change of assumptions | 195,792 | - |
| Net difference between projected and actual earnings on FRS pension plan investments | 125,434 | - |
| Changes in proportion and differences between City FRS contributions and proportionate share of FRS contributions | 288,223 | (27,730) |
| City FRS contributions subsequent to the measurement date | 93,906 | - |
| Total | <u>\$ 985,357</u> | <u>\$ (27,730)</u> |

The deferred outflows of resources related to pensions, totaling \$93,906, 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, 2024. 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> |
|----------------------------------|-------------------|
| 2024 | \$ 162,473 |
| 2025 | 44,981 |
| 2026 | 567,844 |
| 2027 | 72,036 |
| 2028 | 16,387 |
| Total | <u>\$ 863,721</u> |

Actuarial Assumptions – The total pension liability in the July 1, 2023 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 | 6.7% |

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, 2022, 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% | 2.6% | 2.6% | 1.1% |
| Fixed income | 19.8% | 4.4% | 4.4% | 3.4% |
| Global equity | 54.0% | 8.7% | 7.3% | 18.1% |
| Real estate (property) | 10.3% | 7.6% | 6.3% | 14.8% |
| Private equity | 11.1% | 11.9% | 8.9% | 26.3% |
| Strategic investments | 3.8% | 6.3% | 5.9% | 7.7% |
| Total | 100.0% | | | |
| Assumed inflation - mean | | | 2.4% | 1.4% |

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

Discount Rate – The discount rate used to measure the total pension liability was 6.7 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 6.7%, 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 (5.7%) or 1-percentage-point higher (7.7%) than the current rate:

| | Discount Rate | | |
|-----------------------|---------------|--------------|--------------|
| | 1% Decrease | Assumption | 1% Increase |
| Net Pension Liability | \$ 5,130,572 | \$ 3,003,490 | \$ 1,223,931 |

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, 2023, the contribution rate was 1.66% from October 1, 2022 to June 30, 2023 and 2% from July 1, 2023 to September 30, 2023, 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 \$66,068, (including investment plan), for the fiscal year ended September 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the District reported a net pension liability of \$1,538,811 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the year ended June 30, 2023 contributions relative to the year ended June 30, 2022 contributions of all participating members. At June 30, 2023, the District's proportionate share was .0097%, an increase of .0007% compared to its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$648,872 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:

| <u>Description</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual experience | \$ 22,527 | \$ (3,612) |
| Change of assumptions | 40,455 | (133,343) |
| Net difference between projected and actual earnings on FRS pension plan investments | 795 | - |
| Changes in proportion and differences between City FRS contributions and proportionate share of FRS contributions | 236,459 | - |
| City FRS contributions subsequent to the measurement date | 18,655 | - |
| Total | <u>\$ 318,891</u> | <u>\$ (136,955)</u> |

The deferred outflows of resources related to pensions, totaling \$18,655, 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, 2024. 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> |
|----------------------------------|-------------------|
| 2024 | \$ 57,177 |
| 2025 | 54,318 |
| 2026 | 35,724 |
| 2027 | 8,346 |
| 2028 | 5,015 |
| Thereafter | 2,701 |
| Total | <u>\$ 163,281</u> |

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

HIS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2022 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 | 3.65% |

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, 2022, 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 3.65%. 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 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

| | 1% Decrease 2.65% | Current Discount Rate Assumption 3.65% | 1% Increase 4.65% |
|-----------------------|----------------------|---|----------------------|
| Net Pension Liability | \$ 1,755,544 | \$ 1,538,811 | \$ 1,359,155 |

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:

| Class | Percent of Gross Salary October 1, 2022 to June 30, 2023 | Percent of Gross Salary July 1, 2023 to September 30, 2023 |
|-----------------------------------|--|--|
| FRS, Regular | 6.30% | 8.30% |
| FRS, Elected Officials | 11.34% | 13.34% |
| FRS, Senior Management Service CI | 7.67% | 9.67% |

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 \$173,384 for the fiscal year ended September 30, 2023.

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, 2023 was \$37,315. At September 30, 2023 there were seven participants. The District has reserved the right to amend all plan provisions.

Deferred compensation Plan

Effective July 1, 1982, the District adopted and established the Collier Mosquito Control District 457(b) Retirement Plan, a defined contribution pension plan. Contributions to the plan included elective contributions by the employee and matching employer contributions. The District provides a 100% employer matching funding not to exceed \$200 per pay period and \$4,800 per plan year. The employer contribution to the plan for the fiscal year ended September 30, 2023 was \$116,162. The employee contribution to the plan for the fiscal year ended September 30, 2023 was \$169,485. At September 30, 2023 there were 33 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.

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, 2023, the District contributed \$35,130 to the Trust in FRS monthly health, vision, and dental insurance subsidies received by the District from retirees. The District also contributed \$303,984 from District's assets. In addition, (\$72,894) in implicit benefits payments were recognized 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, 2023, the following employees were covered by benefit terms:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 13 |
| Active employees | 45 |
| | <u>58</u> |

Actuarial Methods and Assumptions

The assumptions used in the September 30, 2022 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, 2023 was determined using the following actuarial assumptions:

| | |
|-------------------------------------|---|
| Valuation date | September 30, 2022 |
| Measurement date | September 30, 2023 |
| Actuarial cost method | Entry age normal (level % of pay) |
| Amortization method | Straight-line over a closed 5-year period |
| Inflation | 2.50 percent |
| Healthcare cost trend rates | 6.8 percent for FY23, gradually decreasing to 3.9% for the years FY 2076 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 | 3.25 percent. |
| Long-term investment rate of return | 3.25 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 | The discount rate was changed from 2.00% to 3.25% based on updated investment return assumptions, 20-year municipal bond rates, and updated asset sufficiency projections. The long-term investment return was changed from 2.00% to 3.25%. The general inflation assumption was changed from 2.25% to 2.50%. |

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.

Expected future asset class returns were published in the 2023 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.

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

Discount Rate (Continued)

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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> | <u>Long-Term Expected Nominal Rate of Return</u> |
|--|--------------------------|---|--|
| International equity | 0.0% | 5.32% | 7.82% |
| Domestic equity | 0.0% | 4.91% | 7.41% |
| Fixed income | 0.0% | 2.30% | 4.80% |
| Real estate and alternatives | 0.0% | 3.79% | 6.29% |
| Cash and equivalents | 100.0% | 0.77% | 3.27% |
| Total | 100.00% | | 3.26% |
| Net long-term expected investment return (rounded) | | | 3.25% |
| Weighted Arithmetic average | | | 3.26% |

Changes in the Net OPEB Liability

Changes in the net OPEB liability during the fiscal year ended September 30, 2023 were as follows:

| | Increase (Decrease) | | |
|--|-----------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at 9/30/2022 | \$ 2,980,787 | \$ 3,500,121 | \$ (519,334) |
| Changes for the year: | | | |
| Service cost | 70,656 | - | 70,656 |
| Interest | 58,718 | - | 58,718 |
| Change of assumptions | (163,827) | - | (163,827) |
| Differences between expected and actual experience | 655,583 ¹ | - | 655,583 |
| Employer contributions | - | 266,939 | (266,939) |
| Net investment income | - | 106,915 | (106,915) |
| Benefit payments & refunds | (231,090) ² | (231,090) | - |
| Net Changes | 390,040 | 142,764 | 247,276 |
| Balance at 9/30/2023 | <u>\$ 3,370,827</u> | <u>\$ 3,642,885</u> | <u>\$ (272,058)</u> |

¹ Approximately \$409,000 of the increase/(decrease) is due to the change in premiums and assumed claims costs and \$247,000 is due to all other experience changes.

² Benefit payments equal \$303,984 explicit subsidy payments to retirees and (\$72,894) implicit subsidy costs incurred during the measurement period ending 9/30/2023.

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 (2.25%) or 1-percentage-point higher (4.25%) than the current discount rate:

| | <u>1% Decrease</u> <u>(2.25%)</u> | <u>Discount Rate</u> <u>(3.25%)</u> | <u>1% Increase</u> <u>(4.25%)</u> |
|----------------------------|--------------------------------------|--|--------------------------------------|
| Net OPEB liability/(asset) | \$ 49,487 | \$ (272,058) | \$ (553,941) |

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</u> <u>Trend Rates</u> | <u>Current Healthcare</u> <u>Cost Trend Rates</u> | <u>1% Increase in</u> <u>Trend Rates</u> |
|----------------------------|---|--|---|
| Net OPEB liability/(asset) | \$ (642,723) | \$ (272,058) | \$ 183,044 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the fiscal year ended September 30, 2023, the District recognized OPEB expense of \$583,662. At September 30, 2023, 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</u> <u>of Resources</u> | <u>Deferred Inflows</u> <u>of Resources</u> |
|---|---|--|
| Net difference between projected and actual investment earnings | \$ 49,398 | \$ - |
| Total | <u>\$ 49,398</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> |
|----------------------------------|-------------------------|
| 2024 | \$ 29,119 |
| 2025 | 23,742 |
| 2026 | 3,846 |
| 2027 | (7,309) |
| 2028 | - |
| Thereafter | - |
| Total | <u>\$ 49,398</u> |

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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 approximately \$251,000 related to the remediation. A liability for the remaining estimated amount of approximately \$5,000 is included in the governmental activities at September 30, 2023.

NOTE 11 – COMMITMENTS AND CONTINGENCIES (Continued)

Environmental Remediation Liability (Continued)

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. 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. Subsequent to the end of the current fiscal year, the projects was accepted by FDEP and the liability was deemed to be satisfied.

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 \$1,207,554 for premiums, various fees, claims and cross-share amounts, of which \$309,687 is reported as an advance deposit at September 30, 2023.

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, 2023, the District reported an IBNR of 35,200.

**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, 2023**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget - Positive (Negative) |
|--|------------------|---------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 18,657,777 | \$ 18,583,780 | \$ 18,672,455 | \$ 88,675 |
| Charges for services | 300,000 | 411,088 | 358,834 | (52,254) |
| Interest income | 75,000 | 952,510 | 952,511 | 1 |
| Miscellaneous income | - | 1,284,801 | 1,119,677 | (165,124) |
| Total revenues | 19,032,777 | 21,232,179 | 21,103,477 | (128,702) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Human services - mosquito control | | | | |
| Personnel services | 7,039,935 | 7,151,435 | 5,834,432 | 1,317,003 |
| Operating expenditures | 10,528,427 | 10,378,927 | 5,917,779 | 4,461,148 |
| Debt service | | | | |
| Principal | - | - | 88,819 | (88,819) |
| Interest | - | - | 43,776 | (43,776) |
| Capital outlay | 5,224,500 | 5,262,500 | 586,284 | 4,676,216 |
| Total expenditures | 22,792,862 | 22,792,862 | 12,471,090 | 10,321,772 |
| Excess (deficiency) of revenues over (under) expenditures | (3,760,085) | (1,560,683) | 8,632,387 | 10,193,070 |
| OTHER FINANCING SOURCES | | | | |
| Sale of capital asset | - | 1,500 | 1,500 | - |
| Use of fund balance | 3,760,085 | 1,559,183 | - | (1,559,183) |
| Total other financing sources | 3,760,085 | 1,560,683 | 1,500 | (1,559,183) |
| Net change in fund balance | \$ - | \$ - | 8,633,887 | \$ 8,633,887 |
| Fund balance - beginning | | | 21,686,417 | |
| Increase in Non-spendable inventory | | | (277,401) | |
| Fund balance - ending | | | \$ 30,042,903 | |

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, 2023 was amended to increase revenues by \$2,199,402, and changed other financing sources for sale of capital assets and use of fund balance by \$1,500 and (\$2,200,902), respectively. Actual expenditures did not exceed appropriations for the fiscal year ended September 30, 2023.

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB liability | | | | | | | |
| Service Cost | \$ 70,656 | \$ 68,432 | \$ 61,333 | \$ 58,102 | \$ 77,389 | \$ 50,433 | \$ 48,620 |
| Interest | 58,718 | 59,861 | 120,918 | 124,863 | 101,852 | 77,459 | 78,634 |
| Differences between expected and actual experience | 655,583 | 40,453 | (1,194,589) | - | 984,424 | - | - |
| Changes of assumptions | (163,827) | - | 540,056 | - | (172,254) | 972,872 | (3,287) |
| Benefit payments | (231,090) | (225,194) | (299,428) | (315,723) | (212,472) | (201,337) | (143,211) |
| Net change in total OPEB liability | \$ 390,040 | (56,448) | (771,710) | (132,758) | 778,939 | 899,427 | (19,244) |
| Total OPEB liability - beginning | 2,980,787 | 3,037,235 | 3,808,945 | 3,941,703 | 3,162,764 | 2,263,337 | 2,282,581 |
| Total OPEB liability - ending (a) | \$ 3,370,827 | \$ 2,980,787 | \$ 3,037,235 | \$ 3,808,945 | \$ 3,941,703 | \$ 3,162,764 | \$ 2,263,337 |
| | | | | | | | |
| Plan fiduciary net position | | | | | | | |
| Contributions - employer | \$ 266,939 | \$ (23,229) | \$ 833,288 | \$ 846,228 | \$ 393,173 | \$ 328,006 | \$ 414,915 |
| Net investment income | 106,915 | 19,392 | 12,871 | 58,110 | 60,728 | 44,270 | 14,841 |
| Benefits paid | (231,090) | (225,194) | (299,428) | (315,723) | (212,472) | (201,337) | (143,211) |
| Administrative expense | - | (6,450) | - | - | - | - | - |
| Net change in plan fiduciary net position | 142,764 | (235,481) | 546,731 | 588,615 | 241,429 | 170,939 | 286,545 |
| Plan fiduciary net position - beginning | 3,500,121 | 3,735,602 | 3,188,871 | 2,600,256 | 2,358,827 | 2,187,888 | 1,901,343 |
| Plan fiduciary net position - ending (b) | \$ 3,642,885 | \$ 3,500,121 | \$ 3,735,602 | \$ 3,188,871 | \$ 2,600,256 | \$ 2,358,827 | \$ 2,187,888 |
| | | | | | | | |
| District's net OPEB liability - ending (a) - (b) | \$ (272,058) | \$ (519,334) | \$ (698,367) | \$ 620,074 | \$ 1,341,447 | \$ 803,937 | \$ 75,449 |
| | | | | | | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | 108.1% | 117.4% | 123.0% | 83.7% | 66.0% | 74.6% | 96.7% |
| Covered payroll | 933,306 | 955,358 | 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 | -29.1% | -54.4% | -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, 2023**

| Year Ending September 30: | Annual Money-Weighted Rate of Return |
|---------------------------|--------------------------------------|
| 2023 | 3.04% |
| 2022 | 0.52% |
| 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, 2023**

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| District's proportion of the FRS net pension liability | 0.0075% | 0.0074% | 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 | 3,003,490 | 2,735,858 | 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 | 2,240,439 | 1,982,470 | 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 | 134.06% | 138.00% | 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 | 82.38% | 82.89% | 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)**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| District's proportion of the HIS net pension liability | 0.0097% | 0.0090% | 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 | 1,538,811 | 952,786 | 1,001,160 | 903,606 | 788,821 | 639,995 | 575,038 | 611,209 | 542,607 | 525,983 |
| District's covered payroll | 2,240,439 | 1,982,470 | 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 | 68.68% | 48.06% | 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 | 4.12% | 4.81% | 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.

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
FLORIDA RETIREMENT SYSTEM
SEPTEMBER 30, 2023**

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required FRS contribution | \$ 303,605 | \$ 252,901 | \$ 203,841 | \$ 167,090 | \$ 178,712 | \$ 158,412 | \$ 145,652 | \$ 124,073 | \$ 130,401 | \$ 114,081 |
| FRS contributions in relation to the contractually required contribution | (303,605) | (252,901) | (203,841) | (167,090) | (178,712) | (158,412) | (145,652) | (124,073) | (130,401) | (114,081) |
| FRS contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 2,208,744 | \$ 2,061,881 | \$ 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 | 13.75% | 12.27% | 11.11% | 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)**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required HIS contribution | \$ 38,570 | \$ 34,227 | \$ 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 | (38,570) | (34,227) | (30,458) | (26,741) | (29,847) | (33,493) | (29,734) | (26,219) | (21,600) | (20,091) |
| HIS contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered payroll | \$ 2,208,744 | \$ 2,061,881 | \$ 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 | 1.75% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.35% | 1.21% |

**COLLIER MOSQUITO CONTROL DISTRICT
NAPLES, FLORIDA
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
UNAUDITED**

| <u>Element</u> | <u>Comments</u> |
|---|--|
| Number of district employees compensated at 9/30/2023 | 55 |
| Number of independent contractors compensated in September 2023 | 1 |
| Employee compensation for FYE 9/30/2023 (paid/accrued) | \$3,848,586 |
| Independent contractor compensation for FYE 9/30/2023 | \$58,867 |
| Construction projects to begin on or after October 1; (>\$65K) | |
| Phase I -- Immokalee New Facility | \$5,000,000 |
| Phase II -- Immokalee New Facility | \$20,000,000 |
| | |
| Budget variance report | See page 40 of annual financial report |
| | |
| Ad Valorem taxes; | |
| Millage rate FYE 9/30/2023 | 0.1609 mils |
| Ad valorem taxes collected FYE 9/30/2023 | \$18,672,455 |
| Outstanding Bonds: | Not applicable |
| | |
| Non ad valorem special assessments; | Not applicable |
| Special assessment rate FYE 9/30/2023 | Not applicable |
| Special assessments collected FYE 9/30/2023 | 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated May 17, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

Bhav & Associates

May 17, 2024



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, 2023. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2023.

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

May 17, 2024



**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, 2023, and have issued our report thereon dated May 17, 2024.

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 May 17, 2024, 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

May 17, 2024

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, 2022.

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, 2023.

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, 2023.

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, 2023. 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 45.