

**Indian River
Mosquito Control District**
FINANCIAL STATEMENTS
Year Ended September 30, 2018



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Indian River Mosquito Control District
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As of September 30, 2018

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**Indian River Mosquito Control District
District Commissioners
As of September 30, 2018**

District Commissioners

Janice Broda	Chair
Louis B. Vocelle	Vice Chair
Thomas S. Lowther	Secretary/Treasurer



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INDEPENDENT AUDITORS' REPORT

To the District Commissioners
Indian River Mosquito Control District
Vero Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Indian River Mosquito Control District, (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Indian River Mosquito Control District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the required budgetary comparison information and the postemployment benefits and net pension liability supplementary information on pages 7-12 and pages 53-55, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

Melbourne, Florida
April 9, 2019

Indian River Mosquito Control District Management's Discussion and Analysis

Our discussion and analysis of the Indian River Mosquito Control District, Vero Beach, Florida ("District") provides an overview of the District's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

As management of the District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2018. This overview and analysis is required by generally accepted accounting principles (GAAP) in the United States of America, in Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (GASB 34).

DISTRICT HIGHLIGHTS

- The District is an independent special taxing district, which operates under Chapter 388, Florida Statutes.
- The District is governed by a three-member Board of Commissioners. Each commissioner is elected for a four-year term.
- The District employs 28 full-time and 1 part-time employee. During this fiscal year, the District added one full-time professional position (Entomologist) as part of the Arbovirus Surveillance Program. The District owns over 30 vehicles along with several boats and pieces of heavy machinery.
- The District's offices are located at 5655 41 St. Street, Vero Beach, Florida 32967.
- Ground and aerial mosquito control services are provided within the District's 352 square miles. The District includes 66% of the land mass of Indian River County.
- During the fiscal year ended September 30, 2018, the District aerially treated (=larvicided) 23,253 acres, which is approximately 1.4X the 36-year historical average. However, this amount is about 85% of our last 5-year average of almost 28K acres.
- During the fiscal year ended September 30, 2018, the District ground sprayed (=adulticided) 4486 miles, which is approximately 50% of the 36-year historical average. That mileage is approx. 90% of the most recent 5-year average of approx. 5K miles.
- During the fiscal year ended September 30, 2018, the District received 565 service requests from the public which is approximately 60% of the 29-year average. That number is approx. 72% of the past 5-year average of almost 700 requests.
- During the fiscal year ended Sept. 30, 2018, the District saw that minimal evidence of arboviral transmission occurred as demonstrated by the District's sentinel chicken program (4 birds testing positive for West Nile Virus). However, in the early stages of FY 2018-19, we are seeing a large jump in positive birds which might be an early indication of an active year ahead.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year resulting in a net position balance of \$4,533,186.

Indian River Mosquito Control District Management's Discussion and Analysis

- The change in the District's total net position in comparison with the prior fiscal year was \$469,489, an increase. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2018, the District's governmental fund reported ending fund balances of \$3,057,894, an increase of \$505,102 in comparison with the prior fiscal year. A portion of the fund balance is non-spendable for prepaid items and inventory, assigned for future capital outlay and subsequent years' expenditures, and the remainder is unassigned which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as the introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by property tax revenues. The District does not have any business-type activities. The governmental activities of the District include the mosquito control functions.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District has two fund categories: governmental funds and fiduciary funds.

Indian River Mosquito Control District Management's Discussion and Analysis

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund for external reporting. Information is presented in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The general fund is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

Fiduciary Funds

Governmental funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's program. Fiduciary funds use much the same basis of accounting as the government-wide statements. The District maintains one fiduciary fund for the Other Post-Employment Benefits (OPEB) Trust.

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure). These assets are used to provide services to residents; consequently, these assets are not available for future spending.

Indian River Mosquito Control District Management's Discussion and Analysis

The remaining balance of unrestricted net position may be used to meet the District's other obligations

Key components of the District's net position are reflected in the following table:

NET POSITION		
SEPTEMBER 30,		
	2018	2017
Current and other assets	\$ 3,243,532	\$ 2,761,039
Capital assets, net of depreciation	2,870,254	3,029,464
Total assets	6,113,786	5,790,503
Deferred outflows of resources	673,231	731,115
Total assets and deferred outflows	6,787,017	6,521,618
Current liabilities	134,480	208,247
Long-term liabilities	1,837,966	2,118,387
Total liabilities	1,972,446	2,326,634
Deferred inflows of resources	281,385	131,287
Total liabilities and deferred inflows	2,253,831	2,457,921
Net position		
Investment in capital assets	2,870,254	3,029,464
Unrestricted	1,662,932	1,034,233
Total net position	\$ 4,533,186	\$ 4,063,697

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which the ongoing general revenues exceeded the cost of operations and depreciation expense.

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION		
FOR THE FISCAL YEAR END SEPTEMBER 30,		
	2018	2017
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 221,237	\$ 20,543
General revenues:		
Property taxes	3,910,749	3,668,609
Unrestricted investment earnings	26,099	4,468
Miscellaneous	37,169	28,718
Total revenues	4,195,254	3,722,338
Expenses:		
Physical environment	3,725,765	4,076,962
Total expenses	3,725,765	4,076,962
Change in net position	469,489	(354,624)
Net position - beginning	4,063,697	4,418,321
Net position - ending	\$ 4,533,186	\$ 4,063,697

Indian River Mosquito Control District Management's Discussion and Analysis

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2018 was \$3,725,765. The costs of the District's activities were primarily funded by property taxes. Primarily, grants and contributions comprise program revenues.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. 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, 2018 was amended to increase revenues by \$85,922 and increase appropriations by \$388,970. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2018.

CAPITAL ASSETS

At September 30, 2018, the District had \$6,451,167 invested in capital assets. In the government-wide statements depreciation of \$3,580,913 has been accumulated, which resulted in a net book value of \$2,870,254. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Capital asset events during the current fiscal year included the following:

- \$90K purchase of a CAT 299 used by the Permanent Control department.
- \$42K purchase of vehicles including a Toyota Tacoma truck used for ULV applications and two Yamaha Kodiak ATVs and a utility trailer used by the Ground Larviciding department.
- \$33K purchase of a portable pump for the Permanent Control department.
- \$30K installation of new culverts at the Bills Impoundment.
- \$20K purchase of a Sea Ark boat and Yamaha motor used by the Ground Larviciding department.
- \$9K dike stabilization of Hole-in-the-Wall Impoundment.
- \$7K purchase of a chicken rearing building for the Arbovirus Surveillance department.
- \$5K repair of the Pine Island Pump Intake Pipe.
- \$3K completion of the 16-17 shop reroofing project.
- \$2K purchase of an ice machine.

Additional information on the District's capital assets can be found in Note 4 (C) on page 33 of this report.

Indian River Mosquito Control District Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEARS BUDGET AND OTHER EVENTS

The District is undertaking three significant permanent control projects during FY 18-19: completing a project at Hole-in-the-Wall Island Impoundment by installing sheet piling in approx. 30% of the dike's perimeter, purchasing a low-noise portable diesel pump and the repair of a permanent pump intake structure. In addition, it is anticipated that the general operations of the District will remain fairly constant. Recent trends in the local real estate values have seen a modest increase in real estate values which are expected to continue in the near future. The District's budget for the 2018-19 fiscal year is at a millage rate of 0.2515.

The District incurred substantial damage to its mosquito impoundment dikes and the need for aerial adulticiding (=spraying) when Hurricane Irma struck Indian River County on September 10, 2017. The District applied to FEMA for reimbursement of associated costs in the amount of \$263K. Of the \$263K, approximately \$102K was spent for the aerial adulticiding mission, the balance was spent on the repair of mosquito impoundments. These costs included the purchase of materials, rental of equipment, and personnel hours and usage of District-owned equipment during District-performed repairs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, land owners, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact Indian River Mosquito Control District at 5655 41st Street, Vero Beach, Florida, 32967.



BASIC FINANCIAL STATEMENTS

**Indian River Mosquito Control District
Statement of Net Position**

<i>September 30, 2018</i>	Primary Government
ASSETS	
Cash and cash equivalents	\$ 2,561,309
Receivables	76,691
Investments	333,317
Inventories	191,640
Prepaid items	28,753
Net OPEB asset	51,158
Due from other funds	664
Capital assets:	
Nondepreciable	596,406
Depreciable, net	2,273,848
Total assets	6,113,786
DEFERRED OUTFLOWS OF RESOURCES	
FRS pension	662,588
OPEB trust	10,643
Total deferred outflows of resources	673,231
LIABILITIES	
Accounts payable and accrued expenses	49,463
Accrued wages	85,017
Noncurrent liabilities:	
Compensated absences	154,095
Net pension liability	1,683,871
Total liabilities	1,972,446
DEFERRED INFLOWS OF RESOURCES	
FRS pension	281,385
Total deferred inflows of resources	281,385
NET POSITION	
Net investment in capital assets	2,870,254
Unrestricted	1,662,932
Total net position	\$ 4,533,186

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

**Indian River Mosquito Control District
Statement of Activities**

<i>Year ended September 30, 2018</i>					Primary Government
Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Physical environment	\$ 3,725,765	\$ -	\$ 221,237	\$ -	\$ (3,504,528)
Total governmental activities	\$ 3,725,765	\$ -	\$ 221,237	\$ -	(3,504,528)
General revenues					
Property taxes					3,910,749
Investment earnings					26,099
Miscellaneous income					37,169
Total general revenues					3,974,017
Change in net position					469,489
Net position, beginning of year					4,063,697
Net position, end of year					\$ 4,533,186

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

Indian River Mosquito Control District Balance Sheet – Governmental Fund

<i>September 30, 2018</i>	General	Total Governmental Fund
ASSETS		
Cash and cash equivalents	\$ 2,561,309	\$ 2,561,309
Receivables	76,691	76,691
Due from other funds	664	664
Investments	333,317	333,317
Inventories	191,640	191,640
Prepaid items	28,753	28,753
Total assets	\$ 3,192,374	\$ 3,192,374
LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable and accrued expenses	\$ 49,463	\$ 49,463
Accrued wages	85,017	85,017
Total liabilities	134,480	134,480
Fund balances:		
Nonspendable for:		
Prepays and inventory	220,393	220,393
Assigned:		
Subsequent year's expenditures	1,491,000	1,491,000
Capital outlay	409,000	409,000
Unassigned	937,501	937,501
Total fund balances	3,057,894	3,057,894
Total liabilities and fund balances	\$ 3,192,374	
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities and net OPEB assets are not financial resources and therefore are not reported in the funds.		2,921,412
Deferred outflow of resources related to pension earnings and OPEB are not recognized in the governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		673,231
Deferred inflow of resources related to pension earnings are not recognized in governmental funds; however, they are recorded in the statement of net position under full accrual accounting.		(281,385)
Long-term liabilities, including net pension liability and compensated absences are not due and payable in the current period and therefore are not reported in the funds		(1,837,966)
Net position of governmental activities		\$ 4,533,186

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

Indian River Mosquito Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Governmental Fund

<i>Year ended September 30, 2018</i>	General	Total Governmental Fund
Revenues		
Property taxes	\$ 3,910,749	\$ 3,910,749
Interest income	26,099	26,099
Grants and donations	221,237	221,237
Miscellaneous revenue	37,169	37,169
Total revenues	4,195,254	4,195,254
Expenditures		
Current:		
Physical environment	3,498,183	3,498,183
Capital outlay	242,643	242,643
Total expenditures	3,740,826	3,740,826
Excess of revenues over expenditures	454,428	454,428
Other financing sources		
Proceeds from sale of capital assets	50,674	50,674
Net other financing sources	50,674	50,674
Net changes in fund balance	505,102	505,102
Fund balance, beginning of year	2,552,792	2,552,792
Fund balance, end of year	\$ 3,057,894	\$ 3,057,894

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

Indian River Mosquito Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of the Governmental Fund to the Statement of Activities

Year ended September 30, 2018

Net change in fund balances - total governmental funds \$ 505,102

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 is allocated over
their estimated useful lives as depreciation expense. This is the amount
by which depreciation exceeded capital outlays in the current period. (61,727)

In the statement of activities, only the loss of \$46,809 on the sale of capital
assets is reported, whereas in the governmental funds, the proceeds of
\$50,674 from the sale increase financial resources. Thus, the change in
net position differs from the change in fund balance by the book value
of the capital assets sold. (97,483)

Expenses related to the District's net OPEB obligation 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. 226,753

Cash pension contributions of \$149,466 reported in the funds were less than the
calculated pension expense of \$(255,702) on the statement of activities and
therefore decreased net position. (106,236)

Compensated absences previously reported in the statement of activities
used current financial resources and therefore, are reported as
expenditures in governmental funds. 3,080

Change in net position of governmental activities \$ 469,489

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

**Indian River Mosquito Control District
Statement of Fiduciary Net Position – OPEB Trust Fund**

<i>September 30, 2018</i>	OPEB Trust Fund
ASSETS	
Cash and cash equivalents	\$ 69,847
Investments	202,616
Total assets	272,463
LIABILITIES	
Due to other funds	664
Total liabilities	664
NET POSITION	
Net position restricted for other post employment benefits	\$ 271,799

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

**Indian River Mosquito Control District
Statement of Changes in Fiduciary Net Position – OPEB Trust Fund**

Year Ended September 30, 2018	OPEB Trust Fund
ADDITIONS:	
Contributions:	
Employer	\$ 11,400
Investment income	2,682
Total additions	14,082
DEDUCTIONS:	
Benefit payments	644
Administrative expenses	2,064
Total deductions	2,708
Change in net position	11,374
Net position restricted for other post employment benefits, beginning of year	260,425
Net position restricted for other post employment benefits, end of year	\$ 271,799

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

Indian River Mosquito Control District

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Indian River Mosquito Control District (the "District") was originally created under Chapter 11.128 of the Laws of Florida and Acts of the 1925 Legislature and is presently operating under Chapter 388, Florida Statutes. The District encompasses approximately two-thirds of the land mass and ninety-five percent of the population of Indian River County, Florida. The District is a separate taxing district governed by a Board of Commissioners composed of three member elected for terms of four years and is authorized to act as is necessary and prudent to control mosquitos within the boundaries of the District.

The Board has the responsibility for:

1. Levying taxes.
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 termination of key personnel.
6. Financing improvements.

The financial statements of the District have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles. 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.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all activities of the primary government. *Governmental activities* are those which normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and fiduciary funds even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. 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 as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as *program revenues* include 1) charges for services, 2) operating grants and contributions, and 3) and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The OPEB trust fund financial statements are reported using the accrual basis of accounting. Under this method, revenue is recognized when earned and expenses are recognized at the time the liability is incurred.

The District reports the following major governmental fund:

The *general fund* is the government's operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Indian River Mosquito Control District

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The District reports the following fiduciary fund:

The *OPEB trust fund*, this fund accounts for the trust fund established to receive and invest OPEB contributions and disburse these monies in accordance with the OPEB Trust document. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

The District considers cash to be cash on hand and demand deposits.

2. Investments

The District's investments consist of certificates of deposit, which are held to maturity and are nonparticipating interest-earning investment contracts and a life insurance policy which the District is the beneficiary of and purchased. The certificates of deposits are valued at cost plus accrued interest per Section 150: *Investments* of the GASB Codification. The life insurance contract is valued at the current surrender value of the policy.

3. Receivables and Allowance for Doubtful Accounts

All trade and property tax receivables are considered to be fully collectible. Therefore, the District considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been provided.

4. Inventories

The cost of inventory is accounted for on the consumption method wherein inventories are charged as expenditures when used rather than when purchased. Inventories are valued at cost on the first-in, first-out method.

5. Prepaid Items

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.

6. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, culverts, impoundments, and similar items), and intangible assets are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial,

Indian River Mosquito Control District

Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

6. Capital Assets (continued)

individual cost of more than \$1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value.

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.

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

<u>Assets</u>	<u>Years</u>
Improvements other than buildings	5-20
Equipment	5-10
Office furniture	5-10
Intangible assets - land easement and improvements	50

7. Deferred Outflows / Inflows of Resources

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

The deferred outflows and inflows are an aggregate of items related to pensions and other post-employment benefits (OPEB) as calculated in accordance with GASBC P20, *Pension Activities* and GASBC P50, *Other Post-Employment Benefits*.

8. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All sick and vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only if they have matured, for example, as a result of employee resignations and retirements.

9. Long-term Obligations

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

Indian River Mosquito Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

10. Fund Equity

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable Fund Balance – Amounts that are inherently not spendable because of their form (such as inventory) and/or that cannot convert or are not readily convertible to cash (such as prepaid assets).

Assigned Fund Balance – Amounts that the District Administrator has identified to be used for a specific purpose and any deficit budgeted for the next fiscal year.

Unassigned Fund Balance – The remaining portion of fund balance which is spendable and not obligated or specifically designated, and thus, available for any purpose.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (GAAP) 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 revenue and expenditures/expenses during the reporting period. Actual results could differ from management's estimates.

12. Defined Benefit Pension Plans

The District participates in cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State, the Florida Retirement System. For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plan's fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due.

The District's employer contributions are recognized when due, and the District has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Equity (continued)

13. Other Post Employment Benefits

The District participates in a single employer defined benefit other post employment plan. The District does have a trust for the plan, however there is no actuarial determined contribution. The net liability or asset is determined in accordance with GASBC P50, *Other Post Employment Benefits*.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

As permitted by GASBC 2400, *Budgetary Reporting*, the District has elected to disclose all budgetary information in the notes to the required supplementary information on page 48.

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

B. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation states that "long-term liabilities are not due and payable in the current period and therefore are not reported in the funds". The details of this \$(1,837,966) difference are as follows:

Compensated absences	\$	(154,095)
Net pension liability		(1,683,871)
<hr/>		
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive <i>at net position-governmental activities</i>	\$	(1,837,966)

C. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net changes in fund balance – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." The details of this \$(61,727) difference is as follows:

Indian River Mosquito Control District Notes to Financial Statements

NOTE 3: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

C. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-wide Statement of Activities (continued)

Capital outlay	\$	242,643
Depreciation		(289,477)
Expenses attributed to capital outlay which do not meet the District's criteria for capitalization		(14,893)
<hr/>		
Net adjustment to decrease <i>net changes in fund balance – total governmental funds to arrive at changes in net position of governmental activities</i>	\$	(61,727)
<hr/>		

D. Deposits

At September 30, 2018, the District's carrying amount of deposits was \$2,561,159 and the bank balance was \$2,657,663. For the Fiduciary fund, the carrying amount was \$69,847 and the bank balance was \$69,847. In addition, the District maintained \$150 of petty cash. As of September 30, 2018, \$250,000 of the District's bank balances is covered by the Federal Depository Insurance Corporation (FDIC). Monies invested in amounts greater than the insurance coverage are secured by the qualified public depositories pledging securities with the State Treasurer in such amounts required by the Florida Security for Public Depositories Act. In the event of a default or insolvency of a qualified public depositor, the State Treasurer will implement procedures for payment of losses according to the validated claims of the District pursuant to Section 280.08, Florida Statutes.

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Investments

As of September 30, 2018, no separate written investment policy had been adopted, and therefore, the District is restricted to investments as authorized under Section 218.415(17), Florida Statutes. Investments authorized under this provision of the state statutes are limited to: the Florida Local Government Surplus Funds Trust Fund (SBA), or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; interest bearing time deposits or savings accounts in state-certified qualified public depositories; and direct obligations of the U.S. Treasury. In addition, Florida Chapter 73-497(11) which was subsequently amended allowed for the investment in life insurance.

1. Interest Rate Risk

The District's investment policy limits interest rate risk by attempting to match investment maturities with known cash needs and anticipated cash flow requirements. This policy is pursuant to Florida State Statute 218.415(6).

Indian River Mosquito Control District

Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (continued)

2. Credit Risk

Credit rate risk is the risk of losses due to the failure of the security issue or backer. This is mitigated by investing in the assets allowed under State Ordinance and by diversifying the portfolio so that potential losses on individual securities will be minimized.

3. Custodial Credit Risk

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2018, the District's investment in Certificates of Deposit are not subject to custodial credit risk. The District's investments are held by the District and not comingled with assets of other entities.

GASB Codification Section 3100: *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

4. Fair Value

The three levels of the fair value hierarchy under the codification are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets (L1): or liabilities in active markets that the plan has the ability to access.
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets or (L2): liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.
If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value (L3): measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

A. Investments (continued)

4. Fair Value (continued)

The following is a description of the valuation methodologies used for assets measured at fair value:

Life insurance contract: Valued using the current cash surrender value which is the present value of future benefits.

There have been no changes in the methodologies used at September 30, 2018.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

As of September 30, 2018, the District had the following investments and effective duration presented in terms of years:

Governmental Funds Investment Type	Fair Value	Weighted Average Maturity (Years)			Rating	Agency	Level
		Less than 1	1-5	Over 6			
Life insurance contract	\$ 29,718	\$ 29,718	\$ -	\$ -	Unrated	-	L3
Investments valued at amortized cost							
Certificates of Deposit	303,599	303,599	-	-			
Total government funds	333,317	333,317	-	-			
OPEB Trust fund							
Certificates of Deposit	202,616	202,616	-	-			
Total OPEB trust fund	202,616	202,616	-	-			
Total investments	\$ 535,933	\$ 535,933	\$ -	\$ -			

B. Property Taxes

The millage rate levied by the District for the fiscal year ended September 30, 2018, was 0.2515 mills. Tax collections for the District were approximately 96% of the total tax levy.

Under Florida law, the assessment of all properties and the collection of all county, municipal, special districts, and school board property taxes are consolidated in the offices of Indian River County Property Appraiser and Indian River County Tax Collector. The laws of the State of Florida regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit the District to levy property taxes at a rate of up to 10 mils.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes (continued)

The tax levy of the District is established by the District Commissioners prior to October 1st of each year and the Indian River County Property Appraiser incorporates the District millage into the total tax levy, which includes Indian River County and the County School Board tax requirements among other overlapping governments.

All taxes are due and payable on November 1st (levy date) of each year or as soon thereafter as the assessment roll is certified and delivered to the County Tax Collector. All unpaid taxes become delinquent on April 15 following the year in which they are assessed. Discounts are allowed for early payment at the rate of 4% in the month of November, 3% in the month of December, 2% in the month of January and 1% in the month of February. Taxes paid in March are paid without discount.

On or prior to June 1st of each fiscal year, tax certificates are sold for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates are held by Indian River County.

C. Capital Assets

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

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 549,359	\$ -	\$ -	\$ 549,359
Construction in process	101,923	47,047	(101,923)	47,047
Total capital assets not being depreciated	651,282	47,047	(101,923)	596,406
Capital assets, being depreciated/amortized:				
Buildings and improvements	1,639,791	133,586	(85,000)	1,688,377
Equipment	1,835,431	119,076	(168,097)	1,786,410
Infrastructure	2,350,010	29,964	-	2,379,974
Total capital assets being depreciated	5,825,232	282,626	(253,097)	5,854,761
Less accumulated depreciation for:				
Buildings and improvements	494,015	48,172	(36,125)	506,062
Equipment	1,469,597	99,659	(119,489)	1,449,767
Infrastructure	1,483,438	141,646	-	1,625,084
Total accumulated depreciation	3,447,050	289,477	(155,614)	3,580,913
Total capital assets, being depreciated, net	2,378,182	(6,851)	(97,483)	2,273,848
Governmental activities capital assets, net	\$ 3,029,464	\$ 40,196	\$ (199,406)	\$ 2,870,254

Depreciation expense of \$289,477 was charged to the physical environment function.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 4: DETAILED NOTES ON ALL FUNDS (Continued)

D. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 157,175	\$ 8,982	\$ (12,062)	\$ 154,095	\$ -
Net pension liability	1,796,695	-	(112,824)	1,683,871	-
Net OPEB obligation (asset)	164,517	48,239	(263,914)	(51,158)	-
Long-term liabilities	\$ 2,118,387	\$ 57,221	\$ (388,800)	\$ 1,786,808	\$ -

For the governmental activities, the compensated absences are generally liquidated by the general fund; the net OPEB obligations are liquidated by the OPEB trust fund; and the Pension obligation by the general fund.

E. Concentrations

The District purchases products from an assortment of vendors, however due to the nature the chemicals used for mosquito control, the District has a purchasing concentration with one vendor comprising 12% of total physical environment expenses for the year ended September 30, 2018.

F. Future Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. The statements address:

- Asset retirement obligations;
- Fiduciary activities;
- Leases;
- Disclosure related to debt; and
- Accounting for interest cost incurred before the end of a construction period.

The District is currently evaluating the effects that these statements will have on its financial statements.

NOTE 5: DEFINED BENEFIT PENSION PLANS

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan with a Deferred Retirement Option Program (DROP) available for eligible employees. The FRS was established and is administered in accordance with Chapter 121, Florida Statutes. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

A. Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation 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 plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

B. Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

B. Contributions (continued)

The employer's contribution rates as of September 30, 2018, were as follows:

	FRS	HIS
Regular class	6.60%	1.66%
Special risk class	22.84%	1.66%
Senior management service class	22.40%	1.66%
Elected officials	47.04%	1.66%
DROP from FRS	12.37%	1.66%

The employer's contributions for the year ended September 30, 2018, were \$114,231 to the FRS Pension Plan and \$25,338 to the HIS Program.

C. Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2018, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program.

The net pension liabilities were measured as of June 30, 2018. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	FRS	HIS
Net Pension Liability	\$ 1,190,074	\$ 493,797
Proportion at:		
Current measurement date	0.0040%	0.0047%
Prior measurement date	0.0043%	0.0050%
Pension expense	\$ 210,650	\$ 34,757

D. Deferred Outflows/Inflows of Resources Related to Pensions

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date and prior to the employer's fiscal year end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2018.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

D. Deferred Outflows/Inflows of Resources Related to Pensions (continued)

At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 100,818	\$ (3,659)	\$ 7,560	\$ (840)
Change of assumptions	388,858	-	54,916	(52,208)
Net difference between projected and actual earnings on pension plan investments	-	(91,948)	298	-
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	43,559	(80,853)	32,780	(51,877)
District pension plan contribution subsequent to the measurement date	27,862	-	5,937	-
Total	\$ 561,097	\$ (176,460)	\$ 101,491	\$ (104,925)

Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year Ending September 30:	FRS	HIS
2019	\$ 138,229	\$ (6,545)
2020	94,336	(6,521)
2021	13,153	(4,568)
2022	62,816	(1,026)
2023	42,002	6,369
Thereafter	6,239	2,920
Total	\$ 356,775	\$ (9,371)

E. Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2018. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2018. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2017, rolled-forward using standard actuarial procedures.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions (continued)

The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%
Investment rate of return	7.00%	N/A
Discount rate	7.00%	3.58%

Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2014.

The following changes in key actuarial assumptions occurred in 2018:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.10% to 7.00%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability increased from 3.58% to 3.87%.

The 2014 experience study was the most recent experience study which reviews and informs most assumptions used in the valuation.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

Asset Class	Target Allocation (1)	Compound	
		Annual Arithmetic Return	Annual (Geometric) Return
Cash	1%	2.9%	2.9%
Fixed income	18%	4.4%	4.3%
Global equity	54%	7.6%	6.3%
Real estate	11%	6.6%	6.0%

Indian River Mosquito Control District Notes to Financial Statements

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

E. Actuarial Assumptions (continued)

Asset Class	Target Allocation (1)	Annual	Compound
		Arithmetic Return	Annual (Geometric) Return
Private equity	10%	10.7%	7.8%
Strategic investments	6%	6.0%	5.7%
Total	100%		

Assumed Inflation - Mean

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

F. Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 7.00%. FRS' 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.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.87% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

G. Sensitivity Analysis

The following tables demonstrate the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS				HIS	
	Current Discount		Current Discount		Current Discount	
	1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
September 30, 2018	6.00%	7.00%	8.00%	2.87%	3.87%	4.87%
District's proportionate share of the net pension liability	\$ 2,171,936	\$ 1,190,074	\$ 374,581	\$ 562,406	\$ 493,797	\$ 436,608

Indian River Mosquito Control District Notes to Financial Statements

NOTE 5: DEFINED BENEFIT PENSION PLANS (Continued)

H. Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the State's separately issued financial reports.

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS

A. Plan Description

The District administers a single-employer defined benefit retiree other post-employment benefit plan (the "OPEB Plan"). Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District and eligible dependents, may continue to participate in the District's fully-insured benefit plan for medical, prescription drug, dental, vision and life insurance. The OPEB Plan can be amended at any time by the Board of Commissioners of the District. The OPEB Plan is administered through an OPEB trust and does not issue stand-alone financial reports and is not included in the reports of any other entity.

B. Benefits Provided

The District subsidizes the premium rates paid by retirees by allowing them to participate in the OPEB Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the District on average than those of active employees.

Additionally, pursuant to a policy adopted by the District Commission on April 6, 2004, and amended on June 4, 2013 eligible retirees receive insurance coverage at explicitly subsidized premium rates - rates that are lower than full blended rates charged by the insurance vendors.

Eligibility for the subsidy depends on age and service with the District and the Retiree is required to remit to the District all HIS funds received from the FRS system while they are participating in the OPEB Plan. The benefits provided under this defined benefit plan are provided from age 57 until the Retiree reaches Medicare eligibility in which case they may elect to remain in the OPEB Plan but are required to pay the entire premium less HIS contributions.

The service based subsidy requires a minimum of 20 years of service at retirement as an employee or 16 years as a commissioner. The Retiree has an option to select a more comprehensive health care plan, but must pay the premium difference. As of September 30, 2018, the District provides benefits for 1 eligible Retiree.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. Funding Policy

The District has elected to partially fund the program and contributions to the OPEB Plan are established on an annual basis. Therefore, the contributions made to the OPEB Plan are the benefits paid to retirees (both on an explicit and implicit basis), administrative expenses, and contributions to the OPEB trust fund.

For the year ended September 30, 2018, the District remitted \$11,400 to the OPEB trust which for the general fund expense was netted against \$2,045 in administrative expenses incurred by the general fund on behalf of the OPEB trust fund. The District does not currently calculate an actuarially determined contribution.

D. Annual OPEB Cost and Net OPEB Liability (Asset)

The District's net OPEB liability (asset) is calculated using the Alternative Measurement Method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members. The Alternative Measurement Method involves estimates of the value of reported amounts and assumptions about the probability of events far into the future. The calculation is performed anew every two years, with every other year only undergoing an update for changes in experience, health-care cost projections, and other similar assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan terms and include the types of benefits provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in the actuarially calculated assets and liabilities, consistent with the long-term perspective of the future benefits.

The components of the net OPEB liability (asset) at September 30, 2018 were as follows:

Total OPEB liability	Fiduciary net position	Net OPEB liability (asset)	Funded percentage
\$ 221,929	\$ 273,087	\$ (51,158)	123%

Indian River Mosquito Control District Notes to Financial Statements

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Annual OPEB Cost and Net OPEB Liability (Asset) (continued)

The change in the net OPEB liability (asset) for the year ended September 30, 2018 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance as of September 30, 2017	\$ 424,942	\$ 260,425	\$ 164,517
Service Cost	30,054	-	30,054
Interest	16,121	-	16,121
Changes of assumptions	(249,832)	-	(249,832)
Employer contributions	-	11,400	(11,400)
Net investment income	-	2,682	(2,682)
Benefit payments	644	644	-
Administrative expenses	-	(2,064)	2,064
Balance as of September 30, 2018	\$ 221,929	\$ 273,087	\$ (51,158)

The net OPEB liability (asset) was determined based on the following assumptions and information:

Employer's reporting date: September 30, 2018
 Measurement date: September 30, 2018
 Valuation date: September 30, 2016

Actuarial Assumptions:

Discount rate: 3.52%
 Inflation rate: 2.75%
 Expected return on plan assets: 3.00%
 Payroll growth rate: 3.25%

Healthcare cost trend rate: 6.60% for FY2017, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2075 and later years. In addition, the medical trend rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.38% beginning calendar year 2032 for plans other than Medicare plans.

**Indian River Mosquito Control District
Notes to Financial Statements**

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Annual OPEB Cost and Net OPEB Liability (Asset) (continued)

Turnover: The probability that an active employee will remain employed until the assumed age at which employment-related eligibility criteria will be met was determined using gender-specific age-based turnover rates derived from data maintained by the Florida Retirement System Pension Plan determined in their July 1, 2017 actuarial valuation.

Mortality basis: Mortality rates were based on the RP-2014 mortality tables with projected mortality improvements based on scale MP-2017, and other adjustments.

Disabled mortality: Disabled rates were based on the RP-2014 headcount-weighted disabled mortality table with projected generational scale MP-2017, and other adjustments.

Salary scale: Rates used are from the July 1, 2017 Florida Retirement System Pension Plan actuarial valuation.

Claims cost: Estimated monthly retiree medical claims costs as listed below

Pre-65		
Plan 1	\$	717
Plan 3		1,213
Post-65		
Plan 1	\$	506
Plan 3		812

Changes: Since the prior measurement date of September 30, 2016, the Districts healthcare premiums have decreased by 2.8%, and the demographic data for determined turnover rates was adjusting from a table provide by the Society of Actuaries, to data provided by the Florida Retirement System. The combined effect was a reduction of the total and net OPEB liability (asset). The discount rate was adjusted downwards from 3.54% to 3.52%, the expected long-term rate of return was adjusted downwards from 3.50% to 3.00% and the index rate for a 20 year, tax-exempt municipal bond rate increased from 3.6% to 3.83%.

Indian River Mosquito Control District Notes to Financial Statements

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. Determination of the Long-Term Expected Rate of Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Asset class	Target allocation at measurement date	Long-term expected real rate of return	Long-term expected nominal rate of return
Domestic equity	0.00%	4.67%	7.42%
International equity	0.00%	4.96%	7.71%
Fixed income	0.00%	1.71%	4.46%
Real estate and alternatives	0.00%	3.91%	6.66%
Cash and equivalents	100.00%	0.30%	3.05%

F. Sensitivity of Net OPEB Asset Using Alternative Rates

The following presents the Districts' OPEB asset as if it were calculated using a discount rate that is one percentage point lower or higher than the current discount rate.

	1% decrease 2.52%	Discount rate 3.52%	1% increase 4.52%
Net OPEB asset	\$ (29,279)	\$ (51,158)	\$ (68,528)

The following presents the District's OPEB asset as if it were calculated using a trend rate that is one percentage-point lower or higher than the current discount rate.

	1% decrease in trend rate	Current trend rate	1% increase in trend rate
Net OPEB asset	\$ (81,339)	\$ (51,158)	\$ (11,346)

Indian River Mosquito Control District Notes to Financial Statements

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (Continued)

G. Deferred Outflow and Inflow of Resources

On September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Summary of deferred outflows/inflows	Outflows		Inflows	
Net difference between expected and actual investment earnings	\$	10,643	\$	-
Total	\$	10,643	\$	-

During the year ended September 30, 2018 there were no changes to the net OPEB liability asset as a result of amortization of deferred inflows or outflows.

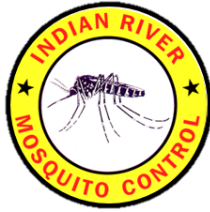
Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in other post-employment benefit expense as follows:

Year ended	Future Recognition	
2019	\$	3,103
2020		3,103
2021		3,104
2022		1,333
Total	\$	10,643

NOTE 7: DEFINED CONTRIBUTION PLAN

During 1984, the District entered into a Section 457 deferred contribution plan for eligible employees of the District. Under the plan, participants can make voluntary pre-tax contributions to the plan. On June 1, 2011, the District adopted a Roth 457(b) amendment allowing participants to make after-tax contributions to the plan. The plan can be amended by the Board of Commissioners of the Indian River Mosquito Control District. All assets and income of the plan are held in trust for the exclusive benefit of participants. The District does not make contributions to the plan.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS**



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Indian River Mosquito Control District
Schedule of Revenues, Expenditures, and Changes in General Fund Balances -
Budget and Actual

<i>Year ended September 30, 2018</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 3,967,561	\$ 3,992,561	\$ 3,910,749	\$ (81,812)
Grants and donations	190,000	192,022	221,237	29,215
Interest income	4,020	26,517	26,099	(418)
Miscellaneous	10,000	46,403	37,169	(9,234)
Total revenues	4,171,581	4,257,503	4,195,254	(62,249)
Expenditures				
Current:				
Physical environment	4,743,391	5,101,361	3,498,183	1,603,178
Capital outlay	449,100	480,100	242,643	237,457
Total expenditures	5,192,491	5,581,461	3,740,826	1,840,635
Other financing sources				
Proceeds from sale of capital assets	10,000	53,100	50,674	(2,426)
Net other financing sources	10,000	53,100	50,674	(2,426)
Excess (deficiency) of revenues over (under) expenditures	(1,010,910)	(1,270,858)	505,102	1,775,960
Fund balances, beginning of year	2,552,792	2,552,792	2,552,792	-
Fund balances, end of year	\$ 1,541,882	\$ 1,281,934	\$ 3,057,894	\$ 1,775,960



Indian River Mosquito Control District Notes to Required Supplementary Information

A. Budgetary Information

The District Commissioners adopt an annual operating budget prior to September 30 for the next ensuing fiscal year. Legal budgets are adopted by resolution for the General Fund. The budget is prepared on a modified accrual basis, which is consistent with accounting principles generally accepted in the United States of America.

Budgetary control is legally maintained at aggregate expenditure level. Budget transfers are provided to the District Administrator as long as the total budget of the expenditures is not increased. Actions which increase the total aggregate expenses must be authorized by the District Commissioners.

**Indian River Mosquito Control District
Schedule of Proportionate Share of Net Pension Liability
Last Five Years**

Florida Retirement System (FRS)					
	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0043%	0.0040%	0.0046%	0.0044%	0.0042%
District's proportionate share of the net pension liability	\$1,190,074	\$1,263,324	\$ 1,156,038	\$ 570,148	\$ 254,075
District's covered payroll	1,526,430	1,439,005	1,409,340	1,224,039	1,127,471
District's proportionate share of the pension liability as a percentage of its net covered payroll	77.96%	87.79%	82.03%	46.58%	22.53%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%	96.09%
Health Insurance Subsidy (HIS)					
	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0047%	0.0050%	0.0053%	0.0048%	0.0046%
District's proportionate share of the net pension liability	\$ 493,797	\$ 533,371	\$ 613,528	\$ 485,484	\$ 433,020
District's covered payroll	1,526,430	1,439,005	1,409,340	1,224,039	1,127,471
District's proportionate share of the net pension liability as a percentage of its covered payroll	32.35%	37.07%	43.53%	39.66%	38.41%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%	0.99%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

Note 2: The Plan's fiduciary net position as a percentage of the total pension liability is published in Note 4A and 4B of the Plan's Comprehensive Annual Financial Report.

Note 3: Amounts presented for each fiscal year were determined as of 6/30.

Note 4: GASB Statement No. 83, was implemented during fiscal year 2017. Covered payroll shown includes the payroll for defined benefit actives, members in DROP, and investment plan members.

**Indian River Mosquito Control District
Schedule of Contributions
Last Five Years**

Florida Retirement System (FRS)

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 114,231	\$ 108,540	\$ 103,826	\$ 102,474	\$ 91,043
Contributions in relation to the contractually required contribution	(114,231)	(108,540)	(103,826)	(102,474)	(91,043)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$1,523,819	\$1,424,670	\$ 1,387,461	\$ 1,252,567	\$ 1,152,630
Contributions as a percentage of covered payroll	7.50%	7.62%	7.48%	8.18%	7.90%

Health Insurance Subsidy (HIS)

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 25,338	\$ 23,650	\$ 23,032	\$ 15,782	\$ 13,832
Contributions in relation to the contractually required contribution	(25,338)	(23,650)	(23,032)	(37,938)	(37,938)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (22,156)	\$ (24,106)
District's covered payroll	\$1,523,819	\$1,424,670	\$ 1,387,461	\$ 1,252,567	\$ 1,152,630
Contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.26%	1.20%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for only the years for which information is available.

Indian River Mosquito Control District
Schedule of Change in Net OPEB Liability (Asset) and Related Ratios –
Last Two Fiscal Years

Fiscal year ending September 30,	2018	2017
Total OPEB liability		
Service Cost	\$ 30,054	\$ 29,471
Interest	16,121	14,036
Changes of assumptions	(249,832)	(8,274)
Benefit payments	644	(7,160)
Net changes in total OPEB liability	(203,013)	28,073
Total OPEB liability - beginning	424,942	396,869
Total OPEB liability - ending	\$ 221,929	\$ 424,942
Plan fiduciary net position		
Employee contributions	\$ -	\$ -
Employer contributions	11,400	7,160
Net investment income	2,682	255
Benefit payments	(644)	-
Administrative expense	(2,064)	(7,160)
Net changes in plan fiduciary net position	11,374	255
Plan fiduciary net position - beginning	260,425	260,170
Plan fiduciary net position - ending	\$ 271,799	\$ 260,425
Net OPEB liability (asset) - ending	\$ (49,870)	\$ 164,517
Plan fiduciary net position as a percentage of the total OPEB liability	122.5%	61.3%
Covered payroll for the measurement period	\$ 1,594,037	\$ 1,644,603
Net OPEB liability as a percentage of covered payroll (asset)	-3%	100%

Notes to the schedule:

The District implemented GASB 75 for the fiscal year ended September 30, 2017. As a result, this information is only available for the past 2 years.

The accompanying notes to required supplementary information are an integral part of this financial schedule.



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**ADDITIONAL ELEMENTS REQUIRED BY *GOVERNMENT AUDITING*
STANDARDS AND THE RULES OF THE AUDITOR GENERAL**



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the District Commissioners
Indian River Mosquito Control District
Vero Beach, 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 and major fund of the Indian River Mosquito Control District, as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indian River Mosquito Control 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 Indian River Mosquito Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Indian River Mosquito Control District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described below to be a material weaknesses, MW 2018-001.

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. We consider the deficiencies described below to be significant deficiencies, 2018-002, 2018-003, 2018-004, 2018-007, 2018-008, 2018-0009, 2018-010.

MW 2018-001 JOURNAL ENTRIES

Condition: Journal entries did not have evidence of review and approval. Liabilities were recorded at the fund level that should only be recorded at the government wide level.

Criteria: Best practices in internal control include evidenced review of journal entries.

Cause of condition: Journal entries are prepared and entered by the same person.

Potential effect of condition: There is potential for errors or irregularities to occur and not be identified in a timely manner.

Recommendation: The District should implement procedures to ensure all journal entries are reviewed by someone other than the preparer, and there is sufficient evidence retained to determine the review occurred.

Management's Response: District will instruct contracted bookkeeper to document her monthly review of all journal entries. Year-end journal entries will be reviewed by someone other than the preparer before they are entered into QuickBooks. The review of the journal entries will be documented.

SD 2018-002 SEGREGATION OF DUTIES

Condition: Lack of segregation of duties in ordering, receiving, and annual inventory.

Criteria: Best practices in internal control include segregation of purchasing, receiving, and inventory of the Districts chemical assets.

Cause of condition: The same employee orders, receives, and inventories chemicals.

Potential effect of condition: There is potential for errors or irregularities to occur and not be identified in a timely manner.

Recommendation: The District should implement procedures to ensure segregation of duties between ordering, receiving, and inventorying the District's chemical assets.

Management's Response: When chemical shipments arrive at the District, someone other than the individual who placed the order will confirm amounts delivered and document confirmation. Chemical inventories will be conducted with two District employees present.

SD 2018-003 REVIEW OF PAYROLL

Condition: Payroll registers and payroll changes, such as pay rates did not have evidence of review.

Criteria: Best practices in internal control include review of payroll registers, and documented approval of annual pay rate changes.

Cause of condition: Payroll output files are not reconciled to inputs, and changes to employees rate of pay did not have evidence of review.

Potential effect of condition: There is potential for errors, defalcation through improper rates of pay, ghost employees, or other irregularities to occur and not be identified in a timely manner.

Recommendation: The District should implement procedures to review payroll registers, and evidence all employee rate of pay changes.

Management's Response: District personnel will document their review of payroll and changes in employee rate of pay.

SD 2018-004 REVIEW OF CAPITAL ASSETS

Condition: The annual capital asset listing did not have evidence of review by department heads.

Criteria: An annual inventory of capital assets should be reviewed by department heads for completeness and determination of items which should be disposed or are no longer useable.

Cause of condition: The annual capital asset listing was not reviewed by department heads for accuracy.

Potential effect of condition: There is potential for errors, defalcation through improper use of District assets, or other irregularities to occur and not be identified in a timely manner.

Recommendation: The District should implement procedures to perform an annual review of capital assets by department head, and the review should be evidenced.

Management's Response: Annually, Department Heads will be asked to review the inventory of capital assets assigned to their departments, make any changes necessary and document their review of the inventory.

SD 2018-007 ACCRUAL OF EXPENSES

Condition: Accrued expenses were recorded in the wrong period.

Criteria: Expenses should be recognized in accordance with GAAP, typically when incurred.

Cause of condition: Inadequate review of accruals including those recorded into accounts payable.

Potential effect of condition: The District may not recognize expenses in the correct period, which could result in a misstatement.

Recommendation: The District should review the period of performance for invoices received, and determine if they should be accrued for consistency with GAAP.

Management's Response: Expenses for the preparation of actuarial reports will be recorded in the period that they are incurred.

SD 2018-008 SELF-BALANCING GENERAL LEDGER

Condition: Funds kept in a single QuickBooks file were not in balance per fund at year end.

Criteria: Circumvention of application controls related to a self-balancing general ledger.

Cause of condition: The District maintains the general fund, OPEB trust fund, and capital asset fund within a single company file in QuickBooks. The trial balance had an offsetting due to and from between two funds without recognition of the expense or income.

Potential effect of condition: The general ledger for the District's funds may not be in balance.

Recommendation: The District should track each fund in a separate company file within QuickBooks to allow the application to keep each fund in balance.

Management's Response: The District will form a separate company file in QuickBooks for the OPEB Trust Fund.

SD 2018-009 INVESTMENTS

Condition: The balance of the investment accounts on the general ledger did not agree to investment statements.

Criteria: Certificates of deposit are to be valued at amortized cost in accordance with GASB Codification 140: *Investments*.

Cause of condition: The District did not have evidence a reconciliation of investment statements to the general ledger was performed at year-end.

Potential effect of condition: The District's general ledger may not accurately reflect the balance of its investments.

Recommendation: The District should, no less than annually, reconcile investment accounts to the general ledger, and the reconciliation should be reviewed.

Management's Response: District Staff will review for accuracy the investment interest amount recorded in QuickBooks by its contracted bookkeeper.

SD 2018-010 INVENTORY

Condition: The District's price per unit used to determine the value of inventory recorded in the general ledger did not agree to supporting documentation.

Criteria: Inventory should be recorded at the lower of cost or market.

Cause of condition: The District recorded year-end inventory balances at market values, which was higher than the historical cost.

Potential effect of condition: The District's inventory balance was overstated.

Recommendation: The District should determine the inventory value using the lower of cost or market. The calculation of the year-end inventory balance should be reviewed and approved.

Management's Response: The District will use the cost as invoiced to calculate its chemical values.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Indian River Mosquito Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance, identified below as IP 2018-006 of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

IP 2018-006 TRACKING OF STATE FUNDS IN CAPITAL ASSETS

Condition: The District's use of State funds for purchases of capital assets does not include a method for tracking those funds.

Criteria: The District is required to comply with Florida Administrative Code 5E-13 for tracking and segregation of State vs local funding sources.

Cause of condition: Purchase of capital assets with State funds is not identified in the system used to track capital assets.

Potential effect of condition: There is potential for the District to unintentionally not comply with Florida Administrative Code 5E-13

Recommendation: The District should implement procedures to the ability to track the use of State funds for capital asset purchases.

Management's Response: Capital purchases made with State Funds will be broken out and recognized as State assets on the District's Asset Schedule.

Indian River Mosquito Control District's Response to Findings

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

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.

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida

April 9, 2019



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INDEPENDENT AUDITORS' MANAGEMENT LETTER

To the District Commissioners
Indian River Mosquito Control District

Report on the Financial Statements

We have audited the financial statements of the Indian River Mosquito Control District, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated April 9, 2019.

Auditors' 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 Auditor General.

Other Reporting Requirements

We have issued our Independent Auditors' 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 Accountants' Report on Compliance with Local Government Investment Policies 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 April 9, 2019 should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Indian River Mosquito Control District. It is management's responsibility to monitor the Indian River Mosquito Control District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we noted the following recommendation.

IP 2018-005 LOGICAL SEGREGATION OF DUTIES IN ACCOUNTING SYSTEM

Condition: Logical access rights within the District's accounting information software is not configured for logical segregation of duties based on employee role.

Criteria: Best practices in internal control include logical segregation of duties within the accounting information system.

Cause of condition: All users of QuickBooks have access to every module or area in QuickBooks.

Potential effect of condition: There is potential for errors or irregularities to occur and not be identified in a timely manner.

Recommendation: The District should implement procedures to ensure logical segregation of duties, including procedures to provide coverage in case of employee absence while preserving logical segregation of duties in the accounting information system.

Management's Response: The Administrative Assistant not responsible for payroll will be denied access to the Time Tracking and Payroll and Employees modules of QuickBooks.

Additional Matters

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

Purpose of this Letter

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

Cam, Riggs & Ingram, L.L.C.

Melbourne, Florida

April 9, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

To the District Commissioners
Indian River Mosquito Control District
Vero Beach, Florida

We have examined the Indian River Mosquito Control District's (the "District") compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2018. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2018.

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

Carr, Riggs & Ingram, L.L.C.

Melbourne, Florida
April 9, 2019