



**Indian River**  
**Mosquito Control District**  
**FINANCIAL STATEMENTS**  
**Year Ended September 30, 2019**

**Indian River Mosquito Control District**  
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**As of September 30, 2019**

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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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***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, 2019, 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 45-52, 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 <DATE> 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.

*Carri Riggs & Ingram, L.L.C.*

Melbourne, Florida  
March 10, 2020

## **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, 2019. 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, 2019. 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 the position of Assistant Director (Sherry Burroughs) in May.
- 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 fiscal year ended September 30, 2019, the District aurally treated (=larvicided) 31,773 acres, which is approximately 1.9X the 37-year historical average. However, this amount is about 1.2X of our last 5-year average of 26,386 acres.
- During the fiscal year ended September 30, 2019, the District ground sprayed (=adulticided) 5238 miles, which is approximately 57% of the 37-year historical average. That mileage is very close to the most recent 5-year average of 5431 miles.
- During fiscal year ended September 30, 2019, the District received 695 service requests from the public which is approximately 60% of the 30-year average. That number is virtually the same as the past 5-year average of 690 requests.
- During the fiscal year ended September 30, 2019, the District saw significant evidence of West Nile Virus (WNV) transmission (as shown by the District's sentinel chicken program) which resulted in Indian River County being placed under a Mosquito-Borne Illness Advisory. In response to this situation and high numbers of biting mosquitoes, IRMCD conducted an aerial adulticiding mission in September, 2019. It is possible that 2019 WNV activity could be a precursor of another active year in 2020.

### **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 \$4,107,356.

## 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 (\$425,830), a decrease. 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, 2019, the District's governmental fund reported ending fund balances of \$2,479,540, a decrease of (\$578,354) in comparison with the prior fiscal year. A portion of the fund balance is non-spendable for prepaid items, 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 comprise 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.



## Indian River Mosquito Control District Management's Discussion and Analysis

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

### 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.

## Indian River Mosquito Control District Management's Discussion and Analysis

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.

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,		
	2019	2018
Current and other assets	\$ 2,668,115	\$ 3,243,532
Capital assets, net of depreciation	3,472,028	2,870,254
Total assets	6,140,143	6,113,786
Deferred outflows of resources	730,810	673,231
Total assets and deferred outflows	6,870,953	6,787,017
Current liabilities	188,575	134,480
Long-term liabilities	2,338,967	1,837,966
Total liabilities	2,527,542	1,972,446
Deferred inflows of resources	236,055	281,385
Total liabilities and deferred inflows	2,763,597	2,253,831
Net position		
Investment in capital assets	3,472,028	2,870,254
Unrestricted	635,328	1,662,932
Total net position	\$ 4,107,356	\$ 4,533,186

## Indian River Mosquito Control District Management's Discussion and Analysis

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

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,

Revenues:	2019	2018
Program revenues:		
Operating grants and contributions	\$ 244,332	\$ 221,237
General revenues:		
Property taxes	4,179,680	3,910,749
Unrestricted investment earnings	52,703	26,099
Miscellaneous	4,681	37,169
Gain on disposal of capital assets	17,099	
Total revenues	4,498,495	4,195,254
Expenses:		
Physical environment	4,924,325	3,725,765
Total expenses	4,924,325	3,725,765
Change in net position	(425,830)	469,489
Net position - beginning	4,533,186	4,063,697
Net position - ending	\$ 4,107,356	\$ 4,533,186

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2019 was \$4,924,325. The costs of the District's activities were primarily funded by property taxes. Program revenues are comprised primarily of grants and contributions.

### 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, 2019 was amended to increase revenues by \$302,486 and increase appropriations by \$964,779. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2019.

# Indian River Mosquito Control District Management's Discussion and Analysis

## CAPITAL ASSETS

At September 30, 2019, the District had \$7,233,134 invested in capital assets. In the government-wide statements depreciation of \$3,761,106 has been taken, which resulted in a net book value of \$3,472,028. More detailed information about the District's capital assets is presented in the notes of the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND OTHER EVENTS

The District is planning a capital improvement project to install linings in two culverts at Pine Island Impoundment along with purchasing a GIS-enabled database and ULV guidance system. 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 these values which are expected to continue in the near future. The District's budget for the 2019-20 fiscal year is at a millage rate of 0.2515.

The District incurred damage to its mosquito impoundment dikes on September 3, 2019 when Hurricane Dorian passed along the coast of Indian River County. The District has applied to FEMA for reimbursement of associated costs for 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, 2019</i>	Primary Government
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,000,616
Receivables	1,048
Investments	341,412
Inventories	323,247
Prepaid items	1,792
Capital assets:	
Nondepreciable	738,449
Depreciable, net	2,733,579
Total assets	6,140,143
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
FRS pension	721,074
OPEB trust	9,736
Total deferred outflows of resources	730,810
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	78,479
Accrued wages	110,096
Noncurrent liabilities:	
Compensated absences	175,780
Net pension liability	2,043,896
Net OPEB liability	119,291
Total liabilities	2,527,542
<b>DEFERRED INFLOWS OF RESOURCES</b>	
FRS pension	236,055
Total deferred inflows of resources	236,055
<b>NET POSITION</b>	
Net investment in capital assets	3,472,028
Unrestricted	635,328
Total net position	\$ 4,107,356

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

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

<i>Year ended September 30, 2019</i>						Primary Government
Functions/Programs	Expenses	Charges for Services	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Operating Grants and Contributions	Capital Grants and Contributions		
Physical environment	\$ 4,924,325	\$ -	\$ 244,332	\$ -	\$ (4,679,993)	
Total governmental activities	\$ 4,924,325	\$ -	\$ 244,332	\$ -	\$ (4,679,993)	
General revenues						
Property taxes					4,179,680	
Investment earnings					52,703	
Miscellaneous income					4,681	
Gain on disposal of capital assets					17,099	
Total general revenues					4,254,163	
Change in net position					(425,830)	
Net position, beginning of year					4,533,186	
Net position, end of year					\$ 4,107,356	

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

**Indian River Mosquito Control District  
Balance Sheet – Governmental Fund**

<i>September 30, 2019</i>	General	Total Governmental Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,000,616	\$ 2,000,616
Receivables	1,048	1,048
Investments	341,412	341,412
Inventories	323,247	323,247
Prepaid items	1,792	1,792
<b>Total assets</b>	<b>\$ 2,668,115</b>	<b>\$ 2,668,115</b>
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 78,479	\$ 78,479
Accrued wages	110,096	110,096
<b>Total liabilities</b>	<b>188,575</b>	<b>188,575</b>
Fund balances:		
Nonspendable for:		
Prepays and inventory	325,039	325,039
Assigned:		
Subsequent year's expenditures	1,810,000	1,810,000
Capital outlay	190,000	190,000
Unassigned	154,501	154,501
<b>Total fund balances</b>	<b>2,479,540</b>	<b>2,479,540</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,668,115</b>	
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. <span style="float: right;">3,472,028</span></p> <p>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. <span style="float: right;">730,810</span></p> <p>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. <span style="float: right;">(236,055)</span></p> <p>Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds</p> <p>    Compensated absences <span style="float: right;">(175,780)</span></p> <p>    Net pension liability <span style="float: right;">(2,043,896)</span></p> <p>    Net OPEB liability <span style="float: right;">(119,291)</span> <span style="float: right;">(2,338,967)</span></p> <p><b>Net position of governmental activities</b> <span style="float: right;"><b>\$ 4,107,356</b></span></p>		

*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, 2019</i>	General	Total Governmental Fund
<b>Revenues</b>		
Property taxes	\$ 4,179,680	\$ 4,179,680
Interest income	52,703	52,703
Grants and donations	244,332	244,332
Miscellaneous revenue	4,681	4,681
Total revenues	4,481,396	4,481,396
<b>Expenditures</b>		
Current:		
Physical environment	4,138,477	4,138,477
Capital outlay	943,219	943,219
Total expenditures	5,081,696	5,081,696
Expenditures in excess of revenues	(600,300)	(600,300)
<b>Other financing sources</b>		
Proceeds from sale of capital assets	21,946	21,946
Net other financing sources	21,946	21,946
Net changes in fund balance	(578,354)	(578,354)
Fund balance, beginning of year	3,057,894	3,057,894
Fund balance, end of year	\$ 2,479,540	\$ 2,479,540

*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, 2019*

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Net change in fund balances - total governmental funds \$ (578,354)

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.

Expenditures for capital assets	\$ 930,103	
Less: current year depreciation	<u>(323,482)</u>	606,621

Governmental funds only report the disposal of capital assets to the extent  
proceeds are received from the sale (\$21,946). In the statement of  
activities, a gain or (loss) is recorded for the disposals of \$17,099. (4,847)

Under the modified accrual basis of accounting used in governmental  
funds, expenditures, (revenues), are not recognized for transactions that  
are not normally paid with expendable available financial resources.  
In the statement of activities, however, which is presented on the accrual  
basis, expenses and liabilities are reported regardless of when the financial  
resources are available.

Compensated absences	\$ (21,685)	
Other postemployment benefits liability	(171,356)	
Net pension liability	<u>(256,209)</u>	(449,250)

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Change in net position of governmental activities \$ (425,830)

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*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, 2019</i>	OPEB Trust Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 62,102
Investments	207,864
<b>Total assets</b>	<b>269,966</b>
<b>LIABILITIES</b>	
Accounts payable	217
<b>Total liabilities</b>	<b>217</b>
<b>NET POSITION</b>	
Net position restricted for other post employment benefits	\$ 269,749

*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**

<i>Year Ended September 30, 2019</i>	OPEB Trust Fund
<b>ADDITIONS:</b>	
Contributions:	
Employer	\$ 1,585
Investment income	5,316
Total additions	6,901
<b>DEDUCTIONS:</b>	
Benefit payments	7,509
Administrative expenses	1,442
Total deductions	8,951
Change in net position	(2,050)
Net position restricted for other post employment benefits, beginning of year	271,799
Net position restricted for other post employment benefits, end of year	\$ 269,749

*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.

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

## Indian River Mosquito Control District Notes to Financial Statements

### **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) capital grants 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.

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

## Indian River Mosquito Control District Notes to Financial Statements

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.

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.

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

## Indian River Mosquito Control District Notes to 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, 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. The amount which may be paid out upon termination is capped at certain thresholds established by the District and approved by the Commission. 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.

## Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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



## Indian River Mosquito Control District Notes to Financial Statements

### **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.

### **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

## **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

## Indian River Mosquito Control District Notes to Financial Statements

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.

### **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 45.

## **Note 3: DETAILED NOTES ON ALL FUNDS**

### **A. Deposits**

All bank balance deposit amounts are covered by federal depository insurance or collateral with the State of Florida under the Florida Security for Public Deposits Act.

The Florida Security for Public Deposits Act, establishes guidelines for qualification and participation by banks and savings associations, procedures for the administration of the collateral requirements, and characteristics of eligible collateral. Under the Act, the District deposits in qualified public depositories are fully insured. The qualified public depository must pledge 50% of the average daily balance for each month of all public deposits in excess of any applicable depository insurance. Additional collateral, up to a maximum of 125% may be required if deemed necessary under the conditions set forth in the Act. Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer, to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer.

### **B. Investments**

As of September 30, 2019, 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

## **Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

### **B. Investments (Continued)**

## Indian River Mosquito Control District Notes to Financial Statements

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).

### **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, 2019, 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.

### **4. Fair Value**

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).

## Indian River Mosquito Control District Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### B. Investments (Continued)

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 liabilities (L2): 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.

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, 2019.

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.

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

**Note 3: DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Investments (Continued)**

As of September 30, 2019, the District had the following investments and effective duration presented in terms of years:

<u>Governmental Funds</u>		<u>Weighted Average Maturity (Years)</u>					
Investment Type	Fair Value	Less than 1	1-5	Over 6	Rating	Agency	Level
Life insurance contract	\$ 29,987	\$ 29,987	\$ -	\$ -	Unrated	-	L3

Investments valued at amortized cost

Certificates of Deposit	311,425	311,425	-	-
<b>Total governmental funds</b>	<b>341,412</b>	<b>341,412</b>	<b>-</b>	<b>-</b>

OPEB Trust fund

Certificates of Deposit	207,864	207,864	-	-
<b>Total OPEB trust fund</b>	<b>207,864</b>	<b>207,864</b>	<b>-</b>	<b>-</b>
<b>Total investments</b>	<b>\$ 549,276</b>	<b>\$ 549,276</b>	<b>\$ -</b>	<b>\$ -</b>

**C. Property Taxes**

The millage rate levied by the District for the fiscal year ended September 30, 2019, 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.

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.

## Indian River Mosquito Control District Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### C. Property Taxes (continued)

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.

#### D. Capital Assets

Capital asset activity for the year ended September 30, 2019, was as follows:

<b>Governmental activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<b>Capital assets not being depreciated:</b>				
Land	\$ 549,359	\$ -	\$ -	\$ 549,359
Construction in process	47,047	184,100	(42,057)	189,090
<b>Total capital assets not being depreciated</b>	<b>596,406</b>	<b>184,100</b>	<b>(42,057)</b>	<b>738,449</b>
<b>Capital assets, being depreciated/amortized:</b>				
Buildings and improvements	1,688,377	-	-	1,688,377
Equipment	1,786,410	213,073	(148,136)	1,851,347
Infrastructure	2,379,974	574,987	-	2,954,961
<b>Total capital assets being depreciated</b>	<b>5,854,761</b>	<b>788,060</b>	<b>(148,136)</b>	<b>6,494,685</b>
<b>Less accumulated depreciation for:</b>				
Buildings and improvements	506,062	48,256	-	554,318
Equipment	1,449,767	115,257	(143,289)	1,421,735
Infrastructure	1,625,084	159,969	-	1,785,053
<b>Total accumulated depreciation</b>	<b>3,580,913</b>	<b>323,482</b>	<b>(143,289)</b>	<b>3,761,106</b>
<b>Total capital assets, being depreciated, net</b>	<b>2,273,848</b>	<b>464,578</b>	<b>(4,847)</b>	<b>2,733,579</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 2,870,254</b>	<b>\$ 648,678</b>	<b>\$ (46,904)</b>	<b>\$ 3,472,028</b>

Depreciation expense of \$323,482 was charged to the physical environment function.

## Indian River Mosquito Control District Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### E. Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences payable	\$ 154,095	\$ 131,536	\$ (109,851)	\$ 175,780	\$ -
Net pension liability	1,683,871	360,025		2,043,896	-
Net OPEB obligation (asset)	(51,158)	177,958	(7,509)	119,291	-
<b>Long-term liabilities</b>	<b>\$ 1,786,808</b>	<b>\$ 669,519</b>	<b>\$ (117,360)</b>	<b>\$ 2,338,967</b>	<b>\$ -</b>

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.

#### F. Concentrations

The District purchases products from an assortment of vendors, however due to the nature of 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, 2019.

#### G. Future Accounting Pronouncements

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

GASB Statement No. 84, Fiduciary Activities (“GASB 84”), seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2018.

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

## Indian River Mosquito Control District Notes to Financial Statements

### Note 3: DETAILED NOTES ON ALL FUNDS (Continued)

#### G. Future Accounting Pronouncements (Continued)

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

The government is evaluating the requirements of the above statements and the impact on reporting.

#### H. Asset Retirement Obligations

Asset retirement obligations generally apply to legal obligations associated with the retirement of a tangible long-lived asset that result from the acquisition, construction, or development and the normal operation of a long-lived asset. The District assesses asset retirement obligations on a periodic basis. If a reasonable estimate of fair value can be made, the fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred or a change in estimate occurs.

The District has an above ground fuel storage tank which is regulated by Florida Administrative Code (FAC) 62-762, and requires certain activities if use of the fuel storage tank is discontinued. The District has determined it cannot reasonably estimate the fair value of the liability for disposal of this item and, accordingly, has not recorded an asset retirement obligation for this matter.

### Note 4: 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 4: 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](http://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 4: DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Contributions (Continued)**

The employer's contribution rates as of September 30, 2019, were as follows:

	FRS	HIS
Regular class	6.81%	1.66%
Special risk class	23.82%	1.66%
Senior management service class	23.75%	1.66%
Elected officials	47.16%	1.66%
DROP from FRS	12.94%	1.66%

The employer's contributions for the year ended September 30, 2019, were \$144,149 to the FRS Pension Plan and \$29,824 to the HIS Program.

**C. Pension Liabilities and Pension Expense**

In its financial statements for the year ended September 30, 2019, 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, 2019. 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	\$ 1,470,813	\$ 573,083
Proportion at:		
Current measurement date	0.0043%	0.0051%
Prior measurement date	0.0040%	0.0047%
Pension expense	\$ 376,705	\$ 48,545

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

**Note 4: DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Deferred Outflows/Inflows of Resources Related to Pensions**

At September 30, 2019, 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	\$ 87,238	\$ (913)	\$ 6,961	\$ (702)
Change of assumptions	377,768	-	66,358	(46,839)
Net difference between projected and actual earnings on pension plan investment	-	(81,373)	370	-
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	75,011	(64,526)	65,366	(41,702)
District pension plan contribution subsequent to the measurement date	34,682	-	7,320	-
<b>Total</b>	<b>\$ 574,699</b>	<b>\$ (146,812)</b>	<b>\$ 146,375</b>	<b>\$ (89,243)</b>

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, 2019. 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	
2020	\$ 141,554	\$ 21,419		
2021	43,253	16,936		
2022	102,233	9,464		
2023	78,641	(6,974)		
2024	19,660	996		
Thereafter	7,864	7,971		
<b>Total</b>	<b>\$ 393,205</b>	<b>\$ 49,812</b>		

**E. Actuarial Assumptions**

The total pension liability for each of the defined benefit plans was measured as of June 30, 2019. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2019. For the HIS Program, the total pension liability was determined by an actuarial valuation dated July 1, 2018, rolled-forward using standard actuarial procedures.

## Indian River Mosquito Control District Notes to Financial Statements

### Note 4: 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	6.90%	N/A
Discount rate	6.90%	3.50%

Mortality assumptions for the FRS Pension Plan was based on the PUB-2010 with projected generations with scale MP-2018

Mortality assumptions for HIS Pension Plan was 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, 2018.

The following changes in key actuarial assumptions occurred in 2019:

FRS: The long-term expected rate of return and the discount rate used to determine the total pension liability decreased from 7.00% to 6.90%.

HIS: The municipal bond index rate and the discount rate used to determine the total pension liability decreased from 3.87% to 3.50%.

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)	Annual Arithmetic Return	Compound Annual (Geometric) Return
Cash	1%	3.3%	3.3%
Fixed income	18%	4.1%	4.1%
Global equity	54%	8.0%	6.8%
Real estate	11%	6.7%	6.1%
Private equity	10%	11.2%	8.4%
Strategic investments	6%	5.9%	5.7%
Total	<u>100%</u>		

## Indian River Mosquito Control District Notes to Financial Statements

### Note 4: DEFINED BENEFIT PENSION PLANS (Continued)

#### F. Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.90%. 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 3.50% 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		
	1% Decrease	Rate	1% Increase	1% Decrease	Rate	1% Increase
September 30, 2019	5.90%	6.90%	7.90%	2.50%	3.50%	4.50%
District's proportionate share of the net pension liability	\$ 2,542,546	\$ 1,470,813	\$ 575,735	\$ 617,422	\$ 573,083	\$ 479,318

#### 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 5: 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.

### Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

## Indian River Mosquito Control District Notes to Financial Statements

### **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, 2019, the District provides benefits for 1 eligible Retiree.

### **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, 2019, the District remitted \$1,585 to the OPEB trust fund. The District does not currently calculate an actuarially determined contribution.

### **D. Annual OPEB Cost and Net OPEB Liability**

The District's net OPEB liability is calculated using the Alternative Measurement Method permitted by GASB Codification P50: *Postemployment Benefits Other Than Pensions – Reporting for Benefits Provided through Trusts That Meet Specified Criteria* that meet specified criteria 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.

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

**Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

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

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, 2019 were as follows:

Total OPEB liability	Fiduciary net position	Net OPEB liability (asset)	Funded percentage
\$ 389,040	\$ 269,749	\$ 119,291	69%

The change in the net OPEB liability (asset) for the year ended September 30, 2019 were as follows:

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability (Asset)
Balance as of September 30, 2018	\$ 220,641	\$ 271,799	\$ (51,158)
Service Cost	18,896	-	18,896
Interest	11,102	-	11,102
Difference between expected and actual experience	26,654	-	26,654
Changes of assumptions	119,256	-	119,256
Employer contributions	-	1,585	(1,585)
Net investment income	-	5,316	(5,316)
Benefit payments	(7,509)	(7,509)	-
Administrative expenses	-	(1,442)	1,442
<b>Balance as of September 30, 2019</b>	<b>\$ 389,040</b>	<b>\$ 269,749</b>	<b>\$ 119,291</b>

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

Employer's reporting date:	September 30, 2019
Measurement date:	September 30, 2019
Valuation date:	September 30, 2019

Actuarial Assumptions:

Discount rate:	3.15%
Inflation rate:	2.50%
Expected return on plan assets:	3.25%
Payroll growth rate:	3.25%

## Indian River Mosquito Control District Notes to Financial Statements

### Note 5: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Healthcare cost trend rate: 6.40% for FY2020, gradually decreasing over several decades to an ultimate rate of 4.00% in FY2076 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 2030 for plans other than Medicare plans.

Withdrawal: Rates are from the July 1, 2018 Florida Retirement System Pension Plan actuarial valuation.

Mortality basis: Rates are from the Pub-2010 headcount weighted mortality tables for General projected generational using scale MP-2018.

Disabled: None.

Spouse age difference: Future retirees - Males are assumed to be 3 years older than females. Retirees - Actual spouse date of birth is used, if available. Otherwise, males are assumed to be 3 years older than females.

Salary scale: Rates used are from the July 1, 2018 Florida Retirement System Pension Plan actuarial valuation.

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

Plan 1	\$	821
Plan 3		1382

Assumption changes since the last valuation are as follows:

The discount rate was changed from 3.52% to 3.15% based on updated expectations of long-term returns on trust assets and 20-year municipal bond rates. The healthcare trend rates were reset to reflect updated cost increase expectations. The medical per capita claims costs were updated to reflect recent experience. Salary increase rates were updated with change in underlying inflation assumption. Mortality rates were updated from the RP-2000 Combine Healthy mortality table to Pub-2010 headcount-weighted tables with scale MP-2018 to reflect recently-published mortality rates and projection scales. Retiree election assumption was changed from all direct subsidy eligible employees selecting single coverage at retirement to employees electing their current coverage at retirement to reflect plan experience. The inflation assumption was changed from 2.75% to 2.50% based on an updated historical analysis of inflation rates and forward-looking market expectations.



**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%	4.95%	7.45%
International equity	0%	5.24%	7.74%
Fixed income	0%	1.99%	4.49%
Real estate and alternatives	0%	4.19%	6.69%
Cash and equivalents	100%	0.58%	3.08%

Net assumed investment return, weighted average, rounded to ¼% 3.25%

**F. Sensitivity of Net OPEB Liability Using Alternative Rates**

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

	1% decrease 2.15%	Discount rate 3.15%	1% increase 4.15%
Net OPEB asset	\$ 158,889	\$ 119,291	\$ 83,621

The following presents the District's OPEB liability 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	\$ 69,957	\$ 119,291	\$ 179,763

**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, 2019, 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	\$ 9,736	\$ -
<b>Total</b>	<b>\$ 9,736</b>	<b>\$ -</b>

During the year ended September 30, 2019 \$3,652 of deferred outflows were amortized and recognized in the total OPEB expense.

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
2020	\$ 3,652
2021	3,653
2022	1,882
2023	549

**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**

Year ended September 30, 2019	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 4,237,872	\$ 4,236,359	\$ 4,179,680	\$ (56,679)
Grants and donations	1,566	277,565	244,332	(33,233)
Interest income	25,720	53,720	52,703	(1,017)
Miscellaneous	-	-	4,681	4,681
<b>Total revenues</b>	<b>4,265,158</b>	<b>4,567,644</b>	<b>4,481,396</b>	<b>(86,248)</b>
<b>Expenditures</b>				
Current:				
Physical environment	5,066,987	5,656,766	4,138,477	1,518,289
Capital outlay	754,200	1,129,200	943,219	185,981
<b>Total expenditures</b>	<b>5,821,187</b>	<b>6,785,966</b>	<b>5,081,696</b>	<b>1,704,270</b>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	112,919	112,919	21,946	(90,973)
<b>Net other financing sources</b>	<b>112,919</b>	<b>112,919</b>	<b>21,946</b>	<b>(90,973)</b>
Excess (deficiency) of revenues over (under) expenditures	(1,443,110)	(2,105,403)	(578,354)	1,527,049
Fund balances, beginning of year	3,057,894	3,057,894	3,057,894	-
<b>Fund balances, end of year</b>	<b>\$ 1,614,784</b>	<b>\$ 952,491</b>	<b>\$ 2,479,540</b>	<b>\$ 1,527,049</b>

## **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



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

Florida Retirement System (FRS)	2019	2018	2017	2016
District's proportion of the net pension liability	0.0043%	0.0043%	0.0040%	0.0046%
District's proportionate share of the net pension liability	\$ 1,470,813	\$ 1,190,074	\$ 1,263,324	\$ 1,156,038
District's covered payroll	1,759,499	1,526,430	1,439,005	1,409,340
District's proportionate share of the pension liability as a percentage of its net covered payroll	83.59%	77.96%	87.79%	82.03%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%
<b>Health Insurance Subsidy (HIS)</b>				
	2019	2018	2017	2016
District's proportion of the net pension liability	0.0051%	0.0047%	0.0050%	0.0053%
District's proportionate share of the net pension liability	\$ 573,083	\$ 493,797	\$ 533,371	\$ 613,528
District's covered payroll	1,759,499	1,526,430	1,439,005	1,409,340
District's proportionate share of the net pension liability as a percentage of its covered payroll	32.57%	32.35%	37.07%	43.53%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%

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 3A 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.



	<u>2015</u>		<u>2014</u>
	0.0044%		0.0042%
\$	570,148	\$	254,075
	1,224,039		1,127,471

46.58%      22.53%

92.00%      96.09%

	<u>2015</u>		<u>2014</u>
	0.0048%		0.0046%
\$	485,484	\$	433,020
	1,224,039		1,127,471

39.66%      38.41%

0.50%      0.99%

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

Florida Retirement System (FRS)

	2019	2018	2017	2016
Contractually required contribution	\$ 144,149	\$ 114,231	\$ 108,540	\$ 103,826
Contributions in relation to the contractually required contribution	(144,149)	(114,231)	(108,540)	(103,826)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered payroll	\$ 1,838,003	\$ 1,523,819	\$ 1,424,670	\$ 1,387,461
Contributions as a percentage of covered payroll	7.84%	7.50%	7.62%	7.48%

Health Insurance Subsidy (HIS)

	2019	2018	2017	2016
Contractually required contribution	\$ 29,824	\$ 25,338	\$ 23,650	\$ 23,032
Contributions in relation to the contractually required contribution	\$ (29,824)	\$ (25,338)	\$ (23,650)	\$ (23,032)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
District's covered payroll	\$ 1,838,003	\$ 1,523,819	\$ 1,424,670	\$ 1,387,461
Contributions as a percentage of covered payroll	1.62%	1.66%	1.66%	1.66%

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

	<u>2015</u>		<u>2014</u>
\$	102,474	\$	91,043
	(102,474)		(91,043)
\$	<u>-</u>	\$	<u>-</u>
\$	1,252,567	\$	1,152,630
	8.18%		7.90%

	<u>2015</u>		<u>2014</u>
\$	15,782	\$	13,832
\$	(37,938)	\$	(37,938)
\$	<u>(22,156)</u>	\$	<u>(24,106)</u>
\$	1,252,567	\$	1,152,630
	1.26%		1.20%

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

Fiscal year ending September 30,	2019	2018	2017
<b>Total OPEB liability</b>			
Service cost	\$ 18,896	\$ 30,054	\$ 29,471
Interest	11,102	16,121	14,036
Differences between expected and actual experience	26,654	-	-
Changes of assumptions	119,256	(249,832)	(8,274)
Benefit payments	(7,509)	644	(7,160)
<b>Net changes in total OPEB liability</b>	<b>168,399</b>	<b>(203,013)</b>	<b>28,073</b>
<b>Total OPEB liability - beginning</b>	<b>220,641</b>	<b>424,942</b>	<b>396,869</b>
<b>Total OPEB liability - ending</b>	<b>\$ 389,040</b>	<b>\$ 220,641</b>	<b>\$ 424,942</b>
<b>Plan fiduciary net position</b>			
Employee contributions	\$ -	\$ -	\$ -
Employer contributions	1,585	11,400	7,160
Net investment income	5,316	2,682	255
Benefit payments	(7,509)	(644)	-
Administrative expense	(1,442)	(2,064)	(7,160)
<b>Net changes in plan fiduciary net position</b>	<b>(2,050)</b>	<b>11,374</b>	<b>255</b>
<b>Plan fiduciary net position - beginning</b>	<b>271,799</b>	<b>260,425</b>	<b>260,170</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 269,749</b>	<b>\$ 271,799</b>	<b>\$ 260,425</b>
<b>Net OPEB liability (asset) - ending</b>	<b>\$ 119,291</b>	<b>\$ (51,158)</b>	<b>\$ 164,517</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>69.3%</b>	<b>123.2%</b>	<b>61.3%</b>
<b>Covered payroll for the measurement period</b>	<b>\$ 1,902,391</b>	<b>\$ 1,594,037</b>	<b>\$ 1,644,603</b>
<b>Net OPEB liability as a percentage of covered payroll (asset)</b>	<b>6.27%</b>	<b>-3.21%</b>	<b>10.00%</b>

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 3 years.

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

**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, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated <DATE>.

**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.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described below as MW 2018-001 to be a material weakness.

**MW 2018-001 JOURNAL ENTRIES**

**Condition:** Inventory journal entries did not have evidence of review and approval or were not performed in sufficient detail to prevent or detect a material misstatement. The amount recorded for chemical inventory did not agree to the annual inventory report by \$46,262.

**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, the review is performed in sufficient detail to identify and correct a material error, and there is sufficient evidence retained to determine the review occurred.

**Management's Response:** Contract bookkeeper reviews monthly journal entries and initials the documents. Year-end journal entries will be independently generated by two individuals and compared for accuracy before they are entered into QuickBooks. The review of the journal entries will be documented.

### **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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Indian River Mosquito Control District's Response to Findings**

The District's response to the findings identified in our audit was 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.

*Cary Riggs & Ingram, LLC*

Melbourne, Florida

March 10, 2020





**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, Florida, as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated <DATE>.

**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 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 <DATE> 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. Corrective actions have been taken to address findings and recommendations made in the preceding financial audit report as noted below:

Prior Year Management Letter Comments:	Status
MW 2018-001 JOURNAL ENTRIES	Uncorrected
SD 2018-002 SEGREGATION OF DUTIES	Corrected
SD 2018-003 REVIEW OF PAYROLL	Corrected
SD 2018-004 REVIEW OF CAPITAL ASSETS	Corrected
SD 2018-007 ACCRUAL OF EXPENSES	Corrected
SD 2018-008 SELF-BALANCING GENERAL LEDGER	Corrected
SD 2018-009 INVESTMENTS	Corrected
SD 2018-010 INVENTORY	Corrected
IP 2018-006 TRACKING OF STATE FUNDS IN CAPITAL ASSETS	Corrected
IP 2018-005 LOGICAL SEGREGATION OF DUTIES IN ACCOUNTING SYSTEM	Corrected

### **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 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 did not have any such recommendations

### **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.

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

Melbourne, Florida  
March 10, 2020



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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, 2019. 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, 2019.

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

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

Melbourne, Florida  
March 10, 2020