

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2020**

# Florida Keys Mosquito Control District

## Table of Contents

|  | <u>Page</u> |
|--|-------------|
| <b>Letter of Transmittal</b>   | 1           |
| <b>Independent Auditor's Report</b>  | 2           |
| <b>Management's Discussion &amp; Analysis</b>  | 4           |
| <b>Basic Financial Statements</b>  |             |
| <b>Government-wide Financial Statements</b>  |             |
| Statement of Net Position  | 8           |
| Statement of Activities  | 9           |
| <b>Fund Financial Statements</b>   |             |
| Balance Sheet – General Fund   | 10          |
| Statement of Revenues, Expenditures and Changes in Fund Balance – General Fund   | 11          |
| Statement of Revenue, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund   | 13          |
| <b>Notes to Financial Statements</b>   | 15          |
| <b>Required Supplementary Information</b>  |             |
| Schedule of the District's Proportionate Share of Net Pension Liability – Florida Retirement System Pension Plan   | 31          |
| Schedule of the District's Contributions – Florida Retirement System Pension Plan  | 31          |
| Schedule of the District's Proportionate Share of Net Pension Liability – Florida Retirement System Health Insurance Subsidy   | 31          |
| Schedule of the District's Contributions – Florida Retirement System Health Insurance Subsidy  | 32          |
| Schedule of Changes in Net OPEB Liability and Related Ratios   | 33          |
| Schedule of the District's Contributions - OPEB  | 35          |
| Schedule of Investment Returns – Florida Retirement System Pension Plan  | 35          |
| <b>Supplementary Independent Auditor's Reports</b>   |             |
| <b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> | 36          |
| <b>Independent Auditor's Management Letter</b>   | 37          |
| <b>Report of Independent Accountant on Compliance with Local Government Investment Policies</b>  | 39          |



# FLORIDA KEYS

## MOSQUITO CONTROL DISTRICT

### Board of Commissioners

Phil Goodman, Chairman  
Stanley Zuba, Vice Chairman  
Brandon Pinder, Secretary/Treasurer  
Jill Cranney-Gage  
Thomas McDonald

Executive Director  
Andrea Leal

18 Aquamarine Drive  
Key West, FL 33040

Telephone: (305) 292-7190  
FAX: (305) 292-7199

[www.keysmosquito.org](http://www.keysmosquito.org)

June 10, 2021

Board of Commissioners  
Florida Keys Mosquito Control District  
18 Aquamarine Drive  
Key West, FL 33040

To the Chair and Members of the Board:

Florida Statutes require that all local government entities publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants within 45 days after the completion of the audit report but no later than 9 months after the close of each fiscal year. Pursuant to that requirement, we hereby issue the Annual Financial Report of the Florida Keys Mosquito Control District (the District) for the fiscal year ended September 30, 2020.

This report consists of management's representations concerning the finances of the District. Therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect its assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Transmittal Letter.

The District's financial statements have been audited by Oropeza & Parks, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended September 30, 2020 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the annual financial report.

The preparation of this annual financial report on an accurate, timely basis was made possible by the dedicated administrative staff of the Florida Keys Mosquito Control District.

Respectfully Submitted,

Bruce L. Holden  
Finance Director

Andrea L. Leal  
Executive Director



**OROPEZA  
& PARKS**  
Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 | 305.294.1040  
Fax: 305.294.3951

Members:  
AMERICAN INSTITUTE OF CPA'S  
FLORIDA INSTITUTE OF CPA'S

*John G. Parks, Jr., CPA - retired*

Scott G. Oropeza, CPA, PA  
James H. Hill, Jr., CPA, PLLC

## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Florida Keys Mosquito Control District  
Key West, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Florida Keys Mosquito Control District ("the District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of September 30, 2020, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

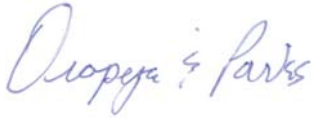
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part 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* and Chapter 10.550, Rules of the Florida Auditor General**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021 on our consideration of the District's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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.

In accordance with Chapter 10.550, Rules of the Florida Auditor General, Local Governmental Entity Audits we have also issued our reports dated June 15, 2021. The purpose of those reports is to communicate certain matters prescribed by Chapter 10.550, Rules of the Florida Auditor General.

A handwritten signature in blue ink that reads "Diopeta S. Parks". The signature is written in a cursive, flowing style.

June 15, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **CORE BUSINESS**

The Florida Keys Mosquito Control District (the District) is a unit of local government engaged solely in mosquito control in the Florida Keys. The District's stated business is defined in Florida Statute 388.0101 as ". . . maintain such levels of arthropod control as will protect human health and safety and foster the quality of life of the people, promote the economic development of the state, and facilitate the enjoyment of its natural attractions by reducing the number of pestiferous and disease-carrying arthropods."

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the transmittal letter and the District's financial statements.

### **HIGHLIGHTS**

#### **District Highlights**

- The District is an independent special taxing district established by Monroe County, Florida referendum on November 7<sup>th</sup> 1950. It was created by special act of the Florida Legislature and is governed by a five member Board of Commissioners.
- Operations are conducted in the Florida Keys and not in the mainland portion of Monroe County.
- At year-end, the District employed 71 full time and 27 part time employees operating 2 airplanes, 6 helicopters, 75 vehicles, 5 ATV's and 5 boats.
- Sixty-seven locally acquired cases of Dengue fever were confirmed in the Upper Keys during 2020. Fifty-eight of the cases were located in Key Largo, and nine were located in Tavernier. Additional product applications were required to slow the spread of Dengue; this resulted in approximately \$1,000,000 of additional chemical costs during the fiscal year.
- The threat of Dengue fever recurrence or the introduction of other mosquito borne diseases into the Florida Keys continues to pressure the scope of District operations.
- Due to environmental regulations and biological pressures (i.e. growing resistance of mosquitoes to particular insecticides), District operations have had to encompass a wider variety of abatement materials. This can create financial pressure with increasing costs of the various mosquito abatement materials required.

#### **Financial Highlights**

- The District's fund balance decreased by \$6,795,587 and net position decreased by \$1,549,408.
- Based on the October 1, 2019 actuarial study for the District's other post-retirement employment benefits (OPEB), subsequent years' planning for funding and reporting continued.
- The FKMCD Board of Commissioners continued to fund the retiree healthcare trust with an addition of \$200,000.

### **USING THIS ANNUAL REPORT**

This annual report consists of two parts: Management's Discussion and Analysis, and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information presented in the financial statements.

### **REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Activities. These statements measure the success of the District's operations over the past year and can be used to determine fiscal efficiency, credit worthiness and whether the District has successfully managed operations in a financially prudent manner for the benefit of the taxpayers of the Florida Keys.

**MANAGEMENT'S DISCUSSION AND ANALYSIS****FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The discussion and analysis provided by management is intended to concisely give the reader an overview and assessment of the District.

1. Has met operational objectives efficiently and effectively.
2. Assess if it can meet its goals in the immediate future.
3. If it is viable as an ongoing business enterprise.

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District's operations in a way that will help answer this question. These two statements report the net position of the District and changes in net position. You can think of the District's net position (the difference between assets and liabilities) as one way to measure financial health or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth or loss, and new or changed legislation.

Changes in the District's net position can be determined by reviewing the following Net Position Analysis for the year (Table 1).

**Table 1**  
**Net Position Analysis**

|  | 2018                 | 2019                 | 2020                 | 2019 to 2020 Increase (Decrease) |                |
|--|----------------------|----------------------|----------------------|----------------------------------|----------------|
|  |                      |                      |                      | Amount                           | Percent        |
| Net Capital Assets   | \$ 13,355,960        | \$ 14,599,765        | \$ 20,810,864        | \$ 6,211,099                     | 42.54%         |
| Current Assets   | 6,057,147            | 12,708,970           | 5,763,401            | (6,945,569)                      | -54.65%        |
| Total Assets   | 19,413,107           | 27,308,735           | 26,574,265           | (734,470)                        | -2.69%         |
| Total Deferred Outflow of Resources                              | 2,866,252            | 3,936,016            | 7,197,870            | 3,261,854                        | 82.87%         |
| Total Assets and Deferred Outflow of Resources                   | <u>\$ 22,279,359</u> | <u>\$ 31,244,751</u> | <u>\$ 33,772,135</u> | <u>\$ 2,527,384</u>              |                |
| Current and Long Term Liabilities                                |                      |                      |                      |                                  |                |
| Accounts Payable   | 45,770               | 299,938              | 88,794               | \$ (211,144)                     | -70.40%        |
| Accrued Wages and Benefits Payable                               | 151,946              | 177,279              | 238,439              | 61,160                           | 34.50%         |
| Accrued Compensated Absences                                     | 581,358              | 654,945              | 811,501              | 156,556                          | 23.90%         |
| Accrued OPEB Liability   | 12,295,623           | 13,698,929           | 17,636,116           | 3,937,187                        | 28.74%         |
| Net Pension Liability  | 4,267,460            | 4,922,998            | 5,831,320            | 908,322                          | 18.45%         |
| Capital Lease Payable  | -                    | 7,104,947            | 6,533,130            | (571,817)                        | -8.05%         |
| Total Liabilities  | <u>17,342,157</u>    | <u>26,859,036</u>    | <u>31,139,300</u>    | <u>4,280,264</u>                 | <u>15.94%</u>  |
| Total Deferred Inflow of Resources                               | <u>572,451</u>       | <u>475,871</u>       | <u>272,397</u>       | <u>(203,474)</u>                 | <u>-42.76%</u> |
| Net Position:  |                      |                      |                      |                                  |                |
| Invested in Capital Assets, net of related debt                  | 13,355,960           | 7,494,818            | 14,277,734           | 6,782,916                        | 90.50%         |
| Restricted   | -                    | 6,246,289            | -                    | (6,246,289)                      | -100.00%       |
| Unrestricted   | (8,991,209)          | (9,831,263)          | (11,917,296)         | (2,086,033)                      | 21.22%         |
| Total Net Position   | <u>4,364,751</u>     | <u>3,909,844</u>     | <u>2,360,438</u>     | <u>(1,549,406)</u>               | <u>-39.63%</u> |
| Total Liabilities, Deferred Inflow of Resources and Net Position | <u>\$ 22,279,359</u> | <u>\$ 31,244,751</u> | <u>\$ 33,772,135</u> | <u>\$ 2,527,384</u>              | <u>8.09%</u>   |



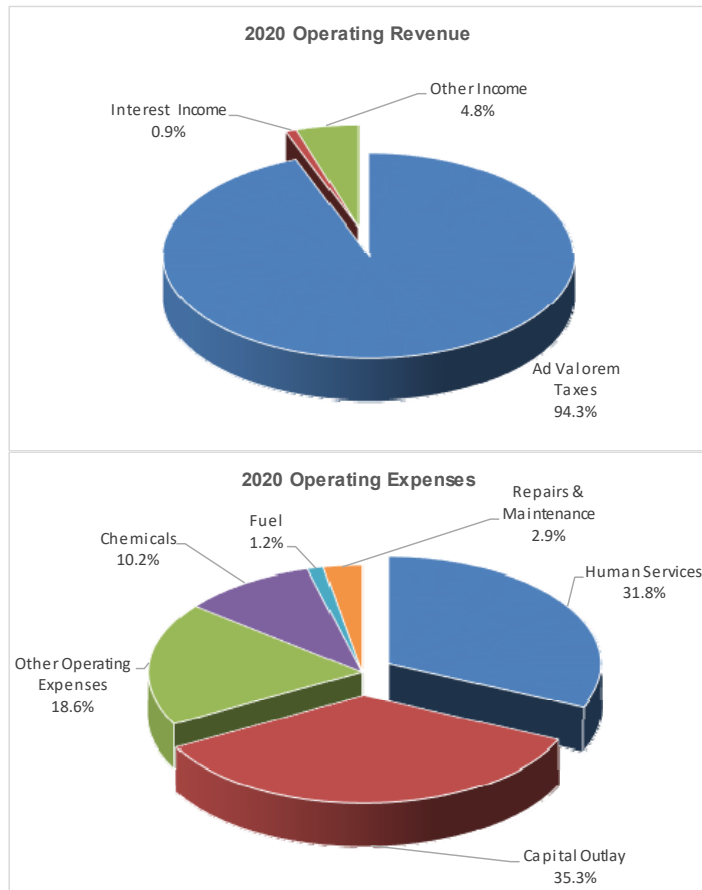
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Changes in the District's fund balance can be determined by reviewing the following condensed Fund Balance Analysis for the year (Table 2).

**Table 2**  
**Fund Balance Analysis**

|   | 2018          | 2019          | 2020          | 2018 to 2019 Increase (Decrease) |          |
|---|---------------|---------------|---------------|----------------------------------|----------|
|   |               |               |               | Amount                           | Percent  |
| Total Operating Revenues                      | \$ 11,252,356 | \$ 11,689,136 | \$ 12,438,585 | \$ 749,449                       | 6.41%    |
| Interest Income                               | 118,635       | 206,809       | 114,190       | (92,619)                         | -44.78%  |
| Other Income                                  | 775,151       | 707,499       | 633,354       | (74,145)                         | -10.48%  |
| Total Revenues                                | 12,146,142    | 12,603,444    | 13,186,129    | 582,685                          | 4.62%    |
| Human Services                                | 6,856,211     | 6,334,259     | 6,145,694     | \$ (188,565)                     | -2.98%   |
| Operating Expenditures & Capital Outlay       | 6,035,963     | 6,960,111     | 13,224,593    | 6,264,482                        | 90.01%   |
| Total Expenditures                            | 12,892,174    | 13,294,370    | 19,370,287    | 6,075,917                        | 45.70%   |
| Excess (deficiency) of Revenues over expenses | (746,032)     | (690,926)     | (6,184,158)   | (5,493,232)                      | -795.05% |
| Other financing sources (uses)                | -             | 7,060,625     | (616,140)     | (7,676,765)                      | 108.73%  |
| Special items                                 | 2,782         | 2,625         | 4,711         | 2,086                            | 79.47%   |
| Net Change in Fund Balance                    | (743,250)     | 6,372,324     | (6,795,587)   | (13,167,911)                     | 206.64%  |
| Fund Balance, beginning of Year               | 6,602,681     | 5,859,431     | 12,231,755    | 6,372,324                        | 108.75%  |
| Fund Balance, end of Year                     | \$ 5,859,431  | \$ 12,231,755 | \$ 5,436,168  | \$ (6,795,587)                   | -55.56%  |

The following charts illustrate the sources of operating revenues and expenditures.





## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

The District continues mosquito control operational streamlining in previously excluded protected lands and offshore islands to protect citizens from mosquito migrations into populated areas using environmentally compatible materials. As in the past, the District continues to use a two-pronged approach to eradicate mosquitoes -- spraying adult mosquitoes (adulticiding operations) and eliminating larvae in water (larviciding operations).

After a nine-year absence, the reappearance of Dengue fever has increased the urgency of mosquito control operations in the city of Key West, and the Florida Keys. The District continued aggressive operations to combat the vector *Aedes aegypti* mosquito which transmits the disease.

In addition to the Dengue virus, the District is also faced with the looming threat of residents contracting the Zika or Chikungunya viruses. These viral diseases are very similar to Dengue, and they have become more pronounced in the western hemisphere. Zika, which has infected inhabitants of Miami and other U.S. cities, is also spread by the *Aedes aegypti* mosquito; it is likely one of many vector borne diseases that the District will be combating in the coming years. In order to avoid the reappearance, introduction, or spread of disease to other areas, the District tailored a ground inspection program and further increased aerial adult and larval mosquito control spraying missions over the city of Key West. These additional operations continue placing demands on District resources.

District's management would like to earmark approximately \$1 million reserves annually in order to purchase another Airbus helicopter in the ongoing effort to modernize and homogenize the District's aerial fleet. Setting aside annual reserves will allow the District to purchase a new helicopter for cash in approximately four years. These reserves will allow the District to maintain current lease expenditure levels, which are limited by the District's enabling legislation. Establishing these reserves will necessitate the need for increased ad valorem revenues unless corresponding decreases in expenditures can be pinpointed.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Comptroller at 18 Aquamarine Drive, Key West, Florida, 33040, phone (305) 292-7190.

## **BASIC FINANCIAL STATEMENTS**

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

**ASSETS**

**Current assets:**

|  |                  |
|--|------------------|
| Cash and cash equivalents                | \$ 4,143,780     |
| Accounts receivable                      | 80,654           |
| Inventory                                | 675,428          |
| Prepaid insurance                        | 863,539          |
| <b>Total unrestricted current assets</b> | <b>5,763,401</b> |

**Capital assets:**

|  |                   |
|--|-------------------|
| Property, plant and equipment                          | 33,106,282        |
| Less accumulated depreciation                          | (12,295,418)      |
| <b>Capital assets, net of accumulated depreciation</b> | <b>20,810,864</b> |
| <b>Total assets</b>                                    | <b>26,574,265</b> |

**Deferred outflow of resources:**

|  |                  |
|--|------------------|
| Pensions                                   | 1,613,669        |
| OPEB                                       | 5,584,201        |
| <b>Total deferred outflow of resources</b> | <b>7,197,870</b> |

**LIABILITIES AND NET POSITION**

**Current liabilities:**

|   |                  |
|---|------------------|
| Accounts payable                                | 88,794           |
| Accrued wages and benefits payable              | 238,439          |
| Current portion of accrued compensated absences | 470,564          |
| Current portion of capital lease                | 584,814          |
| <b>Total current liabilities</b>                | <b>1,382,611</b> |

**Long term liabilities:**

|                                    |                   |
|------------------------------------|-------------------|
| Accrued compensated absences       | 340,937           |
| Accrued OPEB liability             | 17,636,116        |
| Net pension liability              | 5,831,320         |
| Capital Lease Payable              | 5,948,316         |
| <b>Total long term liabilities</b> | <b>29,756,689</b> |

**Total liabilities**

31,139,300

**Deferred inflow of resources:**

|   |                |
|---|----------------|
| Pensions                                  | 235,696        |
| OPEB                                      | 36,701         |
| <b>Total deferred inflow of resources</b> | <b>272,397</b> |

**Net position:**

|                                  |                     |
|----------------------------------|---------------------|
| Net investment in capital assets | 14,277,734          |
| Unrestricted                     | (11,917,296)        |
| <b>Total net position</b>        | <b>\$ 2,360,438</b> |

The accompanying notes are an integral part of these financial statements.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2020**

**Expenses:**

|                               |                   |
|-------------------------------|-------------------|
| Personnel services            | \$ 9,062,612      |
| Operating expenditures        | 5,050,546         |
| Depreciation                  | 627,088           |
| <b>Total program expenses</b> | <u>14,740,246</u> |

**Program revenues:**

|                             |                   |
|-----------------------------|-------------------|
| Charges for services        | 344,419           |
| <b>Net program expenses</b> | <u>14,395,827</u> |

**General revenues:**

|                               |                   |
|-------------------------------|-------------------|
| Taxes                         | 12,438,585        |
| Intergovernmental             | 32,622            |
| Interest income               | 114,190           |
| Insurance proceeds            | 77,439            |
| Refunds                       | 166,015           |
| Rents & royalties             | 300               |
| Gain on equipment sales       | 4,711             |
| Miscellaneous                 | 12,559            |
| <b>Total general revenues</b> | <u>12,846,421</u> |

|                               |             |
|-------------------------------|-------------|
| <b>Change in net position</b> | (1,549,406) |
|-------------------------------|-------------|

|  |                  |
|--|------------------|
| <b>Net position, beginning of year</b> | <u>3,909,844</u> |
|--|------------------|

|                                  |                            |
|----------------------------------|----------------------------|
| <b>Net position, end of year</b> | <u><u>\$ 2,360,438</u></u> |
|----------------------------------|----------------------------|

The accompanying notes are an integral part of these financial statements.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
BALANCE SHEET – GENERAL FUND  
SEPTEMBER 30, 2020**

**ASSETS**

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | \$ 4,143,780        |
| Accounts receivable       | 80,654              |
| Inventory                 | 675,428             |
| Prepaid Insurance         | 863,539             |
| <b>Total assets</b>       | <b>\$ 5,763,401</b> |

**LIABILITIES AND FUND BALANCE**

**Liabilities**

|                                    |                |
|------------------------------------|----------------|
| Accounts payable                   | \$ 88,794      |
| Accrued wages and benefits payable | 238,439        |
| <b>Total liabilities</b>           | <b>327,233</b> |

**Fund Balance**

|   |                     |
|---|---------------------|
| Nonspendable:                             |                     |
| Prepaid and inventory                     | 1,538,967           |
| Assigned: reserves                        | 2,501,029           |
| Unassigned                                | 1,396,172           |
| <b>Total fund balance</b>                 | <b>5,436,168</b>    |
| <b>Total liabilities and fund balance</b> | <b>\$ 5,763,401</b> |

**Amounts reported in the statement of net position differ  
from amounts reported above as follows:**

|   |                     |
|---|---------------------|
| Fund balance  | \$ 5,436,168        |
| Amounts reported for governmental activities in the statement of net position are different because:  |                     |
| Capital assets used in governmental activities are not financial resources and are therefore not reported on the governmental balance sheet | 20,810,864          |
| Long-term liabilities are not due and payable in the current period and therefore are not in the governmental funds                         |                     |
| Compensated absences  | (811,501)           |
| Capital Lease   | (6,533,130)         |
| Net pension liability   | (5,831,320)         |
| Net OPEB liability  | (17,636,116)        |
| Deferred outflows and inflows associated with pensions and OPEB are not reported in the governmental funds                                  |                     |
| Deferred outflows of resources related to pensions  | 1,613,669           |
| Deferred outflows of resources related to OPEB  | 5,584,201           |
| Deferred inflows of resources related to pensions   | (235,696)           |
| Deferred inflows of resources related to OPEB   | (36,701)            |
| <b>Net position</b>   | <b>\$ 2,360,438</b> |

The accompanying notes are an integral part of these financial statements.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

**Revenues**

|                       |                   |
|-----------------------|-------------------|
| Taxes                 | \$ 12,438,585     |
| Intergovernmental     | 32,622            |
| Charges for services  | 344,419           |
| Interest income       | 114,190           |
| Insurance proceeds    | 77,439            |
| Refunds               | 166,015           |
| Rents & royalties     | 300               |
| Miscellaneous         | 12,559            |
| <b>Total revenues</b> | <u>13,186,129</u> |

**Expenditures**

|   |                    |
|---|--------------------|
| Personnel services                              | 6,145,694          |
| Operating expenditures                          | 6,386,405          |
| Capital outlay                                  | 6,838,188          |
| <b>Total expenditures</b>                       | <u>19,370,287</u>  |
| <b>Deficiency of revenues over expenditures</b> | <u>(6,184,158)</u> |

**Other financing sources**

|                                      |                  |
|--------------------------------------|------------------|
| Payment of capital related principal | <u>(616,140)</u> |
| <b>Total other financing uses</b>    | <u>(616,140)</u> |

**Special Items**

|                    |              |
|--------------------|--------------|
| Sales of Equipment | <u>4,711</u> |
|--------------------|--------------|

**Net change in fund balance** (6,795,587)

**Fund balance beginning of year** 12,231,755

**Fund balance end of year** \$ 5,436,168

The accompanying notes are an integral part of these financial statements.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

**Amounts reported above for governmental activities in the statement of activities are different because:**

|  |                              |
|--|------------------------------|
| Net change in fund balance - total governmental funds  | \$ (6,795,587)               |
| Amounts reported for governmental activities in the statements of activities are different because:  |                              |
| Governmental funds report capital outlays as expenditures.   |                              |
| However, in the statements of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.   |                              |
| Capital outlay   | 6,838,188                    |
| Depreciation expense   | (627,088)                    |
| Debt proceeds provide current financial resources to governmental funds, but debt proceeds increase long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. |                              |
| Payment of capital related principal   | 616,140                      |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.  |                              |
| Change in compensated absences payable   | (156,556)                    |
| Change in net OPEB obligation payable  | (3,937,187)                  |
| Change in net pension payable  | (908,322)                    |
| Change in deferred outflows  | 3,261,854                    |
| Change in deferred inflows   | 203,474                      |
| Interest on long-term debt is accrued as a liability in the statement of net position, but is not recognized in the governmental funds until paid.   | (44,322)                     |
| Change in net position   | <u><u>\$ (1,549,406)</u></u> |

The accompanying notes are an integral part of these financial statements.



**FLORIDA KEYS MOSQUITO CONTROL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

|                               | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</b> |
|-------------------------------|----------------------------|-------------------------|-------------------|---|
| <b>Revenues</b>               |                            |                         |                   |   |
| Taxes                         | \$ 12,656,809              | \$ 12,656,809           | \$ 12,438,585     | \$ (218,224)  |
| Intergovernmental             | 25,000                     | 330,950                 | 32,622            | (298,328)   |
| Charges for services          | -                          | -                       | 344,419           | 344,419   |
| Interest income               | 140,000                    | 117,000                 | 114,190           | (2,810)   |
| Insurance proceeds            | -                          | -                       | 77,439            | 77,439  |
| Refunds                       | 200,000                    | -                       | 166,015           | 166,015   |
| Rents & royalties             | 300                        | -                       | 300               | 300   |
| Miscellaneous                 | 50,000                     | 128,000                 | 12,559            | (115,441)   |
| <b>Total Revenues</b>         | <b>13,072,109</b>          | <b>13,232,759</b>       | <b>13,186,129</b> | <b>(46,630)</b>   |
| <b>Expenditures</b>           |                            |                         |                   |   |
| Human services                |                            |                         |                   |   |
| Personnel services            | 4,772,965                  | 4,772,965               | 4,806,688         | (33,723)  |
| Personnel service benefits    | 3,596,075                  | 3,596,075               | 2,875,743         | 720,332   |
| Operating expenditures        | 918,868                    | 918,868                 | 858,290           | 60,578  |
| Travel and per diem           | 161,300                    | 136,000                 | 81,714            | 54,286  |
| Communication services        | 92,100                     | 92,100                  | 100,913           | (8,813)   |
| Freight services              | 14,400                     | 15,900                  | 18,254            | (2,354)   |
| Utility services              | 102,650                    | 102,650                 | 83,699            | 18,951  |
| Rental and leases             | 842,657                    | 842,657                 | 77,687            | 764,970   |
| Insurance                     | 442,625                    | 442,625                 | 641,617           | (198,992)   |
| Repair and maintenance        | 570,586                    | 980,036                 | 553,394           | 426,642   |
| Printing and binding          | 8,725                      | 8,725                   | 3,064             | 5,661   |
| Promotional activities        | 17,000                     | 17,000                  | 12,404            | 4,596   |
| Other operating expenditures  | 8,125                      | 8,125                   | 10,001            | (1,876)   |
| Office supplies and materials | 37,930                     | 37,930                  | 31,904            | 6,026   |
| Gas, oil and lube             | 292,915                    | 292,915                 | 236,106           | 56,809  |
| Chemicals                     | 1,541,131                  | 1,541,889               | 1,985,181         | (443,292)   |
| Clothing and wearing apparel  | 38,050                     | 38,050                  | 30,631            | 7,419   |
| Miscellaneous supplies        | 86,115                     | 86,115                  | 77,140            | 8,975   |
| Tools and small implements    | 8,650                      | 8,650                   | 9,303             | (653)   |
| Books and subscriptions       | 70,775                     | 70,775                  | 44,112            | 26,663  |
| Training                      | 96,950                     | 71,950                  | 22,891            | 49,059  |
| Interest                      |                            |                         | 127,919           | (127,919)   |
| Capital outlay                | 944,850                    | 569,850                 | 6,838,188         | (6,268,338)   |
| Contingency                   | 1,550,000                  | 1,371,545               | -                 | 1,371,545   |
| <b>Total expenditures</b>     | <b>16,215,442</b>          | <b>16,023,395</b>       | <b>19,526,843</b> | <b>(3,503,448)</b>  |

The accompanying notes are an integral part of these financial statements.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET TO ACTUAL – GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2020**

|  | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>with Final<br/>Budget<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|---------------------|---|
| <b>Excess (deficiency) of revenues over<br/>expenditures</b> | <u>\$ (3,143,333)</u>      | <u>\$ (2,790,636)</u>   | (6,340,714)         | <u>\$ (3,550,078)</u>   |
| <b>Other financing sources</b>                               |                            |                         |                     |   |
| Proceeds from long-term capital related debt                 |                            |                         | -                   |   |
| Payment of capital related principal                         |                            |                         | (616,140)           |   |
| <b>Total other financing uses</b>                            |                            |                         | <u>(616,140)</u>    |   |
| <b>Special item</b>  |                            |                         |                     |   |
| Sales of Equipment   |                            |                         | 4,711               |   |
| <b>Net change in fund balance</b>                            |                            |                         | <u>(6,952,143)</u>  |   |
| <b>Fund balance, beginning of year</b>                       |                            |                         | <u>12,231,755</u>   |   |
| <b>Fund balance, end of year</b>                             |                            |                         | 5,279,612           |   |
| <b>Reconciliation of budgetary to full accrual basis:</b>    |                            |                         |                     |   |
| Reconciling items:   |                            |                         |                     |   |
| Compensation accrual   |                            |                         | 156,556             |   |
| <b>Fund balance, end of year (full accrual)</b>              |                            |                         | <u>\$ 5,436,168</u> |   |

The accompanying notes are an integral part of these financial statements.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** - The State of Florida created the Monroe County Mosquito Control District ("the District"), a special taxing district, under the enabling act of Chapter 67-1726, Laws of Florida, Acts of 1967. The District was renamed the Florida Keys Mosquito Control District in 1998. The District operates under a Board of Commissioners consisting of five (5) members elected by the voters of Monroe County. Each member is elected for a term of four years and their terms are staggered so that an entirely new board will never be elected at one time.

For financial reporting purpose, the District is not included as a component unit of any other entity, nor does it include the financial statements of any other entity as a component unit. The District is not subject to oversight responsibility relative to any other unit of government. The manifestation of oversight responsibility includes financial interdependency, selection of governing body, ability to significantly influence operation, designation of management and accountability of fiscal matters, as well as the scope of services provided in the community. Although the District supplies mosquito control services to the residents of Monroe County, it is not considered a component unit of Monroe County as it is financially independent and has an independently elected Board of Commissioners, which is responsible for directing operations and designating management. The District has no accountability to Monroe County for its fiscal affairs.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** – The accounting policies and the presentation of the financial report of the District have been designed to conform to U.S. generally accepted accounting principles as applicable to governmental units, in accordance with the Governmental Accounting Standards Boards (GASB). GASB embodies the official pronouncements previously issued by the National Council on Governmental Accounting (NCGA).

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 have been met.

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. 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 such liabilities have matured.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Intergovernmental revenues are recognized at the time of receipt. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

**Basic Financial Statements** – The government-wide financial statements consist of a statement of net position and a statement of activities that report information about the District as a whole. The statement of net position reports all financial and capital resources.

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

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

**Fund Accounting** – The accounts of the District are organized on the basis of a fund and account groups, each of which is considered a separate accounting entity. The operations of the general fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue and expenditures, as appropriate. Government resources are allocated to and accounted for in the general fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following governmental fund is used by the District.

**General Fund** – The General fund is the general operating fund of the District. All financial resources, which are not specifically restricted or designated as to use, are recorded in the General Fund.

**Cash and Investments** –The District's cash and investments consist of demand deposits and highly liquid investments, including restricted assets, with a maturity of 90 days or less when purchased. Investments are carried at cost, which is approximately fair value.

**Inventory** – Inventory is stated at cost (as determined on first-in, first-out basis) and consists of chemicals held for use by the District.

**Property, Plant and Equipment** – Property, plant and equipment are recorded at cost for items purchased or constructed and at estimated fair market value on the date donated for contributed items. The capitalization threshold for capital assets is \$1,000. Depreciation is computed by the straight-line method based on the estimated useful lives of related asset classifications.

| <u>Classification</u>                       | <u>Years</u> |
|---|--------------|
| Aircraft                                    | 5 - 10       |
| Buildings, structures and improvements      | 5 - 40       |
| Equipment, vehicles, furniture and fixtures | 3 - 20       |
| Computer equipment                          | 3 - 5        |

**Compensated Absences** – District policy grants employees annual leave and sick leave in varying amounts. Upon termination of employment, employees can receive payment for accumulated annual leave. In general, sick leave payments are granted upon termination of employment to employees with 10 years or more of credited service. The maximum payment is subject to a percentage and maximum hour limitations. The District accrues a liability for leave hours that meet the criteria for payment at the eligible employees' current rates of pay plus retirement benefits and employment taxes.

**Net Position** – Net Position in the government-wide fund financial statements is classified as net investment in capital assets; restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments imposed by law through state statute.

**Fund Balance** – In the governmental fund financial statements, fund balance is composed of five classifications designated to disclose the hierarchy of constraints placed on how fund balance can be spent. The government fund types classify fund balances as follows:

**Nonspendable** – Include amounts that cannot be spent because they are either not in spendable form, or for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Restricted – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed – Amounts that can only be used for specific purposes because of formal action (resolution or ordinance) by the government's highest level of decision-making authority.

Assigned – Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. With the exception of the General Fund, this is the residual fund balance classification for all governmental funds with positive balances.

Unassigned – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Budget** – The District's annual budget is prepared on the cash basis in conformity with requirements of the Department of Agriculture and Consumer Services, Bureau of Entomology. The budget and all amendments thereto are approved by the Board and then submitted to the Bureau of Entomology for approval. Prior to, or on about, September 30, the District's budget is legally enacted through passage of a resolution. Budgeted to Actual expenditure reports are employed as a management control device during the year for the fund. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America, except that compensation accruals are not budgeted. For the fiscal year 2020, the following adjustments were necessary to present the actual data on a budgetary basis for the General fund excess of revenues over expenditures:

|                                 |                       |
|---------------------------------|-----------------------|
| GAAP basis                      | \$ (6,795,587)        |
| Compensation accrual difference | <u>(156,556)</u>      |
| Non-GAAP budgetary basis        | <u>\$ (6,952,143)</u> |

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

**Postemployment Benefits Other Than Pensions (OPEB)** – For purposes of measuring the net OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's Retiree Health Care Plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by The Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

As of September 30, 2020, the District had demand deposits of \$5,574,086.

**Custodial Credit Risk** – is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the State of Florida, Department of Insurance and Treasurer ("the Treasurer") as qualified public depositories. Chapter 280 of the Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and savings and loan associations are collateralized with the Treasurer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Treasurer eligible collateral having a market value equal to or in the excess of the average daily balance of public deposits times the depository collateral pledging level required, pursuant to Chapter 280, as computed and reported monthly, or 125 percent of the average monthly balance, whichever is greater. The Public Deposit Security Trust Fund has a procedure to allocate and recover losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk.

**Interest Rate Risk** – As a means of limiting its exposure to fair value losses arising from rising interest rates the District's investment policy limits its portfolio to maturities of no more than five years unless matched to a specific cash flow.

**Credit Risk** – The District's general investment policy is to apply the prudent person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general avoid speculative investments.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

|                                      | <b>Balance at<br/>10/01/19</b> | <b>Additions</b>    | <b>Disposals</b>      | <b>Balance at<br/>09/30/20</b> |
|--------------------------------------|--------------------------------|---------------------|-----------------------|--------------------------------|
| Land                                 | \$ 2,450,241                   | \$ -                | \$ -                  | \$ 2,450,241                   |
| Buildings/hangers                    | 13,823,447                     | 180,961             | -                     | 14,004,408                     |
| Equipment:                           |                                |                     |                       |                                |
| Aircrafts                            | 5,371,825                      | 7,968,480           | -                     | 13,340,305                     |
| Aviation and other airport equipment | 452,683                        | 34,087              | -                     | 486,770                        |
| Autos, trucks & heavy equipment      | 1,423,760                      | 17,325              | (100,261)             | 1,340,824                      |
| Other equipment                      | 1,253,428                      | 263,481             | (33,175)              | 1,483,734                      |
| Subtotal                             | 24,775,384                     | 8,464,334           | (133,436)             | 33,106,282                     |
| Construction work in progress        | 1,626,146                      | -                   | (1,626,146)           | -                              |
| Less accumulated depreciation:       | (11,801,765)                   | (627,089)           | 133,436               | (12,295,418)                   |
| Net capital assets                   | <u>\$ 14,599,765</u>           | <u>\$ 7,837,245</u> | <u>\$ (1,626,146)</u> | <u>\$ 20,810,864</u>           |

The District's policy concerning capitalized interest costs is in accordance with GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, which no longer requires the capitalization of interest costs.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 4 – REVENUES**

**Property Taxes** – Property taxes, based on assessed values at January 1, become due and payable on November 1<sup>st</sup> of each year. A four percent discount is allowed if the taxes are paid in November with the discount declining by one percent each month thereafter. Taxes become delinquent on April 1<sup>st</sup> of each year; and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1<sup>st</sup> of each year. No accrual for the property tax levy becoming due in November 2020 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

The collection of the District's tax revenues is administered by the Tax Collector of Monroe County.

**Charge for Services** – The District receives payment from the Naval Air Station, Key West (N.A.S. Key West) for mosquito control services provided on base. The contract between the District and N.A.S. Key West began October 1, 2006 and ended September 30, 2007 with 4 option years to follow. A new contract was awarded for the period October 1, 2011 through September 30, 2012 with two option years. In fiscal year end September 30, 2008, the Navy separated the management of the core military sites and military housing creating two separate contracts. The contract for the core military sites ended on September 30, 2014. The Navy entered into a new one year contract during this fiscal year. The contract has four, one year options. The District continues mosquito control service to the military housing sites under contracts which are renewed annually. The annual rate for all services for fiscal year ended September 30, 2020 is \$334,050. The receivable balance at September 30, 2020 was \$80,654.

**NOTE 5 – CHANGES IN LONG-TERM LIABILITIES**

|                       | Balance<br>10/01/19  | Additions           | Reductions          | Balance<br>09/30/20  | Due Within<br>One Year |
|-----------------------|----------------------|---------------------|---------------------|----------------------|------------------------|
| FRS pension liability | \$ 4,922,998         | \$ 908,322          |                     | \$ 5,831,320         | \$ -                   |
| Compensated absences  | 654,945              | 627,120             | (470,564)           | 811,501              | 470,564                |
| Net OPEB liability    | 13,698,929           | 3,937,187           | -                   | 17,636,116           | -                      |
|                       | <u>\$ 19,276,872</u> | <u>\$ 5,472,629</u> | <u>\$ (470,564)</u> | <u>\$ 24,278,937</u> | <u>\$ 470,564</u>      |

**NOTE 6 – CAPITAL LEASE**

The District entered into a lease/purchase agreement for two new helicopters in June 2019. At September 30, 2020, the total assets capitalized under the lease are \$7,968,480, with accumulated amortization of \$99,606. Current amortization of \$99,606 is included within depreciation expense. Eleven annual payments are due on October 1 in equal installments of \$744,059, including 2.4375% interest, maturing October 1, 2030. At the end of the term, in which all payments are fulfilled, the District will acquire ownership.

The capital lease matures as follows:

|            | Principal           | Interest          | Total               |
|------------|---------------------|-------------------|---------------------|
| 2021       | \$ 584,814          | \$ 159,245        | \$ 744,059          |
| 2022       | 599,068             | 144,990           | 744,058             |
| 2023       | 613,671             | 130,388           | 744,059             |
| 2024       | 628,629             | 115,430           | 744,059             |
| 2025       | 643,952             | 100,107           | 744,059             |
| Thereafter | 3,462,996           | 257,297           | 3,720,293           |
| Total      | <u>\$ 6,533,130</u> | <u>\$ 907,457</u> | <u>\$ 7,440,587</u> |



**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS**

**Florida Retirement System:**

General Information - All of the District's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost-sharing, multiple-employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (Pension Plan) and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site, [www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications).

**Pension Plan**

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

Special risk Administrative Support class members who retire at age 55 or with at least six years of credited service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary, for each year of credited service.

Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service.

Elected officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Pension Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular and Senior Management Service, and Elected Officers' class members, and to age 60 or 30

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)**

years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost of living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute 3% of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively, were as follows: Regular 6.54% and 6.75%, Special Risk Administrative Support 33.26% and 36.87%, Special Risk 22.78% and 23.76%, Senior Management Service 22.34% and 23.69%, Elected Officers 48.7% and 47.23%, and DROP participants 12.37% and 12.94%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively.

The District's contributions, including employee contributions, to the Pension Plan totaled \$323,908 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2020, the District reported a liability of \$4,225,251 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2020 fiscal year contributions relative to the 2020 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.01%, which was the same proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the District recognized pension expense of \$857,403. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 161,709                        | \$ -                             |
| Change of assumptions   | 764,905                           | -                                |
| Net difference between projected and actual earnings on Pension Plan investment   | 251,575                           | -                                |
| Changes in proportion and differences between District's Pension Plan contribution and proportionate share of contributions | 46,958                            | 103,892                          |
| District's Pension Plan Contributions subsequent to the measurement date  | 91,403                            | -                                |
| <b>Total</b>  | <b>\$ 1,316,550</b>               | <b>\$ 103,892</b>                |

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)**

The deferred outflows of resources related to the Pension Plan, totaling \$91,403 resulting from the District's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to the Pension Plan will be recognized in pension expense as follows:

| Year Ended September 30 | Amount             |
|-------------------------|--------------------|
| 2021                    | (30,132)           |
| 2022                    | (17,045)           |
| 2023                    | (5,640)            |
| 2024                    | (313)              |
| 2025                    | (3,804)            |
| Total                   | <u>\$ (56,934)</u> |

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.40%  |
| Salary increases          | 3.25%, average, including inflation                                |
| Investment rate of return | 6.80%, net of pension plan investment expense, including inflation |

Mortality rates were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

| Asset Class           | Target<br>Allocation<br>(1) | Annual<br>Arithmetic<br>Return | Compound<br>Annual<br>(Geometric)<br>Return | Standard<br>Deviation |
|-----------------------|-----------------------------|--------------------------------|---|-----------------------|
| Cash                  | 1.00%                       | 2.20%                          | 2.20%                                       | 1.20%                 |
| Fixed Income          | 19.00%                      | 3.00%                          | 2.90%                                       | 3.50%                 |
| Global Equity         | 54.20%                      | 8.00%                          | 6.70%                                       | 17.10%                |
| Real Estate           | 10.30%                      | 6.40%                          | 5.80%                                       | 11.70%                |
| Private Equity        | 11.10%                      | 10.80%                         | 8.10%                                       | 25.70%                |
| Strategic Investments | 4.40%                       | 5.50%                          | 5.30%                                       | 6.90%                 |
| <b>Total</b>          | <u><b>100.00%</b></u>       |                                |   |                       |

|   |       |       |
|---|-------|-------|
| Assumed Inflation - Mean                                | 2.40% | 1.70% |
| (1) As outlines in the Pension Plan's investment policy |       |       |

Discount Rate - The discount rate used to measure the total pension liability was 6.80%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)**

and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

|   | <b>1% Decrease</b> | <b>Current<br/>Discount Rate</b> | <b>1% Increase</b> |
|---|--------------------|----------------------------------|--------------------|
|   | 5.80%              | 6.80%                            | 7.80%              |
| District's Proportionate share of the net liability | \$ 5,475,179       | \$ 3,428,776                     | \$ 1,719,611       |

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

**HIS Plan**

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

Benefits Provided - For the fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2020, the HIS contribution for the period October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020 was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$75,795 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2020, the District reported a liability of \$1,605,971 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2020 fiscal year contributions relative to the 2020 fiscal year contributions of all participating members. At June 30, 2020, the District's proportionate share was 0.013 percent, which was the same proportionate share measured as of June 30, 2019.

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)**

For the fiscal year ended September 30, 2020, the District recognized HIS Plan pension expense of \$119,724. In addition the District reported deferred outflows of resources and deferred inflows of resources related to HIS Plan pensions from the following sources:

| Description   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience  | \$ 65,694                         | \$ 1,239                         |
| Change of assumptions   | 172,688                           | 93,381                           |
| Net difference between projected and actual earnings on HIS Plan investment   | 1,282                             |                                  |
| Changes in proportion and differences between District's HIS Plan contribution and proportionate share of contributions | 39,883                            | 37,184                           |
| District's HIS Contributions subsequent to the measurement date   | 17,572                            |                                  |
| <b>Total</b>  | <b>\$ 297,119</b>                 | <b>\$ 131,804</b>                |

The deferred outflows of resources related to the HIS Plan, totaling \$17,572 resulting from District's contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to the HIS Plan will be recognized in pension expense as follows:

| Year Ended September 30 | Amount          |
|-------------------------|-----------------|
| 2021                    | \$ (3,968)      |
| 2022                    | 1,479           |
| 2023                    | 1,003           |
| 2024                    | 3,587           |
| 2025                    | 3,029           |
| Thereafter              | (2,431)         |
| Total                   | <b>\$ 2,699</b> |

Actuarial Assumptions - The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                     |                                     |
|---------------------|-------------------------------------|
| Inflation           | 2.40 %                              |
| Salary increases    | 3.25%, average, including inflation |
| Municipal bond rate | 2.21 %                              |

Mortality rates were based on the Generational PUB-2010 with projection Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018. The municipal rate used to determine total pension liability decreased from 3.50% to 2.21%.

Discount Rate - The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date.

Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)**

sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 2.21%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

|   | <b>1% Decrease</b> | <b>Current<br/>Discount Rate</b> | <b>1% Increase</b> |
|---|--------------------|----------------------------------|--------------------|
|   | 1.21%              | 2.21%                            | 3.21%              |
| District's Proportionate share of the net liability | \$ 1,727,145       | \$ 1,494,128                     | \$ 1,303,404       |

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 and 0.06 percent of payroll and by forfeited benefits of plan members for the periods October 1, 2019 through June 30, 2020 and from July 1, 2020 through September 30, 2020, respectively. Allocations to the investment member's accounts during the 2020 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class 6.30%, Special Risk Administrative Support class 7.95%, Special Risk class 14.00%, and Senior Management Service class 7.67%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)**

lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income. The District's Investment Plan pension expense totaled \$0 for the fiscal year ended September 30, 2020.

**NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN**

**General Information About Post Employment Health Care Benefits:**

Plan Description – The District's Retiree Health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental, vision, and life coverage as a participant in the District's plan.

Employees covered by benefit terms – At October 1, 2019, the following employees were covered by the benefit terms:

|   |            |
|---|------------|
| Inactive Plan Members, Dependent Spouses, or Beneficiaries Currently Receiving Benefits | 39         |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits                        | -          |
| Active Plan Members   | 68         |
|   | <u>107</u> |

Benefits Provided – The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployment health care benefits. Coverage for retirees and their spouses and dependents is provided for life. The Trust was established with the intent to advance fund benefits provided under the Plan.

The District subsidizes the medical, dental, vision and life insurance benefits provided to retirees participating in the District's group insurance plans who were hired prior to September 21, 2010. For medical insurance, retirees only pay a premium of \$50/month for single coverage, and \$288.33/month for spouse coverage. The District pays 100% of the active premium for dental, vision and life insurance benefits for retirees hired prior to September 21, 2010.

Retirees who were hired on or after September 21, 2010 and are participating in the District's group insurance plans are required to contribute 100% of the active premiums. An employer-provided implicit subsidy for the health plan will still exist for these participants. In future years, contributions for retirees hired on or after September 21, 2010 are assumed to increase at the same rate as premiums.

Contributions – the contributions made to the program are assumed to be at least the benefits paid to retirees (both on an explicit and implicit basis) and administrative expenses.

Investment Policy – the following was the District's adopted asset allocation as of September 30, 2020:

| Asset Class             | Target Allocation |
|-------------------------|-------------------|
| Fixed Income            | 99%               |
| Cash & Cash Equivalents | 1%                |
| Total                   | <u>100%</u>       |

Concentrations – The Plan did not hold investments in any one organization that represents 5 percent or more of the Fund's Fiduciary Net Position.



**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

Rate of Return – For the year end September 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

**Net OPEB Liability:**

The measurement date for GASB 75 reporting is September 30, 2020. The measurement period for the OPEB expense is October 1, 2019 to September 30, 2020. The reporting period is October 1, 2019 to September 30, 2020. The District's Net OPEB Liability was measured as of September 30, 2020. The Total OPEB Liability used to calculate the Net OPEB Liability was determined as of that date.

Actuarial Assumptions – The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2019 using the following assumptions:

|                           |                   |
|---------------------------|-------------------|
| Inflation Rate            | 2.50%             |
| Salary Increase Rate(s)   | Varies by Service |
| Discount Rate             | 2.15%             |
| Initial Trend Rate        | 7.50%             |
| Ultimate Trend Rate       | 4.00%             |
| Years to Ultimate         | 55                |
| Investment Rate of Return | 3.00%             |

All mortality rates were based on the RP-2000 mortality tables. All mortality rates are those outlined in Milliman's July 1, 2019 Florida Retirement System (FRS) valuation report. All tables include fully generational adjustments for mortality improvements using gender-specific improvement scale MP-2018.

Mortality - Active Lives – For female lives, the headcount-weighted PubG-2010 female below-median income employee table was used. For male lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used.

Mortality - Inactive Healthy Live – For female lives, the headcount-weighted PubG-2010 female below-median income employee table was used. For male lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used.

Mortality - Disabled Lives – For female lives, the headcount-weighted PubG-2010 female below-median income employee table was used. For male lives, the headcount-weighted PubG-2010 male below-median income employee table, set back one year, was used.

Long-Term Expected Rate of Return – 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 expenses 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class             | Target Allocation | Long Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Fixed Income            | 99%               | 1.00%                                  |
| Cash & Cash Equivalents | 1%                | 0.00%                                  |
| Total                   | 100%              |  |

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

Long-Term Expected Real Rates of Return by asset class were provided by the District's investment advisor.

Discount Rate – The discount rate used to measure the Total OPEB Liability is 2.15%. The expected rate of return on trust investments is 3.00%. This rate is used to discount projected benefit payments for years that benefits were funded, however the trust is projected to become insolvent in year four. All projected benefit payments thereafter were discounted at a municipal bond rate. The high-quality municipal bond rate, 2.14%, was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices on the measurement date. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Rating Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

**Changes in Net OPEB Liability:**

|  | Increase (Decrease)     |                                |                       |
|--|-------------------------|--------------------------------|-----------------------|
|  | Total OPEB<br>Liability | Plan Fiduciary<br>Net Position | Net OPEB<br>Liability |
| Reporting Period Ending September 30, 2019         | \$ 15,768,466           | \$ 2,069,537                   | \$ 13,698,929         |
| Changes for the Year:                              |                         |                                |                       |
| Service Cost                                       | 304,386                 | -                              | 304,386               |
| Interest   | 584,549                 | -                              | 584,549               |
| Differences Between Expected and Actual Experience | 544,547                 |                                |                       |
| Changes of Assumptions                             | 3,371,546               | -                              | 3,371,546             |
| Explicit Contributions - Employer                  |                         | 200,000                        | (200,000)             |
| Implicit Contributions - Employer                  |                         | 583,559                        | (583,559)             |
| Net Investment Income                              |                         | 84,282                         | (84,282)              |
| Benefit Payments                                   | (583,559)               | (583,559)                      | -                     |
| Net Changes  | 4,221,469               | 284,282                        | 3,937,187             |
| Reporting Period Ending September 30, 2020         | \$ 19,989,935           | \$ 2,353,819                   | \$ 17,636,116         |

Differences Between Expected and Actual Experience – Difference between expected and actual experience reflects the impact of changes to the census date from the prior valuation to the valuation as of October 1, 2017.

Changes of assumptions – Changes of assumptions reflect a change in the discount rate from 3.58% for the reporting period ended September 30, 2019 to 2.15% for the reporting period ended September 30, 2020. Also reflected as assumptions changes are updated: health care costs and premiums; health care cost trend rates; retirement, termination, and salary increase rates; and mortality rates.

Sensitivity of the Net OPEB Liability to the Discount Rate Assumption – The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (1.15%) or one percentage point higher (3.15%) than the current rate:

|                            | 1% Decrease<br>1.15% | Current<br>Discount Rate<br>2.15% | 1% Increase<br>3.15% |
|----------------------------|----------------------|-----------------------------------|----------------------|
| Net OPEB Liability (asset) | \$ 21,032,459        | \$ 17,636,116                     | \$ 14,901,024        |

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 8 – OTHER POST EMPLOYMENT BENEFIT (OPEB) PLAN (Continued)**

Sensitivity of the Net OPEB Liability to the changes in the Healthcare Cost Trend Rates – The following presents the Net OPEB Liability of the District, as well as what the District's Net OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3% to 6.5%) or one percentage point higher (5% to 8.5%) than the current healthcare cost trend rates:

|                            | <b>1% Decrease<br/>(3.00% to 6.50%)</b> | <b>Healthcare Cost<br/>Trend Rates<br/>(4.00% to 7.50%)</b> | <b>1% Increase<br/>(5.00% to 8.50%)</b> |
|----------------------------|---|---|---|
| Net OPEB Liability (asset) | \$ 14,302,195                           | \$ 17,636,116   | \$ 21,959,255                           |

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB Plan's Fiduciary Net Position is available in a separately issued Plan financial report by contacting the District's Comptroller at 18 Aquamarine Drive, Key West, Florida, 33040, phone (305) 292-7190.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:**

For the year ended September 30, 2020, the District will recognize OPEB Expense of \$1,601,445.

On September 30, 2020, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

|  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| Differences between actual and expected      | \$ 946,055                                | \$ 36,701                                |
| Changes of assumptions                       | 4,586,397                                 | -  |
| Net differences between Projected and Actual |   |  |
| Earnings on OPEB Plan investments            | 51,749                                    | -  |
| Total  | <u>\$ 5,584,201</u>                       | <u>\$ 36,701</u>                         |

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB will be recognized in OPEB Expense as follows:

| <b>Year ending</b> | <b>Amount</b>       |
|--------------------|---------------------|
| 9/30/2020          | \$ 777,593          |
| 9/30/2021          | 777,591             |
| 9/30/2022          | 733,367             |
| 9/30/2023          | 740,482             |
| 9/30/2024          | 744,321             |
| Thereafter         | 1,774,146           |
| Total              | <u>\$ 5,547,500</u> |

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 9 – CONTINGENCIES**

From time to time, the District receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management such disallowed claims, if any, will not have a material effect on the financial statements or the overall financial position of the District at September 30, 2020.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelters for all but those deemed essential services. As a result, the outbreak has caused uncertainty in the financial markets. The District services are considered essential and therefore did not have a disruption in services. The District finances have not been significantly affected by the COVID-19 outbreak through June 15, 2021. However, the ultimate financial impact and duration cannot be estimated at this time.

After year end, and before the issuance of these financial statements, there was a theft occurrence. Management filed a claim with the District's insurance carrier and as of the date of the financial statements the matter was unresolved and ongoing and the ultimate financial impact and duration cannot be estimated at this time.

**NOTE 10 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for all risks of loss except group insurance. Settled claims have not exceeded this commercial coverage in any of the last four years, except FY 2017, relating to uncovered damages from Hurricane Irma, totaling \$60,866.

The District is self-insured for hospitalization and medical care. The plan is administered by an independent third party who processes the claims for payment. The plan administrator actuarially calculates a premium for which the District makes monthly payments. During the fiscal year, the District incurred expenses totaling \$1,246,329 for claims, administrative fees and premiums.

**NOTE 11 – SUBSEQUENT EVENTS**

In accordance with ASC Topic 855, Subsequent Events, the District has evaluated events and transactions for potential recognition or disclosure through June 15, 2021, the date that the financial statements were available to be issued.

On March 16, 2021 the Board approved an agreement between the District and the City of Key West ("City") resolving a dispute through mediation. The agreement released the District from any and all claims held by the City, at that time, or that may arise in the future, related to remediation of environmental contamination of the property located in the vicinity of the District's former headquarters located at 5224 College Road, Stock Island, Florida, and indemnified the District from any and all claim of third parties related to the same. The agreement was for a total payment of \$850,000 to the City. The District made the payment of the first installment of \$350,000 by the required due date of March 31, 2021. The second installment is to be paid on or before November 30, 2021.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

**LAST 10 FISCAL YEARS \***

**Schedule of the District's Proportionate Share of Net Pension Liability  
Florida Retirement System Pension Plan**

|   | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability (asset)  | 0.009748747% | 0.009956470% | 0.009617446% | 0.009798313% | 0.010036154% | 0.010939155% | 0.011095530% |
| District's proportionate share of the net pension liability (asset)   | \$ 4,225,251 | \$ 3,428,870 | \$ 2,896,825 | \$ 2,899,270 | \$ 2,534,137 | \$ 1,412,939 | \$ 676,990   |
| District's covered-employee payroll   | 4,794,130    | 4,794,129    | 4,794,129    | 4,109,965    | 4,047,881    | \$ 3,937,462 | \$ 3,957,888 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 88.13%       | 71.52%       | 60.42%       | 70.54%       | 62.60%       | 35.88%       | 17.10%       |
| Plan fiduciary net position as a percentage of the total pension liability  | 78.85%       | 82.61%       | 84.26%       | 83.89%       | 84.88%       | 92.00%       | 96.09%       |

**Schedule of the District's Contributions  
Florida Retirement System Pension Plan**

|  | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ 323,908   | \$ 308,722   | \$ 274,089   | \$ 255,074   | \$ 244,748   | \$ 266,706   | \$ 243,039   |
| Contributions in relation to the contractually required contribution | (323,908)    | (308,722)    | (274,089)    | (255,074)    | (244,748)    | (266,706)    | (243,039)    |
| Contribution deficiency (excess)                                     | -            | -            | -            | -            | -            | -            | -            |
| District's covered-employee payroll                                  | \$ 4,794,130 | \$ 4,794,129 | \$ 4,794,129 | \$ 4,109,965 | \$ 4,047,881 | \$ 3,937,462 | \$ 3,957,888 |
| Contributions as a percentage of covered-employee payroll            | 6.76%        | 6.44%        | 5.72%        | 6.21%        | 6.05%        | 6.77%        | 6.14%        |

**Schedule of the District's Proportionate Share of Net Pension Liability  
Florida Retirement System Health Insurance Subsidy**

|   | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability (asset)  | 0.013153094% | 0.013353541% | 0.012959334% | 0.012845170% | 0.013111192% | 0.012985855% | 0.013318112% |
| District's proportionate share of the net pension liability (asset)   | \$ 1,605,971 | \$ 1,494,128 | \$ 1,371,630 | \$ 1,373,465 | \$ 1,528,055 | \$ 1,324,353 | \$ 1,245,276 |
| District's covered-employee payroll   | \$ 4,794,130 | \$ 4,794,129 | \$ 4,794,129 | \$ 4,109,965 | \$ 4,047,881 | \$ 3,937,462 | \$ 3,957,888 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 33.50%       | 31.17%       | 28.61%       | 33.42%       | 37.75%       | 33.63%       | 31.46%       |
| Plan fiduciary net position as a percentage of the total pension liability  | 3.00%        | 2.63%        | 2.15%        | 1.64%        | 0.97%        | 0.50%        | 0.99%        |

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

**LAST 10 FISCAL YEARS \***

**Schedule of the District's Contributions  
Florida Retirement System Health Insurance Subsidy**

|  | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         | 2014         |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution                                  | \$ 75,795    | \$ 74,151    | \$ 70,279    | \$ 67,980    | \$ 67,203    | \$ 49,640    | \$ 45,623    |
| Contributions in relation to the contractually required contribution | (75,795)     | (74,151)     | (70,279)     | (67,980)     | (67,203)     | (49,640)     | (45,623)     |
| Contribution deficiency (excess)                                     | -            | -            | -            | -            | -            | -            | -            |
| District's covered-employee payroll                                  | \$ 4,794,130 | \$ 4,794,129 | \$ 4,794,129 | \$ 4,109,965 | \$ 4,047,881 | \$ 3,937,462 | \$ 3,957,888 |
| Contributions as a percentage of covered-employee payroll            | 1.58%        | 1.55%        | 1.47%        | 1.65%        | 1.66%        | 1.26%        | 1.15%        |

**Schedule of Investment Returns  
Florida Retirement System Pension Plan**

|   | 2020  | 2019  | 2018  | 2017   | 2016  | 2015  | 2014   |
|---|-------|-------|-------|--------|-------|-------|--------|
| Annual money-weighted rate of return, net of investments expenses | 3.35% | 5.98% | 9.28% | 13.59% | 0.57% | 3.77% | 17.57% |

\* GASB 68 implemented FY15 - no prior data available



**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

**LAST 10 FISCAL YEARS \***

**Schedule of Changes in Net OPEB Liability and Related Ratios**

| Reporting Date  | 9/30/2020            | 9/30/2019            | 9/30/2018            | 9/30/2017            |
|---|----------------------|----------------------|----------------------|----------------------|
| Measurement Date  | 9/30/2020            | 9/30/2019            | 9/30/2018            | 9/30/2017            |
| <b>Total OPEB Liability</b>   |                      |                      |                      |                      |
| Service Cost  | \$ 304,386           | \$ 313,415           | \$ 227,527           | \$ 280,615           |
| Interest  | 584,549              | 584,118              | 469,998              | 423,996              |
| Changes in benefit terms  | -                    | -                    | -                    | -                    |
| Difference Between Actual and Expected Experience                         | 544,547              | -                    | 637,972              | -                    |
| Changes of Assumption   | 3,371,546            | 1,436,276            | 708,551              | (1,272,780)          |
| Benefit Payments  | (583,559)            | (447,474)            | (413,190)            | (379,686)            |
| Net Change in Total OPEB Liability  | 4,221,469            | 1,886,335            | 1,630,858            | (947,855)            |
| Total OPEB Liability - Beginning  | 15,768,466           | 13,882,131           | 12,251,273           | 13,199,128           |
| Total OPEB Liability - Ending (a)   | <u>\$ 19,989,935</u> | <u>\$ 15,768,466</u> | <u>\$ 13,882,131</u> | <u>\$ 12,251,273</u> |
| <b>Plan Fiduciary Net Position</b>  |                      |                      |                      |                      |
| Explicit Contributions - Employer   | \$ 200,000           | \$ 200,000           | \$ 200,000           | \$ -                 |
| Implicit Contributions - Employer   | 583,559              | 447,474              | 413,190              | 379,686              |
| Net Investment Income   | 84,282               | 86,170               | (171,391)            | 19,675               |
| Benefit Payments  | (583,559)            | (447,474)            | (413,190)            | (379,686)            |
| Other   | -                    | 196,859              | -                    | -                    |
| Net Change in Plan Fiduciary Net Position                                 | 284,282              | 483,029              | 28,609               | 19,675               |
| Plan Fiduciary Net Position - Beginning                                   | 2,069,537            | 1,586,508            | 1,557,899            | 1,538,224            |
| Plan Fiduciary Net Position - Ending (b)                                  | <u>2,353,819</u>     | <u>2,069,537</u>     | <u>1,586,508</u>     | <u>1,557,899</u>     |
| <b>Sponsor's Net OPEB Liability - Ending (a) - (b)</b>                    | <u>\$ 17,636,116</u> | <u>\$ 13,698,929</u> | <u>\$ 12,295,623</u> | <u>\$ 10,693,374</u> |
| Plan's Fiduciary Net Position as a percentage of the Total OPEB Liability | 11.78%               | 13.12%               | 11.43%               | 12.72%               |
| Covered Employee Payroll (Projected)                                      | \$ 4,241,175         | \$ 4,215,475         | \$ 4,007,106         | \$ 3,707,389         |
| Sponsor's Net OPEB Liability as a percentage of Covered Employee Payroll  | 415.83%              | 324.97%              | 306.85%              | 288.43%              |

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

**LAST 10 FISCAL YEARS \***

**Notes to Schedule**

The current year's Covered Employee Payroll was projected from the Valuation Date to the Measurement Date.

Other Changes reflects an adjustment to the asset balance sheet as of September 30, 2018 to align with actual assets in the trust of of that date

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

|         |       |
|---------|-------|
| FY 2020 | 2.15% |
| FY 2019 | 3.58% |
| FY 2018 | 4.18% |
| FY 2017 | 3.64% |
| FY 2016 | 3.06% |

\* GASB 75 implemented FY18 - no prior data available

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED SEPTEMBER 30, 2020**

**LAST 10 FISCAL YEARS \***

**Schedule of the District's Contributions - OPEB**

|   | <u>9/30/2020</u>    | <u>9/30/2019</u>  | <u>9/30/2018</u>  | <u>9/30/2017</u>  |
|---|---------------------|-------------------|-------------------|-------------------|
| Actuarially Determined Contribution                                   | \$ 1,203,150        | \$ 993,843        | \$ 988,861        | \$ 800,340        |
| Contributions in relation to the Actuarially Determined Contributions | 200,000             | 200,000           | 200,000           | -                 |
| Contribution Deficiency (Excess)                                      | <u>\$ 1,003,150</u> | <u>\$ 793,843</u> | <u>\$ 788,861</u> | <u>\$ 800,340</u> |
| Covered Employee Payroll (Projected)                                  | \$ 4,241,175        | \$ 4,215,475      | \$ 4,007,106      | \$ 3,707,389      |
| Contributions as a percentage of Covered Employee Payroll             | 4.72%               | 4.74%             | 4.99%             | 0.00%             |

\* GASB 75 implemented FY18 - no prior data available

**Notes to Schedule**

Actuarially determined contribution rates shown above are calculated as of September 30 for the plan/fiscal year in which contributions are reported.

**SUPPLEMENTARY INDEPENDENT AUDITOR REPORTS**

**OROPEZA  
& PARKS**  
Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 | 305.294.1040  
Fax: 305.294.3951

*John G. Parks, Jr., CPA - retired*

Scott G. Oropeza, CPA, PA  
James H. Hill, Jr., CPA, PLLC

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

Board of Commissioners  
Florida Keys Mosquito Control District  
Key West, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Florida Keys Mosquito Control District ("the District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2021.

**Internal Control Over Financial Reporting**

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

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

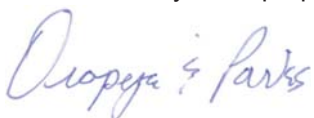
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 *Governmental Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



June 15, 2021



**OROPEZA  
& PARKS**  
Certified Public Accountants

815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 | 305.294.1040  
Fax: 305.294.3951

Members:  
AMERICAN INSTITUTE OF CPA'S  
FLORIDA INSTITUTE OF CPA'S

*John G. Parks, Jr., CPA - retired*

Scott G. Oropeza, CPA, PA  
James H. Hill, Jr., CPA, PLLC

## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

The Board of Commissioners  
Florida Keys Mosquito Control District  
Key West, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Florida Keys Mosquito Control District (the District), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 15, 2021.

### **Auditor's Responsibility**

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. Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Florida Auditor General, which govern the conduct of local government entity audits performed in the State of Florida and require that certain items be addressed in this letter.

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report and Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, ATC Section 315, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Florida Auditor General, all dated June 15, 2021. Disclosures in those reports should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, require 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 annual financial audit report.

### **Official Title and Legal Authority**

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

There were no component units related to the District. The District's name and legal authority is disclosed in the notes to the financial statements.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the 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 District. It is management's responsibility to monitor the 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.

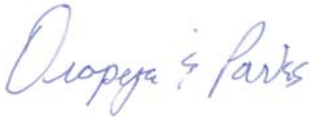
Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. We did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(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. None of those matters were disclosed during our audit of the District's financial statements for the year ended September 30, 2020.

**Purpose of this Letter**

This management letter is intended solely for the information of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, the Board of Directors and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink, appearing to read "Oropesa & Parks".

June 15, 2021

**OROPEZA  
& PARKS**  
Certified Public Accountants815 Peacock Plaza  
Key West, Florida 33040  
305.294.1049 | 305.294.1040  
Fax: 305.294.3951*John G. Parks, Jr., CPA - retired*Scott G. Oropeza, CPA, PA  
James H. Hill, Jr., CPA, PLLC**REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT  
POLICIES**The Board of Commissioners  
Florida Keys Mosquito Control District  
Key West, Florida**Report on Compliance**

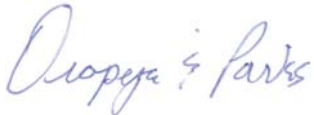
We have examined the Florida Keys Mosquito Control District (the District) compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, during the year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

**Scope**

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

**Opinion**

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.



June 15, 2021