

AUDIT COMMITTEE MEETING

MAY 10, 2022



2022 CALENDAR

January-2022						
SUN	MON	TUES	WED	THUR	FRI	SAT
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March-2022						
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July-2022						
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September-2022						
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November-2022						
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February-2022						
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April-2022						
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June-2022						
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August-2022						
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October-2022						
SUN	MON	TUES	WED	THUR	FRI	SAT
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December-2022						
SUN	MON	TUES	WED	THUR	FRI	SAT
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25	26	27	28	29	30	31

Holidays
 Meetings
 Conferences

Audit Committee Meeting Agenda

Florida Keys Mosquito Control District

Marathon Office
503 107th Street
Marathon, FL 33050

May 10, 2022 1:00 pm

1.) Call to Order

2.) Invocation and Salute to Flag

3.) Roll Call

4.) General Community Input:

Community Input shall be heard prior to each agenda item.

The Board adheres to, and conducts each meeting in accordance with, Robert's Rules of Order. Presentations to the Board are limited to three (3) minutes for each individual speaker and five (5) minutes for the representative of a designated group. Transfer of time between individuals and/or groups is not permitted. Letters submitted to any Commissioner, the Executive Director, Executive Assistant, or any other District employee during a Board meeting will be placed into the record but will not additionally be read into the record at the meeting.

The Board welcomes public input but also must maintain order. Thus, community input is not a time for open dialogue between the Board and the speaker. Speakers should direct their comments to the Board and not to District staff or other audience members. Speakers should not expect Commissioners or staff to answer or respond to questions during community input. If appropriate, the Board may request the issue be added as a discussion item at a future District Board meeting. Furthermore, all speakers agree to abide by FKMCD's Code of Conduct Policy and Procedures Governing Meetings, Hearings, and Community Input, as adopted through Resolution 2021-02.

Any person who wishes to make public comment during this meeting may be heard by the Board, through the Board Chair, on any proposition before the Board by either (1) complete and provide the supplied community input card or inform the Clerk/Executive Assistant to the Board, specifying the agenda item; or (2) when remote means for input is allowed by the Board, calling 305-292-7190 or emailing the Clerk/Executive Assistant (currently ddarias@keysmosquito.org) no later than 11:00 am on May 10, 2022. If attending remotely, you must remain available by phone from the hours of 1:00pm to 3:00pm.

5.) Approval of Agenda

6.) Items for Board Discussion:

- a.) 2020-2021 Audit Presentation (Hill)

7.) Items for Board Review and Action:

- a.) Approval of the 2020-2021 Audit (Cranney)

8.) Good of the Order

9.) Meeting Adjourned

Item 6a

Audit
Presentation

DRAFT

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021**

DRAFT

Florida Keys Mosquito Control District

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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, 2021, 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, 2021, 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 May 10, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

In accordance with Chapter 10.550, Rules of the Florida Auditor General, Local Governmental Entity Audits we have also issued our reports dated May 10, 2022. The purpose of those reports is to communicate certain matters prescribed by Chapter 10.550, Rules of the Florida Auditor General.

May 10, 2022

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, 2021. 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 7th 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 70 full time and 12 part time employees operating 2 airplanes, 4 helicopters, 75 vehicles, 5 ATV's and 5 boats.
- Seventy-two locally acquired cases of Dengue fever were confirmed in the Upper Keys during 2020, majority of which were in Key Largo. 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. In 2021, The District worked in partnership with Oxitec under an experimental use permit granted by the U. S. Environmental Protection Agency and Florida Department of Agriculture and Consumer Services on the first releases of genetically-modified male mosquitoes in the United States to control *Aedes aegypti*, the primary vector of Dengue Fever in the Americas.
- 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 increased by \$1,003,450 and net position increased by \$910,051.
- 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.

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

	2019	2020	2021	2020 to 2021 Increase (Decrease)	
				Amount	Percent
Net Capital Assets	\$ 14,599,765	\$ 20,810,864	\$ 20,132,925	\$ (677,939)	-3.26%
Current Assets	12,708,970	5,763,401	7,263,157	1,499,756	26.02%
Total Assets	27,308,735	26,574,265	27,396,082	821,817	3.09%
Total Deferred Outflow of Resources	3,936,016	7,197,870	5,924,210	(1,273,660)	-17.69%
Total Assets and Deferred Outflow of Resources	\$ 31,244,751	\$ 33,772,135	\$ 33,320,292	\$ (451,843)	
Current and Long Term Liabilities					
Accounts Payable	299,938	88,794	587,446	\$ 498,652	561.58%
Accrued Wages and Benefits Payable	177,279	238,439	236,093	(2,346)	-0.98%
Accrued Compensated Absences	654,945	811,501	755,488	(56,013)	-6.90%
Accrued OPEB Liability	13,698,929	17,636,116	14,127,070	(3,509,046)	-19.90%
Net Pension Liability	4,922,998	5,831,320	2,330,692	(3,500,628)	-60.03%
Capital Lease Payable	7,104,947	6,533,130	5,948,316	(584,814)	-8.95%
Total Liabilities	26,859,036	31,139,300	23,985,105	(7,154,195)	-22.97%
Total Deferred Inflow of Resources	475,871	272,397	6,063,823	5,791,426	2126.10%
Net Position:					
Invested in Capital Assets, net of related debt	7,494,818	14,277,734	14,184,609	(93,125)	-0.65%
Restricted	6,246,289	-	-	-	0.00%
Unrestricted	(9,831,263)	(11,917,296)	(10,913,245)	1,004,051	-8.43%
Total Net Position	3,909,844	2,360,438	3,271,364	910,926	38.59%
Total Liabilities, Deferred Inflow of Resources and Net Position	\$ 31,244,751	\$ 33,772,135	\$ 33,320,292	\$ (451,843)	-1.34%

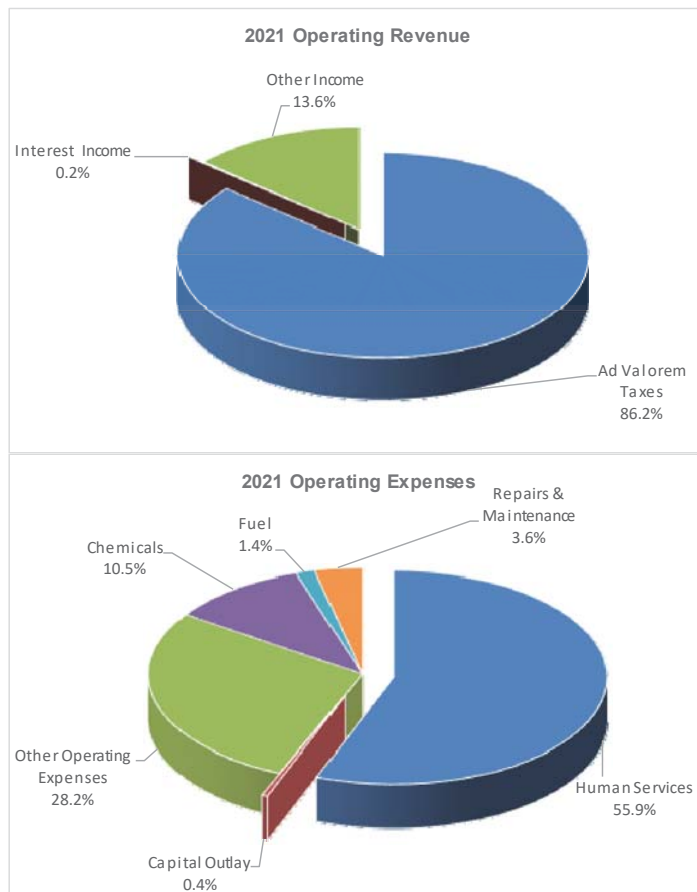
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	2019	2020	2021	2020 to 2021 Increase (Decrease)	
				Amount	Percent
Total Operating Revenues	\$ 11,689,136	\$ 12,438,585	\$ 13,127,171	\$ 688,586	5.54%
Interest Income	206,809	114,190	23,571	(90,619)	-79.36%
Other Income	707,499	633,354	1,308,887	675,533	106.66%
Total Revenues	12,603,444	13,186,129	14,459,629	1,273,500	9.66%
Human Services	6,334,259	6,145,694	7,618,581	\$ 1,472,887	23.97%
Operating Expenditures & Capital Outlay	6,960,111	13,224,593	6,021,260	(7,203,333)	-54.47%
Total Expenditures	13,294,370	19,370,287	13,639,841	(5,730,446)	-29.58%
Excess (deficiency) of Revenues over expenses	(690,926)	(6,184,158)	819,788	7,003,946	113.26%
Other financing sources (uses)	7,060,625	(616,140)	(584,814)	31,326	5.08%
Special items	2,625	4,711	768,476	763,765	16212.38%
Net Change in Fund Balance	6,372,324	(6,795,587)	1,003,450	7,799,037	114.77%
Fund Balance, beginning of Year	5,859,431	12,231,755	5,436,168	(6,795,587)	-55.56%
Fund Balance, end of Year	\$ 12,231,755	\$ 5,436,168	\$ 6,439,618	\$ 1,003,450	18.46%

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 ten-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.

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BASIC FINANCIAL STATEMENTS

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 5,720,758
Accounts receivable	52,522
Inventory	558,102
Prepaid insurance	931,775
	<u>7,263,157</u>
Total unrestricted current assets	7,263,157

Capital assets:

Property, plant and equipment	31,976,531
Less accumulated depreciation	(11,843,606)
	<u>20,132,925</u>
Capital assets, net of accumulated depreciation	20,132,925
	<u>27,396,082</u>

Total assets

Deferred outflow of resources:

Pensions	1,128,556
OPEB	4,795,654
	<u>5,924,210</u>
Total deferred outflow of resources	5,924,210

LIABILITIES AND NET POSITION

Current liabilities:

Accounts payable	587,446
Accrued wages and benefits payable	236,093
Current portion of accrued compensated absences	553,143
Current portion of capital lease	599,068
	<u>1,975,750</u>
Total current liabilities	1,975,750

Long term liabilities:

Accrued compensated absences	202,345
Accrued OPEB liability	14,127,070
Net pension liability	2,330,692
Capital Lease Payable	5,349,248
	<u>22,009,355</u>
Total long term liabilities	22,009,355

Total liabilities

Deferred inflow of resources:

Pensions	2,871,460
OPEB	3,192,363
	<u>6,063,823</u>
Total deferred inflow of resources	6,063,823

Net position:

Net investment in capital assets	14,184,609
Unrestricted	(10,913,245)
	<u>3,271,364</u>
Total net position	\$ 3,271,364

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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT STATEMENT OF ACTIVITIES YEAR ENDED SEPTEMBER 30, 2021

Expenses:

Personnel services	\$ 7,673,392
Operating expenditures	5,906,613
Depreciation	737,175
Total program expenses	<u>14,317,180</u>

Program revenues:

Charges for services	340,130
Net program expenses	<u>13,977,050</u>

General revenues:

Taxes	13,127,171
Intergovernmental	30,992
Interest income	23,571
Insurance proceeds	756,279
Refunds	168,992
Rents & royalties	300
Gain on equipment sales	768,476
Miscellaneous	12,194
Total general revenues	<u>14,887,975</u>

Change in net position	910,925
Net position, beginning of year	<u>2,360,439</u>
Net position, end of year	<u><u>\$ 3,271,364</u></u>

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

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**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
BALANCE SHEET – GENERAL FUND
SEPTEMBER 30, 2021**

ASSETS

Cash and cash equivalents	\$ 5,720,758
Accounts receivable	52,522
Inventory	558,102
Prepaid Insurance	931,775
Total assets	<u>\$ 7,263,157</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 587,446
Accrued wages and benefits payable	236,093
Total liabilities	<u>823,539</u>

Fund Balance

Nonspendable:	
Prepaid and inventory	1,489,877
Assigned: reserves	1,176,561
Unassigned	3,773,180
Total fund balance	<u>6,439,618</u>
Total liabilities and fund balance	<u>\$ 7,263,157</u>

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

Fund balance	\$ 6,439,618
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	20,132,925
Long-term liabilities are not due and payable in the current period and therefore are not in the governmental funds	
Compensated absences	(755,488)
Capital Lease	(5,948,316)
Net pension liability	(2,330,692)
Net OPEB liability	(14,127,070)
Deferred outflows and inflows associated with pensions and OPEB are not reported in the governmental funds	
Deferred outflows of resources related to pensions	1,128,556
Deferred outflows of resources related to OPEB	4,795,654
Deferred inflows of resources related to pensions	(2,871,460)
Deferred inflows of resources related to OPEB	(3,192,363)
Net position	<u>\$ 3,271,364</u>

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

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**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

Revenues	
Taxes	\$ 13,127,171
Intergovernmental	30,992
Charges for services	340,130
Interest income	23,571
Insurance proceeds	756,279
Refunds	168,992
Rents & royalties	300
Miscellaneous	12,194
Total revenues	<u>14,459,629</u>
Expenditures	
Personnel services	7,618,581
Operating expenditures	5,962,025
Capital outlay	59,235
Total expenditures	<u>13,639,841</u>
Excess of revenues over expenditures	<u>819,788</u>
Other financing sources	
Payment of capital related principal	<u>(584,814)</u>
Total other financing uses	<u>(584,814)</u>
Special Items	
Sales of equipment	<u>768,476</u>
Net change in fund balance	1,003,450
Fund balance beginning of year	<u>5,436,168</u>
Fund balance end of year	<u><u>\$ 6,439,618</u></u>

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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021

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

Net change in fund balance - total governmental funds	\$ 1,003,450
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	59,235
Depreciation expense	(737,175)
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	584,814
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	56,013
Change in net OPEB obligation payable	3,509,046
Change in net pension payable	3,500,628
Change in deferred outflows	(1,273,660)
Change in deferred inflows	(5,791,426)
Change in net position	\$ 910,925

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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET TO ACTUAL – GENERAL FUND YEAR ENDED SEPTEMBER 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes	\$ 13,019,488	\$ 13,149,488	\$ 13,127,171	\$ (22,317)
Intergovernmental	-	-	30,992	30,992
Charges for services	340,130	372,830	340,130	(32,700)
Interest income	47,500	45,000	23,571	(21,429)
Insurance proceeds	-	459,000	756,279	297,279
Refunds	200,000	-	168,992	168,992
Rents & royalties	300	-	300	300
Miscellaneous	50,000	45,000	12,194	(32,806)
Total Revenues	13,657,418	14,071,318	14,459,629	388,311
Expenditures				
Human services				
Personnel services	4,696,203	4,696,203	4,502,013	194,190
Personnel service benefits	3,443,552	3,316,252	3,115,967	200,285
Operating expenditures	968,125	1,394,725	1,378,669	16,056
Travel and per diem	148,936	131,085	13,483	117,602
Communication services	92,100	97,100	102,556	(5,456)
Freight services	18,845	18,845	14,457	4,388
Utility services	109,650	109,650	84,092	25,558
Rental and leases	893,566	893,566	97,295	796,271
Insurance	746,537	746,537	809,527	(62,990)
Repair and maintenance	571,468	895,468	485,174	410,294
Printing and binding	8,725	8,725	1,717	7,008
Promotional activities	22,000	22,000	12,393	9,607
Other operating expenditures	11,115	361,115	859,908	(498,793)
Office supplies and materials	91,950	91,950	51,409	40,541
Gas, oil and lube	265,600	265,600	197,225	68,375
Chemicals	1,842,029	1,690,029	1,431,515	258,514
Clothing and wearing apparel	37,750	44,350	28,358	15,992
Miscellaneous supplies	84,035	84,035	83,388	647
Tools and small implements	13,000	13,000	7,244	5,756
Books and subscriptions	70,345	70,345	59,958	10,387
Training	114,275	109,275	29,000	80,275
Interest	-	-	159,245	(159,245)
Capital outlay	804,640	602,402	59,235	543,167
Contingency	1,550,000	1,112,559	-	1,112,559
Total expenditures	16,604,446	16,774,816	13,583,828	3,190,988

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

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**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL – GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (deficiency) of revenues over expenditures	<u>\$ (2,947,028)</u>	<u>\$ (2,703,498)</u>	875,801	<u>\$ 3,579,299</u>
Other financing sources				
Payment of capital related principal			(584,814)	
Total other financing uses			(584,814)	
Special item				
Sales of equipment			768,476	
Net change in fund balance			1,059,463	
Fund balance, beginning of year			5,436,168	
Fund balance, end of year			6,495,631	
Reconciliation of budgetary to full accrual basis:				
Reconciling items:				
Compensation accrual			(56,013)	
Fund balance, end of year (full accrual)			\$ 6,439,618	

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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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.

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.

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$5,000. 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.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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.

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.

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

The District’s policy is to first apply restricted, committed then assigned resources when an expense is incurred for purposes for which both restricted or committed or assigned and unassigned fund balance are available.

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 2021, 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	\$	1,003,450
Compensation accrual difference		56,013
Non-GAAP budgetary basis	\$	1,059,463

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.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has two items that qualify for reporting in this category, which are related to net pension liability and OPEB liability and are the differences between actual and expected experience on liabilities, changes in assumptions, contributions made after measurement date, and the net difference between projected and actual earnings on the pension plan investments.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents resources for a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. These amounts relate to the net pension liability and the OPEB liability and are the difference between actual and expected experience, differences in projected and actual earnings on investments and changes in assumptions.

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

As of September 30, 2021, the District had demand deposits of \$6,661,523.

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, 2021 was as follows:

	<u>Balance at</u> <u>10/01/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>09/30/21</u>
Land	\$ 2,450,241	\$ -	\$ -	\$ 2,450,241
Buildings/hangers	14,004,408	-	-	14,004,408
Equipment:				
Aircrafts	13,340,305	-	(1,051,560)	12,288,745
Aviation and other airport equipment	486,770	-	-	486,770
Autos, trucks & heavy equipment	1,340,824	-	(134,481)	1,206,343
Other equipment	1,483,734	59,235	(2,945)	1,540,024
Subtotal	33,106,282	59,235	(1,188,986)	31,976,531
Construction work in progress	-	-	-	-
Less accumulated depreciation:	(12,295,418)	(737,174)	1,188,986	(11,843,606)
Net capital assets	<u>\$ 20,810,864</u>	<u>\$ (677,939)</u>	<u>\$ -</u>	<u>\$ 20,132,925</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.

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 4 – REVENUES

Property Taxes – Property taxes, based on assessed values at January 1, become due and payable on November 1st 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 1st of each year; and tax certificates for the full amount of any unpaid taxes and assessments must be sold not later than June 1st of each year. No accrual for the property tax levy becoming due in November 2021 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. In fiscal year ended September 30, 2008, the Navy separated the management of the core military sites and military housing creating two separate contracts. A new contract was awarded for the period October 1, 2011 through September 30, 2012 with two option years. The contract for the core military sites ended on September 30, 2014. The Navy entered into a new one year contract during fiscal year ending September 30, 2020. 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, 2021 is \$340,130. The receivable balance at September 30, 2021 was \$52,522.

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

	Balance 10/01/20	Additions	Reductions	Balance 09/30/21	Due Within One Year
FRS pension liability	\$ 5,831,320	\$ -	\$ (3,500,628)	\$ 2,330,692	\$ -
Compensated absences	811,501	497,130	(553,143)	755,488	553,143
Net OPEB liability	17,636,116	-	(3,509,046)	14,127,070	-
	<u>\$ 24,278,937</u>	<u>\$ 497,130</u>	<u>\$ (7,562,817)</u>	<u>\$ 17,213,250</u>	<u>\$ 553,143</u>

NOTE 6 – CAPITAL LEASE

The District entered into a lease/purchase agreement for two new helicopters in June 2019. At September 30, 2021, the total assets capitalized under the lease are \$7,968,480, with accumulated amortization of \$298,818. Current amortization of \$199,212 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
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
2026	659,648	84,411	744,059
Thereafter	2,803,348	172,886	2,976,234
Total	<u>\$ 5,948,316</u>	<u>\$ 748,212</u>	<u>\$ 6,696,528</u>

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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.

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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively, were as follows: Regular 10.00% and 10.82%, Senior Management Services 27.29% and 29.01%, Elected Officers 49.18% and 51.42%, and DROP participants 16.98% and 18.34%. These employer contribution rates include 1.66% and 1.66% HIS Plan subsidy for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively.

The District's contributions, including employee contributions, to the Pension Plan totaled \$387,419 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the District reported a liability of \$768,201 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the District's 2021 fiscal year contributions relative to the 2021 fiscal year contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.01%, which was the same proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$7,300. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131,671	\$ -
Change of assumptions	525,641	-
Net difference between projected and actual earnings on Pension Plan investment	-	2,680,060
Changes in proportion and differences between District's Pension Plan contribution and proportionate share of contributions	144,761	63,088
District's Pension Plan Contributions subsequent to the measurement date	101,429	-
Total	\$ 903,502	\$ 2,743,148

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)

The deferred outflows of resources related to the Pension Plan, totaling \$101,429 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, 2021. 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
2022	6,034
2023	17,440
2024	22,767
2025	19,276
2026	16,156
Total	\$ 81,673

Actuarial Assumptions - The total pension liability in the June 30, 2021 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, 2021, 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 Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.10%	2.10%	1.10%
Fixed Income	20.00%	3.80%	3.70%	3.30%
Global Equity	54.20%	8.20%	6.70%	17.80%
Real Estate	10.30%	7.10%	6.20%	13.80%
Private Equity	10.80%	11.70%	8.50%	26.40%
Strategic Investments	3.70%	5.70%	5.40%	8.40%
Total	100.00%			

Assumed Inflation - Mean 2.40% 1.20%

(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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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:

	1% Decrease	Current Discount Rate	1% Increase
	5.80%	6.80%	7.80%
District’s Proportionate share of the net liability	\$ 18,895,606	\$ 4,225,251	\$ (8,037,521)

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, 2021, 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, 2021, the HIS contribution for the period October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021 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 \$74,869 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2021, the District reported a liability of \$1,562,393 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District’s proportionate share of the net pension liability was based on the District’s 2021 fiscal year contributions relative to the 2021 fiscal year contributions of all participating members. At June 30, 2021, the District’s proportionate share was 0.013 percent, which was the same proportionate share measured as of June 30, 2020.

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

NOTE 7 – FLORIDA RETIREMENT SYSTEM RETIREMENT PLANS (Continued)

For the fiscal year ended September 30, 2021, the District recognized HIS Plan pension expense of \$99,704. 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 of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 52,282	\$ 654
Change of assumptions	122,769	64,375
Net difference between projected and actual earnings on HIS Plan investment	1,629	
Changes in proportion and differences between District's HIS Plan contribution and proportionate share of contributions	30,961	63,283
District's HIS Contributions subsequent to the measurement date	17,413	
Total	\$ 225,054	\$ 128,312

The deferred outflows of resources related to the HIS Plan, totaling \$17,413 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, 2021. 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
2022	\$ (5,741)
2023	(6,217)
2024	(3,633)
2025	(4,191)
2026	(9,057)
Thereafter	(3,483)
Total	\$ (32,322)

Actuarial Assumptions - The total pension liability in the July 1, 2021, 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	2.16 %

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

The actuarial assumptions used in the July 1, 2021, 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 2.21% to 2.16%.

Discount Rate - The discount rate used to measure the total pension liability was 2.16%. 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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	1.16%	2.16%	3.16%
District's Proportionate share of the net liability	\$ 1,856,658	\$ 1,605,971	\$ 1,400,589

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 0.06 percent of payroll and by forfeited benefits of plan members for the periods October 1, 2020 through June 30, 2021 and from July 1, 2021 through September 30, 2021, respectively. Allocations to the investment member's accounts during the 2021 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%, and District Elected Officers class of 11.34%.

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, 2021, 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

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**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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, 2021.

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
	107

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 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 total healthcare costs.

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, 2021:

Asset Class	Target Allocation
Fixed Income	100%
Cash & Cash Equivalents	0%
Total	100%

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

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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

Rate of Return – For the year end September 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 3.57%. 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, 2021. The measurement period for the OPEB expense is October 1, 2020 to September 30, 2021. The reporting period is October 1, 2020 to September 30, 2021. The District’s Net OPEB Liability was measured as of September 30, 2021. 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		3.50%
Initial Trend Rate		7.50%
Ultimate Trend Rate		4.00%
Years to Ultimate		55
Investment Rate of Return		3.50%

All mortality rates were based on the PubG-2010 mortality tables. All mortality rates are those outlined in Milliman’s July 1, 2021 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 disabled retiree table, set forward 3 years, was used. For male lives, the headcount-weighted PubG-2010 male disabled retiree table, set forward 3 years, 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	100%	1.00%
Cash & Cash Equivalents	0%	0.00%
Total	100%	

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**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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 3.5%, which is equivalent to the expected rate of return on trust investments. This rate is used to discount all projected benefit payments.

Changes in Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Reporting Period Ending September 30, 2020	\$ 19,989,935	\$ 2,353,819	\$ 17,636,116
Changes for the Year:			
Service Cost	414,055	-	414,055
Interest	431,007	-	431,007
Differences Between Expected and Actual Experience	-	-	-
Changes of Assumptions	(3,546,762)	-	(3,546,762)
Changes of Benefit Terms	-	-	-
Explicit Contributions - Employer	-	-	-
Implicit Contributions - Employer	-	718,133	(718,133)
Net Investment Income	-	99,806	(99,806)
Benefit Payments	(718,133)	(718,133)	-
Administrative Expense	-	-	-
Other Changes	-	(10,593)	10,593
Net Changes	<u>(3,419,833)</u>	<u>89,213</u>	<u>(3,509,046)</u>
Reporting Period Ending September 30, 2021	<u>\$ 16,570,102</u>	<u>\$ 2,443,032</u>	<u>\$ 14,127,070</u>

Changes of assumptions – Changes of assumptions reflect a change in the discount rate from 2.15% for the reporting period ended September 30, 2020 to 3.5% for the reporting period ended September 30, 2021.

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 (2.5%) or one percentage point higher (4.5%) than the current rate:

	1% Decrease	Current	1% Increase
	2.50%	Discount Rate 3.50%	4.50%
Net OPEB Liability (asset)	<u>\$ 16,656,430</u>	<u>\$ 14,127,070</u>	<u>\$ 12,061,754</u>

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**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

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' 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:

	1% Decrease (3.00% to 6.50%)	Healthcare Cost Trend Rates (4.00% to 7.50%)	1% Increase (5.00% to 8.50%)
Net OPEB Liability (asset)	\$ 11,462,716	\$ 14,127,070	\$ 17,529,698

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, 2021 , the District will recognize OPEB Expense of \$1,153,296.

On September 30, 2021, the District reported Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected	\$ 817,646	\$ 39,683
Changes of assumptions	3,973,467	3,152,680
Net differences between Projected and Actual		
Earnings on OPEB Plan investments	4,541	-
Total	\$ 4,795,654	\$ 3,192,363

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

Year ending	Amount
9/30/2022	\$ 380,022
9/30/2023	335,798
9/30/2024	342,913
9/30/2025	346,752
9/30/2026	350,233
Thereafter	(152,427)
Total	\$ 1,603,291

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FLORIDA KEYS MOSQUITO CONTROL DISTRICT NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2021

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, 2021.

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 May 10, 2022. However, the ultimate financial impact and duration cannot be estimated at this time.

During the fiscal year, there was a theft occurrence. Management filed a claim with the District's insurance carrier for a total claim of \$450,432 and received reimbursement of \$285,116. As of the date of the financial statements, management is working on the final reimbursement 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 and FY 2021, totaling \$857,073 relating to an employee lawsuit of \$7,073 and an agreed upon amount of \$850,000 as described in the following paragraph.

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 was paid after fiscal year end and before the November 30, 2021 due date.

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 \$1,535,100 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 May 10, 2022, the date that the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

LAST 10 FISCAL YEARS *

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

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.01017%	0.00975%	0.00996%	0.00962%	0.00980%	0.01004%	0.01094%	0.01110%
District's proportionate share of the net pension liability (asset)	\$ 768,201	\$ 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	4,489,920	4,489,920	4,489,919	4,489,919	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	17.11%	94.11%	76.37%	64.52%	70.54%	62.60%	35.88%	17.10%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	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**

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 387,419	\$ 323,908	\$ 308,722	\$ 274,089	\$ 255,074	\$ 244,748	\$ 266,706	\$ 243,039
Contributions in relation to the contractually required contribution	(387,419)	(323,908)	(308,722)	(274,089)	(255,074)	(244,748)	(266,706)	(243,039)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,489,920	\$ 4,489,920	\$ 4,489,919	\$ 4,489,919	\$ 4,109,965	\$ 4,047,881	\$ 3,937,462	\$ 3,957,888
Contributions as a percentage of covered-employee payroll	8.63%	7.21%	6.88%	6.10%	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**

	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.01274%	0.01315%	0.01335%	0.01296%	0.01285%	0.01311%	0.01299%	0.01332%
District's proportionate share of the net pension liability (asset)	\$ 1,562,393	\$ 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	\$ 4,489,920	\$ 4,489,920	\$ 4,489,919	\$ 4,489,919	\$ 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	34.80%	35.77%	33.28%	30.55%	33.42%	37.75%	33.63%	31.46%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	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, 2021**

LAST 10 FISCAL YEARS *

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

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 74,869	\$ 75,795	\$ 74,151	\$ 70,279	\$ 67,980	\$ 67,203	\$ 49,640	\$ 45,623
Contributions in relation to the contractually required contribution	(74,869)	(75,795)	(74,151)	(70,279)	(67,980)	(67,203)	(49,640)	(45,623)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
District's covered-employee payroll	\$ 4,489,920	\$ 4,489,920	\$ 4,489,919	\$ 4,489,919	\$ 4,109,965	\$ 4,047,881	\$ 3,937,462	\$ 3,957,888
Contributions as a percentage of covered-employee payroll	1.67%	1.69%	1.65%	1.57%	1.65%	1.66%	1.26%	1.15%

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

	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	30.41%	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, 2021**

LAST 10 FISCAL YEARS *

Schedule of Changes in Net OPEB Liability and Related Ratios

Reporting Date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Measurement Date	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability					
Service Cost	\$ 414,055	\$ 304,386	\$ 313,415	\$ 227,527	\$ 280,615
Interest	431,007	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	(3,546,762)	3,371,546	1,436,276	708,551	(1,272,780)
Benefit Payments	(718,133)	(583,559)	(447,474)	(413,190)	(379,686)
Net Change in Total OPEB Liability	(3,419,833)	4,221,469	1,886,335	1,630,858	(947,855)
Total OPEB Liability - Beginning	19,989,935	15,768,466	13,882,131	12,251,273	13,199,128
Total OPEB Liability - Ending (a)	<u>\$ 16,570,102</u>	<u>\$ 19,989,935</u>	<u>\$ 15,768,466</u>	<u>\$ 13,882,131</u>	<u>\$ 12,251,273</u>
Plan Fiduciary Net Position					
Explicit Contributions - Employer	\$ -	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Implicit Contributions - Employer	718,133	583,559	447,474	413,190	379,686
Net Investment Income	99,806	84,282	86,170	(171,391)	19,675
Benefit Payments	(718,133)	(583,559)	(447,474)	(413,190)	(379,686)
Administrative Expense	-	-	-	-	-
Other	(10,593)	-	196,859	-	-
Net Change in Plan Fiduciary Net Position	89,213	284,282	483,029	28,609	19,675
Plan Fiduciary Net Position - Beginning	2,353,819	2,069,537	1,586,508	1,557,899	1,538,224
Plan Fiduciary Net Position - Ending (b)	<u>2,443,032</u>	<u>2,353,819</u>	<u>2,069,537</u>	<u>1,586,508</u>	<u>1,557,899</u>
Sponsor's Net OPEB Liability - Ending (a) - (b)	<u>\$ 14,127,070</u>	<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	14.74%	11.78%	13.12%	11.43%	12.72%
Covered Employee Payroll (Projected)	\$ 4,461,716	\$ 4,241,175	\$ 4,215,475	\$ 4,007,106	\$ 3,707,389
Sponsor's Net OPEB Liability as a percentage of Covered Employee Payroll	316.63%	415.83%	324.97%	306.85%	288.43%

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

LAST 10 FISCAL YEARS *

Notes to Schedule

The current year's Covered Employee Payroll was projected from the Valuation Date to the Measurement 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 2021	3.50%
FY 2020	2.15%
FY 2019	3.58%
FY 2018	4.18%
FY 2017	3.64%

* GASB 75 implemented FY18 - no prior data available

LAST 10 FISCAL YEARS *

Schedule of Investment Returns - OPEB

	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Annual money-weighted rate of return, net of investment expenses	3.57%	3.23%	2.88%	2.61%	1.28%

**FLORIDA KEYS MOSQUITO CONTROL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED SEPTEMBER 30, 2021**

LAST 10 FISCAL YEARS *

Schedule of the District's Contributions - OPEB

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>
Actuarially Determined Contribution	\$ 1,091,392	\$ 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>\$ 1,091,392</u>	<u>\$ 1,003,150</u>	<u>\$ 793,843</u>	<u>\$ 788,861</u>	<u>\$ 800,340</u>
Covered Employee Payroll (Projected)	\$ 4,461,716	\$ 4,241,175	\$ 4,215,475	\$ 4,007,106	\$ 3,707,389
Contributions as a percentage of Covered Employee Payroll	0.00%	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.

DRAFT

SUPPLEMENTARY INDEPENDENT AUDITOR REPORTS



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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 10, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency noted as finding 2021-01 in a letter dated May 10, 2022 that we consider to be a material weakness.

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 financial statements. 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.

May 10, 2022



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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, 2021, and have issued our report thereon dated May 10, 2022.

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 May 10, 2022. 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. There were no 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. In connection with our audit, we provide the following:

2021-01

During the fiscal year, the District, settled through mitigation, and entered an agreement with the City of Key West Florida, to pay the sum of \$850,000: \$350,000 to be paid on or before March 31, 2021 and \$500,000 to be paid on or before November 30, 2021. The \$500,000 payment was outstanding at year end. However, the amount was not included as a payable in the trial balance at year end. We suggest management implement additional procedures to ensure that the accounts payable and accrued expenses are complete.

Specific Information

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, rules of the Auditor General, the District reported:

- a. The millage rate imposed by the District was 0.4508.
- b. The total amount of ad valorem taxes collected on behalf of the district was \$13,132,413
- c. The District did not issue or have any outstanding bonds during the fiscal year.

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. In connection with our audit, we did not note any such findings.

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, Federal and other granting agencies, 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.

May 10, 2022



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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

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

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, 2021. The District's 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.

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

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

In our opinion, the District complied, in all material respects, with the local government investment policy requirements of Section 218.415 Florida Statutes during the year ended September 30, 2021.

This report is intended to describe our testing of compliance with Section 218.415 Florida Statutes and it is not suitable for any other purpose.

May 10, 2022