

FLORIDA MOSQUITO CONTROL DISTRICT

Financial Statements and Independent
Auditor's Report

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

April 3, 2020

Board of Directors
Florida Mosquito Control District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Florida Mosquito Control District (the "District"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Florida Mosquito Control District as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Florida Mosquito Control District
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Other Matters

Required Supplementary Information

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule – General Fund 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.



Florida Mosquito Control District
Statement of Net Position
December 31, 2019

		Governmental Activities
Assets		
Current Assets		
Cash and cash equivalents	\$	218,207
Investments		344,392
Property taxes receivable		209,845
Inventory		13,362
	Total Current Assets	785,806
Non-current Assets		
Capital assets, net		1,204,540
	Total Assets	\$ 1,990,346
Liabilities		
Current Liabilities		
Accrued payroll and related liabilities	\$	2,012
	Total Current Liabilities	2,012
Deferred Inflows of Resources		
Deferred property tax revenue		209,845
	Total Deferred Inflows of Resources	209,845
Net Position		
Net investment in capital assets		1,204,540
Restricted for emergencies		27,482
Unrestricted		546,467
	Total Net Position	\$ 1,778,489

The accompanying notes are an integral part of this statement.

Florida Mosquito Control District
Statement of Activities
For the year ended December 31, 2019

	Expenses	Program Revenues	Net Expense (Revenue)
Governmental Activities			
Public health	<u>\$ 227,498</u>	<u>\$ 3,350</u>	<u>\$ (224,148)</u>
Totals	<u><u>\$ 227,498</u></u>	<u><u>\$ 3,350</u></u>	<u><u>\$ (224,148)</u></u>
General Revenues			
Property taxes			218,253
Specific ownership taxes			22,853
Interest income			18,004
Other			<u>759</u>
		Total General Revenues	<u>259,869</u>
		Change in Net Position	35,721
Net Position, beginning of year			<u>1,742,768</u>
Net Position, end of year			<u><u>\$ 1,778,489</u></u>

The accompanying notes are an integral part of this statement.

Florida Mosquito Control District
Balance Sheet
Governmental Fund
December 31, 2019

	General Fund
Assets	
Cash and cash equivalents	\$ 218,207
Investments	344,392
Property taxes receivable	209,845
Inventory	13,362
Total Assets	\$ 785,806
Liabilities	
Accrued payroll and related liabilities	\$ 2,012
Total Liabilities	2,012
Deferred Inflows of Resources	
Deferred property tax revenue	209,845
Total Deferred Inflows of Resources	209,845
Fund Balance	
Nonspendable	13,362
Restricted for emergencies	27,482
Unassigned	533,105
Total Fund Balance	573,949
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 785,806
Total Fund Balance	\$ 573,949
Amounts reported for the governmental activities in the Statement of Net Position are different because:	
Capital assets are not current financial resources, and therefore are not reported in the governmental funds balance sheet.	1,204,540
Total Net Position	\$ 1,778,489

The accompanying notes are an integral part of this statement.

Florida Mosquito Control District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund
For the year ended December 31, 2019

	General Fund
Revenues	
Property taxes	\$ 218,253
Specific ownership taxes	22,853
Interest income	18,004
Miscellaneous	4,109
Total Revenues	263,219
Expenditures	
Public Health	
Personnel	103,616
Chemicals	37,033
Office and administrative	26,324
Insurance	17,252
Field equipment, supplies, and truck expenditures	8,895
Treasurer's fees	6,339
Capital outlay	716,609
Total Expenditures	916,068
Net Change in Fund Balances	(652,849)
Fund balances, beginning of year as previous reported	1,355,501
Prior period adjustment	(128,703)
Bud balances, beginning of year as restated	1,226,798
Fund balances, end of year	\$ 573,949
 Total net change in fund balances - governmental funds	 \$ (652,849)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures in the year the costs are incurred; however, the government-wide financial statements report capital outlays as an addition to capital assets. The cost of capital assets is allocated to depreciation expense over the estimated useful lives of the underlying assets.

Amounts capitalized	716,609
Depreciation expense	(28,039)
Change in net position - governmental activities	\$ 35,721

The accompanying notes are an integral part of this statement.

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Summary of Significant Accounting Policies

The Florida Mosquito Control District (the "District"), Durango, Colorado, was formed October 25, 1968. The purpose of the District is to provide mosquito and other pest control services for members of the District. The District is governed by a five member board of directors elected by the District's property owners.

The accounting policies of the District conform to accounting principles generally accepted in the United States ("GAAP") as applicable to governmental units.

Reporting Entity

In conformance with Governmental Accounting and Financial Reporting Standards, the District has considered the possibility of inclusion of additional entities in its basic financial statements. The definition of the reporting entity is based primarily on the financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body, and either: (1) it is able to impose its will on that organization or (2) there is a potential for benefits to, or to impose specific financial burdens on the District. The District may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based upon the above criteria, no entities were found to be includable within the reporting unit of the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. These statements are to distinguish between the governmental and business-type activities of the District.

Governmental activities normally are supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not presently have any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues includes fees and charges paid by the recipients of goods and services offer by the programs and grants and contributions that are restricted for use in meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues.

Fund Financial Statements - The fund financial statements report the following major governmental fund as described below.

General Fund - This fund is the general operating fund of the District. It accounts for all financial resources.

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are received within sixty days after year end. These revenues could include federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financial sources.

At times, both restricted and unrestricted resources are available for use to fund certain expenditures. It is the District's policy to use unrestricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

Property taxes are reported as a receivable and a deferred revenue when levied and as a revenue when due for collection in the following year.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis. An annual appropriated budget is adopted for the District's general fund. All annual appropriations lapse at fiscal year end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. Budgets are required by state law for all funds. By October 15, the budget is submitted to the Board for the fiscal year commencing the following January 1. The budget includes proposed expenses and the means of financing them.
2. Public hearings are conducted by the Board of Directors to obtain taxpayer comments.
3. Prior to December 31, the budget is adopted by formal resolution.

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

4. Budgets are required to be filed with the State within thirty days after the end of the year.
5. Expenditures may not legally exceed appropriation at the fund level.
6. Revisions that alter the total expenditures of the fund must be approved by the Board.
7. Budgeted amounts reported in the accompanying financial statements are adopted or amended by the Board.

Assets, Liabilities, and Fund Equity

Cash and Cash Equivalents

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible

Other Assets

Other assets held are recorded and accounted for at cost.

Capital Assets

The District's capital assets are recorded at original cost. Donated assets are listed at their fair value at the date of donation. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. It is the policy of the District to capitalize fixed assets costing more than \$200 with an estimated useful life of two or more years.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Machinery and equipment	5-7 years

Depreciation of exhaustible capital assets used by governmental activities is charged as an expense against operations, and accumulated depreciation is reported on the government-wide statement of net position.

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Accrued Compensated Absences

Accumulated unpaid sick and vacation pay and early retirement benefits are not applicable to the District.

Net Position Flow Assumption

It is the District's policy to use unrestricted net position first when an expense is incurred for which both restricted and unrestricted net position are available.

Classification of Fund Balances

In the governmental fund financial statements fund balance is reported in five classifications.

Nonspendable: Inventories represent fund balance amounts that are not in spendable form.

Restricted: The Colorado Constitution as amended by TABOR (see separate statutory compliance note) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.

Committed: Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year-end. It is the District's policy to use committed fund balance first when an expense is incurred for which both committed and assigned or unassigned fund balance are available. The District does not currently have any committed fund balance.

Assigned: Assignments of fund balance are designated by District management. The District does not have any assigned fund balance at the end of the year.

Unassigned: Fund balance that has not been reported in any other classification is reported as unassigned.

Grants and Contributions

Grants and contributions are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Property Tax Revenues

Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. Assessed values are an approximation of market value.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they were levied. Property taxes are recognized as revenue when paid to the County Treasurer. Property taxes levied in 2019 for collection in 2020 are identified as property taxes receivable and deferred revenue at December 31, and are presented net of an estimated allowance for uncollectible taxes. Taxes are payable in full

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Cash, Cash Equivalents, and Investments

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal deposit policy to address custodial credit risk.

Colorado state statutes govern the District's deposit of cash. For deposits in excess of \$250,000, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board), The Colorado Public Deposit Protection Act ("PDPA") requires the state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the federal insurance levels to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all of the uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of their uninsured deposits.

As of December 31, 2019, all of the Districts deposits were either insured by FDIC or collateralized under PDPA, and therefore not exposed to custodial credit risk.

Investments

Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosure (GASB 40) establishes disclosure requirements related to investment risks including credit risk, custodial risk, interest rate risk and foreign currency risk.

Colorado state statutes authorize the District to invest in U.S. Treasury bills, obligations of any other U.S. agencies, obligations of the World Bank, general obligation bonds of any state or any of their subdivisions, revenues bonds of any state or any of their subdivisions, bankers acceptance notes, commercial paper, repurchase agreements, money market funds and guaranteed investment contracts. All investments must be held by the District, in their name, or in custody of a third party on behalf of the local government.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the District will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

transaction, a government will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The District's deposits are either covered by depository insurance or all collateralized under the Colorado Public Deposit Protection Act and are therefore not deemed to be exposed to custodial credit risk. The District's investments are not deemed to be exposed to custodial credit risk because they are held by the District or by the District's custody agent in the District's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices.

The District has invested \$344,392 at December 31, 2019 in the Colorado Local Governmental Liquid Asset Trust, (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to Colotrust in connection with the direct investment and withdrawal functions. Substantially all securities owned by Colotrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by Colotrust.

Colotrust funds carry a Standard and Poor's AAAM rating. The custodian's internal records segregate investments owned by the Trust. Colotrust is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. There is no custodial, interest rate or foreign currency risk exposure.

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Capital Assets

Activity for capital assets is summarized below:

	Beginning Balance	Prior Period Adjustment	Additions	Deletions / Adjustments	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 91,063	\$ -	\$ -	\$ -	\$ 91,063
Capital assets being depreciated					
Machinery and equipment	118,418	-	-	-	118,418
Buildings	288,355	128,703	716,609	-	1,133,667
Transportation equipment	167,174	-	-	-	167,174
Total capital assets being depreciated	<u>573,947</u>	<u>128,703</u>	<u>716,609</u>	<u>-</u>	<u>1,419,259</u>
Total capital assets	665,010	128,703	716,609	-	1,510,322
Less accumulated depreciation	<u>(277,743)</u>	<u>-</u>	<u>(28,039)</u>	<u>-</u>	<u>(305,782)</u>
Capital assets, net	<u>\$ 387,267</u>	<u>\$ 128,703</u>	<u>\$ 688,570</u>	<u>\$ -</u>	<u>\$ 1,204,540</u>

Contingencies and Commitments

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extensions of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Future spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. During 1998 members of the District voted to remove revenue limits imposed by TABOR.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of spending (excluding bonded debt service). The required reserve at December 31, 2019 is \$27,482.

Florida Mosquito Control District

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters. The District participates in the Colorado Special Districts and Liability Pool (the "Pool") which is sponsored by the Special District Association of Colorado. The Pool insures property and liability exposures through contributions made by member districts. The District does not maintain an equity interest in the self-insurance pool. Settled claims for the Pool resulting from these risks have not exceeded amounts recoverable from reinsurance contracts and funds accumulated by the Pool in any of the past three years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

A summary of audited statutory basis financial information for the Pool as of and for the year ended December 31, 2018 is as follows:

Assets	<u>\$ 63,918,422</u>
Liabilities	<u>\$ 39,345,647</u>
Surplus	<u>24,572,775</u>
	<u>\$ 63,918,422</u>
Revenues	\$ 21,881,889
Expenses	<u>22,973,705</u>
Net Income (Loss)	<u>\$ (1,091,816)</u>

Prior Period Adjustment

During 2019 it was determined that \$128,703 of capital outlay and related payables had not been recorded at December 31, 2018. A prior period adjustment is reflected on the financial statements to reflect this correction.

REQUIRED SUPPLEMENTARY INFORMATION

Florida Mosquito Control District
 Budgetary Comparison Schedule
 General Fund
 For the year ended December 31, 2019

	Original Budget	Final Budget	Actual	Variance Over (Under)
Revenues				
Property taxes	\$ 213,108	\$ 213,108	\$ 218,253	\$ 5,145
Specific ownership taxes	22,000	22,000	22,853	853
Interest income	20,000	20,000	18,004	(1,996)
Miscellaneous	-	-	4,109	4,109
Total Revenues	<u>255,108</u>	<u>255,108</u>	<u>263,219</u>	<u>8,111</u>
Expenditures				
Public Health				
Personnel	97,000	97,000	103,616	6,616
Chemicals	55,000	55,000	37,033	(17,967)
Office and administrative	29,350	29,350	26,324	(3,026)
Insurance	13,850	13,850	17,252	3,402
Field equipment, supplies, and truck expenditures	18,500	18,500	8,895	(9,605)
Treasurer's fees	6,000	6,000	6,339	339
Promotion and public education	100	100	-	(100)
Capital outlay	778,500	778,500	716,609	(61,891)
Total Expenditures	<u>998,300</u>	<u>998,300</u>	<u>916,068</u>	<u>(82,232)</u>
Net change in fund balances	(743,192)	(743,192)	(652,849)	90,343
Fund balances, beginning of year	1,226,798	1,226,798	1,226,798	-
Fund balances, end of year	<u>\$ 483,606</u>	<u>\$ 483,606</u>	<u>\$ 573,949</u>	<u>\$ 90,343</u>