



Key Largo Fire Rescue and Emergency
Medical Services District

Basic Financial Statements
For the Year Ended September 30, 2019

Keefe
McCullough
CPA's + Trusted Advisors



Key Largo Fire Rescue and Emergency Medical Services District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Key Largo Fire Rescue and Emergency Medical Services District
Monroe County, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of Key Largo Fire Rescue and Emergency Medical Services District (the "District") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 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 major fund of the District, as of September 30, 2019, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 20, 2020

**Key Largo Fire Rescue and Emergency Medical Services District
Management's Discussion and Analysis
September 30, 2019**

Our discussion and analysis of Key Largo Fire Rescue and Emergency Medical Services District's (the "District") financial performance provides an overview of the District's financial activities for the year ended September 30, 2019 and 2018. Please read it in conjunction with the District's basic financial statements, which immediately follow this discussion.

Financial Highlights

The following are the highlights of financial activity for the year ended September 30, 2019:

- The District's total assets exceeded its liabilities at September 30, 2019 by \$ 8,655,557 (net position).
- The District's total revenues were \$ 3,790,683, \$ 3,244,711 from ad valorem taxes, \$ 258,252 from capital grants and contributions, \$ 262,190 from operating grants and contributions, \$ 4,331 from miscellaneous income and \$ 21,199 from interest income. The District's expenses for the year were \$ 2,869,950. This resulted in a \$ 920,733 increase in net position.
- At the close of the current fiscal year, the District's governmental fund reported fund balance of \$ 2,565,248, an increase of \$ 751,819 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements.

Government-Wide Financial Statements: The government-wide financial statements, which consist of the following two statements, are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

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

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

The government-wide financial statements can be found on pages 7 and 8 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has only one fund type: governmental funds.

**Key Largo Fire Rescue and Emergency Medical Services District
Management's Discussion and Analysis
September 30, 2019**

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

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

The governmental fund financial statements can be found on pages 9 through 13 of this report.

Notes to Basic Financial Statements: The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 14 through 20 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of financial position. The following table reflects the condensed government-wide statement of net position as of September 30, 2019 and 2018:

Key Largo Fire Rescue and Emergency Medical Services District
Statement of Net Position

	<u>2019</u>	<u>2018</u>
Assets:		
Current and other assets	\$ 2,760,007	\$ 1,919,179
Capital assets	<u>6,034,053</u>	<u>5,921,395</u>
Total assets	<u>8,794,060</u>	<u>7,840,574</u>
Liabilities:		
Current liabilities	<u>138,503</u>	<u>105,750</u>
Total liabilities	<u>138,503</u>	<u>105,750</u>
Net position:		
Net investment in capital assets	6,034,053	5,921,395
Unrestricted	<u>2,621,504</u>	<u>1,813,429</u>
Total net position	<u>\$ 8,655,557</u>	<u>\$ 7,734,824</u>

**Key Largo Fire Rescue and Emergency Medical Services District
Management's Discussion and Analysis
September 30, 2019**

Governmental Activities: Governmental activities for the year ended September 30, 2019 increased the District's net position by \$ 920,733, as reflected in the table below:

	2019	2018
Revenues:		
Program revenue:		
Capital grants and contributions	\$ 258,252	\$ 150,000
Operating grants and contributions	262,190	-
General revenue:		
Ad valorem taxes	3,244,711	3,028,984
Miscellaneous income	4,331	35,200
Interest income	21,199	10,688
Total revenues	3,790,683	3,224,872
Expenses:		
General government	221,664	197,952
Public safety	2,648,286	2,281,087
Total expenses	2,869,950	2,479,039
Change in net position	920,733	745,833
Net Position, Beginning of Year	7,734,824	6,988,991
Net Position, End of Year	\$ 8,655,557	\$ 7,734,824

Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a District's net resources available for spending at the end of the fiscal year. As of the end of the year, the District's governmental fund reported an ending fund balance of \$ 2,565,248.

Capital Assets

The District's investment in capital assets, less accumulated depreciation, for its governmental activities as of September 30, 2019 amounted to \$ 6,034,053, and consists of land, buildings and improvements, infrastructure, furniture and equipment and vehicles.

General Fund Budgetary Highlights

During the fiscal year, the Key Largo Fire Rescue and Emergency Medical Services District revised the budget on one occasion. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget resolution once exact information is available; 2) amendments made to recognize new funding amounts from external sources; and 3) increases in appropriations that become necessary to maintain services. The significant budget amendment for fiscal year 2019-2020 included;

- Decrease in total revenues of \$ 5,293.
- Decreases in total expenditures for general government of \$ 86,731.

The amendments made to general government were made primarily because the costs of accounting, legal, and tax collector fees were less than anticipated.

Economic Factors and Next Year's Budget

The District Board adopted a final millage rate of 1.0000 for fiscal year 2019-2020. The 2019-2020 adopted final millage rate is greater than the rolled-back rate of .9440 by 5.93%.

The 2019-2020 budget includes funds for a new ambulance, Station 23 repairs, and the continuance of the fire hydrant project. The 2019-2020 budget also includes \$ 225,000 of contributions to the vehicle replacement reserve.

The District Board decided to increase the millage rate charged to the residents of the unincorporated Key Largo area. The District Board determined that the targeted ending fund balance for fiscal year 2019-2020 would be a prudent reserve for unanticipated events, such as hurricanes, and, if necessary, the committed funds for the vehicle replacement reserves could be utilized to cover any shortfalls due to unanticipated emergency situations.

Requests for Information

This financial report is designed to provide a general overview of Key Largo Fire Rescue and Emergency Medical Services District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Director, Key Largo Fire Rescue and Emergency Medical Services District, P.O. Box 1023, Key Largo, FL 33037.



BASIC FINANCIAL STATEMENTS

**Keefe
McCullough**
CPA's + Trusted Advisors



**Key Largo Fire Rescue and Emergency Medical Services District
Statement of Net Position
September 30, 2019**

	Governmental Activities
Assets:	
Current assets:	
Cash and cash equivalents	\$ 2,492,402
Due from other governments	192,539
Prepays	<u>75,066</u>
Total current assets	<u>2,760,007</u>
Noncurrent assets:	
Capital assets, nondepreciable	178,597
Capital assets, depreciable	<u>5,855,456</u>
Total assets	<u>8,794,060</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>138,503</u>
Total liabilities	<u>138,503</u>
Commitments and Contingencies (Note 6)	-
Net Position:	
Net investment in capital assets	6,034,053
Unrestricted	<u>2,621,504</u>
Total net position	<u>\$ 8,655,557</u>

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

Key Largo Fire Rescue and Emergency Medical Services District
Statement of Activities
For the Year Ended September 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Governmental</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Activities Net Revenues (Expenses) and Change in Net Position</u>
Functions/Programs:					
Governmental activities:					
General government	\$ 221,664	\$ -	\$ -	\$ -	\$ (221,664)
Public safety	<u>2,648,286</u>	<u>-</u>	<u>262,190</u>	<u>258,252</u>	<u>(2,127,844)</u>
Total governmental activities	<u>\$ 2,869,950</u>	<u>\$ -</u>	<u>\$ 262,190</u>	<u>\$ 258,252</u>	<u>(2,349,508)</u>
General revenues:					
Ad valorem taxes					3,244,711
Miscellaneous income					4,331
Interest income					<u>21,199</u>
Total general revenues					<u>3,270,241</u>
Change in net position					920,733
Net position, October 1, 2018					<u>7,734,824</u>
Net position, September 30, 2019					<u>\$ 8,655,557</u>

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

**Key Largo Fire Rescue and Emergency Medical Services District
Balance Sheet - Governmental Fund
September 30, 2019**

	General Fund
	<u> </u>
Assets:	
Cash and cash equivalents	\$ 2,492,402
Due from other governments	178,813
Accounts receivable	13,726
Prepays	<u>75,066</u>
Total assets	\$ <u><u>2,760,007</u></u>
Liabilities:	
Accounts payable and accrued liabilities	\$ <u>138,503</u>
Deferred Inflows of Resources:	
Unavailable revenue - grant funding	<u>56,256</u>
Commitments and Contingencies (Note 6)	
	-
Fund Balance:	
Nonspendable:	
Prepays	75,066
Committed:	
Vehicle replacement	300,114
Trauma District	247,771
Unassigned	<u>1,942,297</u>
Total fund balance	<u>2,565,248</u>
Total liabilities and fund balance	\$ <u><u>2,760,007</u></u>

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

**Key Largo Fire Rescue and Emergency Medical Services District
 Reconciliation of the Balance Sheet of the Governmental Fund
 to the Statement of Net Position
 September 30, 2019**

Total Fund Balance of the Governmental Fund, Page 9 \$ 2,565,248

Amounts reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund:

Governmental capital assets	9,407,718
Less accumulated depreciation	(3,373,665)

Certain revenues are considered deferred inflows of resources in the fund financial statements due to availability of funds; under full accrual accounting they are considered revenues.

56,256

Net Position of Governmental Activities, Page 7 \$ 8,655,557

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

**Key Largo Fire Rescue and Emergency Medical Services District
Statement of Revenues, Expenditures and
Change in Fund Balance - Governmental Fund
For the Year Ended September 30, 2019**

	General Fund
Revenues:	
Ad valorem taxes	\$ 3,244,711
Intergovernmental	464,186
Miscellaneous income	4,331
Interest income	21,199
	<hr/>
Total revenues	3,734,427
	<hr/>
Expenditures:	
Current:	
General government	221,664
Public safety	2,211,738
Capital outlay	549,206
	<hr/>
Total expenditures	2,982,608
	<hr/>
Net change in fund balance	751,819
	<hr/>
Fund Balance, October 1, 2018	1,813,429
	<hr/>
Fund Balance, September 30, 2019	\$ <u>2,565,248</u>

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

**Key Largo Fire Rescue and Emergency Medical Services District
 Reconciliation of the Statement of Revenues, Expenditures and
 Change in Fund Balance of the Governmental Fund to the Statement of Activities
 For the Year Ended September 30, 2019**

Net Change in Fund Balance - Governmental Fund, Page 11 \$ 751,819

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	549,206
Less current year provision for depreciation	(436,548)

Revenues that are earned but not received within the availability period are recognized in the statement of activities when earned and subsequently in the governmental fund financial statements when they become available. The net difference is recorded as a reconciling item.

56,256

Change in Net Position of Governmental Activities, Page 8 \$ 920,733

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

**Key Largo Fire Rescue and Emergency Medical Services District
Statement of Revenues, Expenditures and Change in Fund Balance -
Budget and Actual - General Fund
For the Year Ended September 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Ad valorem taxes	\$ 3,243,746	\$ 3,243,746	\$ 3,244,711	\$ 965
Intergovernmental	536,533	517,709	464,186	(53,523)
Miscellaneous	-	4,331	4,331	-
Interest income	12,000	21,200	21,199	(1)
	<u>3,792,279</u>	<u>3,786,986</u>	<u>3,734,427</u>	<u>(52,559)</u>
Expenditures:				
General government:				
Legislative	186,042	145,571	132,537	13,034
Legal	45,000	31,000	28,406	2,594
Financial and administrative	89,000	56,740	60,721	(3,981)
	<u>320,042</u>	<u>233,311</u>	<u>221,664</u>	<u>11,647</u>
Public safety:				
Fire rescue	2,050,321	2,050,321	1,890,051	160,270
Emergency medical services	1,017,562	1,017,562	870,893	146,669
	<u>3,067,883</u>	<u>3,067,883</u>	<u>2,760,944</u>	<u>306,939</u>
	<u>3,387,925</u>	<u>3,301,194</u>	<u>2,982,608</u>	<u>318,586</u>
	<u>3,387,925</u>	<u>3,301,194</u>	<u>2,982,608</u>	<u>318,586</u>
Net change in fund balance	\$ <u>404,354</u>	\$ <u>485,792</u>	\$ <u>751,819</u>	\$ <u>266,027</u>

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

Note 1 - Organization and Operations

Key Largo Fire Rescue and Emergency Medical Services District (the "District") was established on June 8, 2005 under Chapter 191, Florida Statutes, by the Florida Legislature. The District was created for the purpose of providing fire protection and firefighting services, rescue services and emergency medical services to residents and businesses within District boundaries.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The District's more significant accounting policies are described below:

The financial reporting entity: The governmental reporting entity consists of the District and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the District are such that exclusion would cause the District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the District's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the District. Based upon this criteria, there were no component units.

Financial Statements - Government-Wide Statements: The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis, if applicable, and is reported on a full-accrual, economic resource basis, which recognizes all noncurrent assets and receivables as well as all noncurrent debt and obligations, when and if applicable. The effect of any interfund activity has been eliminated from the government-wide financial statements.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The net costs, by function, are also supported by general revenues, other revenue, etc. The statement of activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflect capital-specific grants.

This government-wide focus is more on the ability to sustain the District as an entity and the change in the District's net position resulting from the current year's activities.

Financial Statements - Fund Financial Statements: The accounts of the District are organized on the basis of funds. The operations of the funds are accounted for with separate self-balancing accounts that comprise their assets, liabilities, fund equity, revenues and expenditures.

The District reports the following major governmental fund:

General Fund - This fund is used to account for all operating activities of the District. At this time, revenues are primarily derived from ad valorem taxes levied on properties located within District boundaries, and interest income.

Note 2 - Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting and presentation: Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the basic financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied. Governmental funds use the current financial resources measurement focus and the government-wide statements use the economic resources measurement focus.

Governmental activity in the government-wide financial statements is presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental fund financial statements are presented on the modified accrual basis of accounting under which revenue is recognized in the accounting period in which it becomes susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current year.

Budget: A budget is adopted for the General Fund on an annual basis. Appropriations lapse at fiscal year end. Changes or amendments to the total budgeted expenditures of the District must be approved by the District Board of Commissioners.

The District follows these procedures in establishing budgetary data to be reflected in the basic financial statements:

- a. Each year, the Finance Director, based on input from various District departments, submits to the District Board of Commissioners a proposed operating budget for the fiscal year commencing the following October 1.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally adopted by the District Board of Commissioners.
- d. The budgets are adopted on a basis consistent with generally accepted accounting principles.

Cash and cash equivalents: Cash and cash equivalents, if applicable, are defined as demand deposits, money market accounts, nonnegotiable certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments, if held, are stated at their fair value, which is based on quoted market prices. Unrealized gains and losses in fair value are recognized. Certain money market investments are stated at amortized cost if they have a remaining maturity of one year or less when purchased.

Capital assets: Capital assets are reported in the governmental activities column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$ 1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Depreciation on all capital assets is charged to operations using the straight-line method over the assets' estimated service lives.

Note 2 - Summary of Significant Accounting Policies (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred outflows/inflows of resources: In addition to assets, the statement of financial 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 so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Equity classifications:

Government-wide statements

Net position is classified in three categories. The general meaning of each is as follows:

- a. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if applicable.
- b. Restricted - consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or 2) law through constitutional provisions or enabling legislation, if applicable.
- c. Unrestricted - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* requires that governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board of Commissioners (the "Board"). These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned: This classification includes amounts that are constrained by the District Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to District management through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The District classifies existing fund balance to be used in subsequent year's budget for elimination of a deficit as assigned.

Unassigned: This classification includes the residual fund balance for the General Fund.

When the District has expenditures for which committed, assigned or unassigned fund balance is available, the District would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Property taxes: Under Florida law, the assessment of all properties and the collection of all county, municipal, special taxing district and school board property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of state law. The maximum rate the District is allowed to assess is 1.0 mills (\$ 1.000 for each \$ 1,000 of assessed valuation).

The tax levy is established by the Board of Commissioners prior to October 1 of each year during the budget process. For the fiscal year ended September 30, 2019 the adopted millage rate is 1.000 mills (\$ 1.00 for each \$ 1,000 of assessed valuation).

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Beginning on or before June 1, the tax collector is required by law to hold a tax certificate sale. The certificates represent liens on all unpaid taxes on real estate properties. The sale allows citizens to buy certificates by paying off the owed tax debt. The sale is conducted in reverse auction style with participants bidding downward on interest rates starting at 18%. The certificate is awarded to the lowest bidder. A tax certificate earns a minimum of 5% interest to the investor until the interest has accrued to greater than 5%, with the exception of "zero" interest bids, which always earn "zero" interest.

Key Largo Fire Rescue and Emergency Medical Services District
Notes to Basic Financial Statements
September 30, 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, that may ultimately differ from actual results.

Date of management review: Subsequent events have been evaluated through May 20, 2020, which is the date the financial statements were available to be issued.

Note 3 - Deposits

Deposits: The District's deposits must be placed with banks and savings and loans which are qualified as public depositories prior to receipt of public monies under Chapter 280, Florida Statutes. These deposits are insured by the FDIC up to \$ 250,000. Monies deposited in amounts greater than the insurance coverage are secured by the banks pledging securities with the State Treasurer in the collateral pool. At year end, the carrying amount of the District's deposits was \$ 2,492,402 and the bank balance was \$ 2,503,553. These balances include a \$ 510,326 nonnegotiable certificate of deposit.

Note 4 - Capital Assets

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

	Balance at October 1, 2018	Additions	Transfers	Retirements	Balance at September 30, 2019
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 178,597	\$ -	\$ -	\$ -	\$ 178,597
Construction in progress	564,874	-	(564,874)	-	564,874
Total capital assets, not being depreciated	743,471	-	(564,874)	-	743,471
Capital assets, being depreciated					
Buildings and improvements	3,413,794	55,425	-	-	3,469,219
Infrastructure	861,258	157,600	6,590	-	1,018,858
Furniture and equipment	1,242,125	336,181	-	-	1,578,306
Vehicles	2,794,977	-	558,284	(197,113)	2,597,864
Total capital assets, being depreciated	8,312,154	549,206	564,874	(197,113)	8,664,247
Less accumulated depreciation for:					
Buildings and improvements	(1,158,292)	(108,476)	-	-	(1,266,768)
Infrastructure	(95,478)	(29,621)	-	-	(125,099)
Furniture and equipment	(778,956)	(105,732)	-	-	(884,688)
Vehicles	(1,101,504)	(192,719)	-	197,113	(1,097,110)
Total accumulated depreciation	(3,134,230)	(436,548)	-	197,113	(3,373,665)
Total capital assets being depreciated, net	5,177,924	112,658	-	-	5,290,582
Governmental activities capital assets, net	\$ 5,921,395	\$ 112,658	\$ -	\$ -	\$ 6,034,053

Note 4 - Capital Assets (continued)

Provision for depreciation was charged to functions as follows:

Governmental Activities:	
Public safety	\$ <u>436,548</u>

Note 5 - Interlocal Agreement

The District previously entered into an agreement with Monroe County (the "County") related to the transfer of fire and emergency medical services responsibilities from the County to the District. The agreement became effective October 1, 2006. Under the agreement, the District accepts all responsibilities for and agrees to provide within the District all of the duties and responsibilities as defined in 2005 Florida Laws, Chapter 329. Based on the terms of the agreement, the District accepted title to certain property previously held by the County under two long-term lease agreements. Under these agreements, which expire in January 2022 and July 2043, the District retains title to buildings and improvements constructed by the County on land that is owned by the lessor. The agreement which expires in January 2022 contains the option to renew for two additional 30-year periods under the same terms and conditions. Upon expiration of one of the agreements, the District's interest in the buildings and improvements transfers to the lessor. Under the other agreement, the District retains title to and has the right to remove any buildings or improvements located on the leased premises. Additionally, the District has title to certain furniture, equipment and vehicles previously held by the County.

Note 6 - Commitments and Contingencies

Agreements: On October 1, 2016, the District entered into agreements with the Key Largo Volunteer Ambulance Corps., Inc. (the "Ambulance Corps") to provide emergency medical services and with the Key Largo Volunteer Fire Department, Inc. (the "Fire Department") which is currently a wholly-owned subsidiary of the Ambulance Corps to provide fire and rescue services. These agreements are renewals of the existing agreements with the Ambulance Corps and Fire Department. The agreements are effective through October 1, 2019, with an automatic renewal for an additional three-year period, unless either party in writing, no fewer than thirty (30) days prior to the renewal date, informs the other party of a desire to terminate or modify these agreements. Both agreements contain provisions under which either party may terminate the agreement. The agreements call for payments to be made from the District to the Ambulance Corps or the Fire Department, either in the form of advances, direct payment of expenses or reimbursements. These payments shall be made in accordance with the budget appropriations request submitted by the Ambulance Corps and the Fire Department to the District. The agreements were renewed through May 18, 2020 and are currently operating on a month to month basis while the Board of Commissioners considers the full renewal of the Ambulance Corps and the Fire Department contracts individually.

Note 7 - Risk Management

In accordance with the agreements with the Fire Department and Ambulance Corps (Note 6), the District is required to provide workers' compensation insurance, including \$ 1,000,000 in employer's liability insurance coverage, on the volunteers of the Fire Department and Ambulance Corps, as required by Florida Statutes Chapter 440. Additionally, the District must maintain general liability and automobile liability insurance with minimum coverage limits of \$ 2,000,000.

Note 8 - Subsequent Event

In March 2020, the *World Health Organization* declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, the local and global financial markets are experiencing significant declines and creating economic uncertainties. At this time, it is unknown how this negative outlook will impact the District's financial statements. No adjustments have been made to the accompanying financial statements as a result of the current events.

OTHER REPORTS OF
INDEPENDENT AUDITOR

Keefe
McCullough
CPA's + Trusted Advisors

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*

To the Board of Commissioners
Key Largo Fire Rescue and Emergency Medical Services District
Monroe County, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Key Largo Fire Rescue and Emergency Medical Services District (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 20, 2020

INDEPENDENT AUDITOR'S REPORT TO DISTRICT MANAGEMENT

To the Board of Commissioners
Key Largo Fire Rescue and Emergency Medical Services District
Monroe County, Florida

Report on the Financial Statements

We have audited the basic financial statements of Key Largo Fire Rescue and Emergency Medical Services District (the "District"), as of and for the year ended September 30, 2019, and have issued our report thereon dated May 20, 2020.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent 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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in these reports, which are dated May 20, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(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. The District was established June 8, 2005 by Florida Legislature H.B. No. 1291, pursuant to the provisions of Chapter 191, of the laws of the State of Florida. The District does not have any component units.

Financial Condition and Management

Sections 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 did not have any such recommendations.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants attention of those charged with governance. In connection with our audit, we did not have any such findings.

Purpose of this Letter

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 20, 2020

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE
WITH SECTION 218.415, FLORIDA STATUTES

To the Board of Commissioners
Key Largo Fire Rescue and Emergency Medical Services District
Monroe County, Florida

We have examined Key Largo Fire Rescue and Emergency Medical Services District (the "District") compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2019. Management is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
May 20, 2020

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