



Key Largo Wastewater Treatment District  
Board of Commissioner's Meeting  
Tuesday, May 2, 2017  
4:00 PM

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## AGENDA

Board of Commissioners Meeting  
103355 Overseas Highway  
Key Largo, FL 33037

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

### BOARD MEMBERS:

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David Asdourian	Chairman
Andrew Tobin	Vice Chairman
Susan Heim	Commissioner
Stephen Gibbs	Commissioner
Robert Majeska	Commissioner

### DISTRICT STAFF:

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Peter Rosasco	General Manager
Ray Giglio	General Counsel
Katherine Jackson	District Clerk

<b>D. AGENDA ADDITIONS, CORRECTIONS OR DELETIONS</b>		
1. Approval of Agenda		<i>Action</i>
<b>E. PUBLIC COMMENT</b>		
<b>F. APPROVAL OF MINUTES OF PREVIOUS MEETINGS</b>		
1. Minutes of April 25, 2017	3	<i>Action</i>
<b>G. GENERAL MANAGER'S REPORT</b>		
1. March 2017 Monthly Report	14	
<b>H. BUDGET AND FINANCE REPORT</b>		
1. CAFR Presentation/Financial Audit Results for FY2016	23	
2. Grau & Associates Current Contract for Financial Audits: FY13-FY16	72	
<b>I. ADMIN AND CUSTOMER SERVICE REPORT</b>		
1. MCLA Conservation Waiver – Harris Ocean Park Estates	79	<i>Action</i>
<b>RESOLUTION NO. 15-05-17</b>		
A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE KEY LARGO WASTEWATER TREATMENT DISTRICT, APPROVING THE REQUEST OF MONROE COUNTY LAND AUTHORITY FOR REMOVAL OF THREE TAX PARCELS AS CONSERVATION LAND FROM THE 2009 NON-AD VALOREM ASSESSMENT; AND PROVIDING FOR APPLICABILITY AND AN EFFECTIVE DATE.		
<b>J. OPERATIONS REPORT</b>		
1. Proposed Manlift Purchase	87	
2. Hawkins, Inc. Chemical Pricing Contract	96	
<b>K. CONSTRUCTION REPORT</b>		
<b>L. ENGINEER'S REPORT</b>		
<b>M. LEGAL REPORT</b>		
1. Search for General Counsel Update	102	
<b>N. COMMISSIONER'S ITEMS</b>		
<b>O. ROUNDTABLE DISCUSSION</b>		
1. Unfinished Business		

**P. ADJOURNMENT**

PLEASE TAKE NOTICE AND BE ADVISED, that if any interested person desires to appeal any decision of the KLWTD Board, with respect to any matter considered at this meeting, such interested person will need a record of the proceedings, and for such purpose, may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Persons with disabilities requiring accommodations in order to participate in the meeting should contact the District Clerk at 305 451-4019 at least 48 hours in advance to request accommodations.

## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:

May 2, 2017

Agenda Item Number: F-1

Agenda Item Type:

Information / Presentation

Agenda Item Scope:

Review / Discussion

Recommended Action:

Action

Department:

Legal

Sponsor:

Ray Giglio

Subject:

**Minutes of April 25, 2017**

Summary of Discussion:

Staff to present the minutes of the previous board meeting to the Board for approval.

<u>Reviewed / Approved</u>	<u>Financial Impact</u>	<u>Attachments</u>
Operations: _____	\$ 0.00	1. Minutes of April 25, 2017
Administration: _____		
Finance: _____	Funding Source:	
District Counsel: _____		
District Clerk: _____	Budgeted:	
Engineering: _____	N/A	

Approved By: \_\_\_\_\_

General Manager

Date: \_\_\_\_\_

4-27-17

The Key Largo Wastewater Treatment District Board of Commissioners met for their regular scheduled meeting at 4:00 PM on April 25, 2017. Present were Chairman David Asdourian and Commissioners Andrew Tobin, Susan Heim, Stephen Gibbs, and Robert Majeska. Also present were General Manager Peter Rosasco with Bishop, Rosasco & Co., Ed Castle with Weiler Engineering, General Counsel Ray Giglio, District Clerk Katherine Jackson, and other appropriate District Staff.

Mr. Rudy Perez led the Pledge of Allegiance.

#### **AGENDA ADDITIONS, CORRECTIONS, OR DELETIONS (D)**

- Commissioner Heim added 3 discussion items under Commissioner's Roundtable: 1) Internship and Apprenticeship Comments; 2) Education Policy; and 3) Staff Changes Prior to Budget.
- Mr. Ray Giglio added an Attorney Matrix discussion under Legal Report.

#### **APPROVAL OF AGENDA (D-1)**

**Motion:** Commissioner Gibbs made a motion to approve the agenda as amended and Commissioner Tobin seconded the motion. The motion passed without objection.

#### **RECOGNIZE DISTRICT STAFF (E)**

Mr. Rudy Perez, Senior System Technician, was awarded Employee of the Month for March 2017.

#### **PUBLIC COMMENT (F)**

<i>Name and Address</i>	<i>Subject</i>
Kanahou Alana 136 Gumbo Limbo Drive	General Manager Ad

#### **APPROVAL OF MINUTES OF PREVIOUS MEETINGS (G)**

*Minutes of April 11, 2017 (G-1)*

Commissioner Heim requested that the alphabetic designations in the minutes match the alphabetic designations in the draft agendas. She also suggested that, in the future, public commenters be notified that if they wish to have a handout included in the minutes, they must request that it be included.

**Motion: Commissioner Heim made a motion to approve the Minutes of April 11, 2017 after correction of the alphabetic designations and the addition of Mr. Albert Brian's handout as "Attachment A," and Commissioner Tobin seconded the motion. The motion passed without objection.**

## **GENERAL MANAGER'S REPORT (H)**

### *May/June Proposed Meeting Schedule (H-1)*

Mr. Peter Rosasco proposed that the Board meet May 2 and 16, 2017 and June 6 and 20, 2017. Commissioner Heim suggested that if extra meetings will be needed beyond the 2 scheduled, those meeting should be held on the last Tuesday of the month.

The Board directed staff to make any necessary changes to schedule the meetings on those dates, with the understanding that if a third meeting is needed, it be scheduled on the last Tuesday of the month.

### *General Manager Ad (H-2)*

Public Comment: Mr. Kanahou Alana read a letter to the Board, a copy of which is attached to these minutes as "Attachment A."

Mr. Ray Giglio and Commissioner Gibbs expressed their opposition to the inclusion of the written statement in the minutes. Commissioners Heim and Majeska spoke in favor of including the written statement in the minutes because it reflects the speaker's opinion.

Mr. Peter Rosasco stated that the General Manager ad was published the week prior, and that the District has received approximately 30 applications to date. Various commissioners expressed their concerns regarding the quality of many of the applications received thus far, and requested that the ad be revised to target higher quality candidates. Mr. Ed Castle informed the Board that the ad committee agreed with the suggestion that some of the previous requirements be eliminated in order to encourage a broader range of professionals to apply.

Staff answered questions from the Board, and the Board directed staff to add "preferred qualifications" and remove the salary portion of the description.

### *IT Services Update (H-3)*

Mr. Peter Rosasco informed the Board the Mr. Ray Giglio has been in contact with Mr. Ernesto Milian, Codified CEO, regarding a more formal business proposal for IT services. Mr. Giglio informed the Board that Mr. Milian accepted all of his changes to the proposal, however, Mr. Milian objected to giving his social security number for a background check. The Board discussed various solutions to properly conducting a background check should the Board decide to proceed with Mr. Milian.

Mr. Rosasco informed the Board that a third company, Sway Power Consulting, has informed the District of their expansion to the Key Largo area, and he suggested that the Board may also

ask staff to publish a request for qualifications. Commissioner Heim stated her opposition to selecting Codified as the IT contractor.

Staff answered questions from the Board, the Board discussed various concerns and directed staff to continue working with Mr. Milian to further discuss a plan, implementation and budget and present it to the Board at a future meeting.

**5 MIN BREAK: 5:32 PM**

## **BUDGET AND FINANCE REPORT (I)**

### *Fiscal Year 2018 Budget Calendar (I-1)*

Mrs. Connie Fazio presented the fiscal year 2018 budget calendar to the Board and called special attention to the August 22 proposed meeting date. The Board discussed the possibility of setting the meeting dates for July and August to the second and fourth Tuesdays of each month.

Prompted by Board discussions, Mr. Peter Rosasco informed the Board that the organizational chart and staffing plan will be brought before the Board with the budget.

Staff answered questions from the Board and the Board directed staff to send out a revised calendar of Board meeting dates.

**Motion: Commissioner Tobin made a motion to adjust the Board meeting dates to July 11 and 25, and August 8 and 22, and Commissioner Gibbs seconded the motion. The motion passed without objection.**

### *Insurance Deductible Payment for Sewer Backup Claim on Oct. 12, 2016 (I-2)*

Mrs. Connie Fazio presented the insurance deductible from Preferred Governmental Insurance Trust (PGIT) to the Board. The Board shared their disapproval with the way PGIT handled this claim. Mrs. Fazio informed the Board that, in the future, PGIT will notify the District before any settlement is paid out.

**Motion: Commissioner Majeska made a motion to approve the PGIT deductible in an amount not to exceed \$13,051.56 and Commissioner Heim seconded the motion.**

### **Vote on Motion**

Commissioner Majeska –	Aye
Commissioner Heim –	Aye
Commissioner Gibbs –	Aye
Commissioner Tobin –	Aye
Chairman Asdourian –	Aye

**Motion Passed: 5 to 0**

*Life Insurance Policy for KLWTD Employees / Commissioners (I-3)*

Mrs. Connie Fazio presented a memo outlining the costs associated with providing commissioners with a term life insurance policy from the District. Each commissioner expressed their opinion regarding the option of receiving life insurance and staff answered questions from the Board.

**Motion: Commissioner Gibbs made a motion to approve the commissioner life insurance policy and Commissioner Majeska seconded the motion.**

**Vote on Motion**

Commissioner Gibbs –	Aye
Commissioner Majeska –	Aye
Commissioner Heim –	Nay
Commissioner Tobin –	Abstain
Chairman Asdourian –	Aye

**Motion Passed: 3 to 1**

**ADMIN AND CUSTOMER SERVICE REPORT (J)**

*Code Compliance List – April 2017 (J-1)*

Mrs. Diane Bockelman presented the April 2017 code compliance list and answered questions from the Board.

*New Parcels to be Considered for Unique Project (J-2)*

**EXTENSION: 6:12 PM**

**Motion: Commissioner Gibbs made a motion to extend the meeting 30 minutes. The motion passed without objection.**

Mrs. Diane Bockelman presented a memo to the Board, which included background and pending questions regarding the Unique Property Program for residential parcels that have force-main connections. Mrs. Bockelman stated that this item was prompted by requests for information regarding this program that had come from three of the eight remaining potentially eligible parcels.

The Board discussed multiple options regarding possible outcomes for these remaining parcels. Staff requested that the Board create an official deadline for the existing Unique Property Program and decide how to proceed with the eight remaining parcels.

**Motion: Commissioner Tobin made a motion to officially close the Unique Property Program and Commissioner Gibbs seconded the motion.**

**Vote on Motion**

Commissioner Tobin – Aye  
Commissioner Gibbs – Aye  
Commissioner Majeska – Aye  
Commissioner Heim – Aye  
Chairman Asdourian – Aye

**Motion Passed: 5 to 0**

Mr. Peter Rosasco suggested that staff can prepare a letter and notify the remaining parcel owners that the Board has opted to reinstate the Unique Property Program and to advise the parcel owners of the steps the parcel owner will have to take to participate in the re-instated program; however, the parcel owner will have to apply for the Program by the cut-off date.

**Motion: Commissioner Tobin made a motion to re-instate phase II of the Unique Property Program, pursuant to which: the District will provide, but will not install, the grinder pumps; the parcel owners will be responsible for installing the grinder pumps in a timely manner and in accordance with the District’s specifications; and the District will include the grinder pumps in the District’s on-going maintenance program. Commissioner Majeska seconded the motion.**

**Vote on Motion**

Commissioner Tobin – Aye  
Commissioner Majeska – Aye  
Commissioner Gibbs – Aye  
Commissioner Heim – Nay  
Chairman Asdourian – Aye

**Motion Passed: 4 to 1**

*Pennekamp Waiver per Easement Agreement (J-3)*

Mrs. Diane Bockelman presented a resolution removing AK#1684104, City Garden Cove, from the 2012 non-ad valorem assessment as per an easement entered into between the District and the Board of Trustees of the Internal Improvement Trust Fund of the State of Florida on May 17, 2007 and staff answered questions from the Board.

**Motion: Commissioner Gibbs made a motion to approve Resolution No. 14-04-17 and Commissioner Majeska seconded the motion.**

**Vote on Motion**

Commissioner Gibbs – Aye  
Commissioner Majeska – Aye  
Commissioner Heim – Aye  
Commissioner Tobin – Aye  
Chairman Asdourian – Aye

**Motion Passed: 5 to 0**

## **LEGAL REPORT (N)**

### *Lake Surprise II V. KLWTD Settlement Update (N-1)*

Mr. Ray Giglio informed the Board that Lake Surprise II accepted the \$5,000 settlement and the case will be closed pending Redland Construction signing the settlement agreement.

### *Attorney Matrix (N-2)*

Mr. Ray Giglio suggested that he will prepare a matrix for the Board to evaluate the candidates for the general counsel position, and will separate out the candidates who did not meet District's requirements. However, Mr. Giglio stated that all resumes will be included in the item presented to the Board. The Board requested that the job description be included in the item presented to the Board and that Mr. Giglio be available one-on-one if needed for any questions, and Mr. Giglio agreed.

## **COMMISSIONER'S ITEMS (O)**

### *Florida Key's Day 2017 Update (Commissioner Majeska) (O-1)*

Commissioner Majeska gave a brief summary of the events from Florida Keys day, and informed the Board that Cynthia Henderson, lobbyist in Tallahassee, was fundamental to the overall success of meeting with many key representatives during the celebrations.

## **ROUNDTABLE DISCUSSION (P)**

### *Internship and Apprenticeship Comments (Commissioner Heim) (P-2)*

Commissioner Heim informed the Board that she spoke with staff regarding the internship and apprenticeship programs, and stated that the question of whether the District should award an apprenticeship for next year should be a decision for the Board. Commissioner Tobin stated that he does not want to see this program disappear.

Mr. Peter Rosasco requested that he have time to follow up with human resources and that this item be brought back at a future Board meeting with a presentation from staff.

**EXTENSION:** 7:04 PM

**Motion:**        **Commissioner Heim made a motion to extend the meeting 30 minutes. The motion passed without objection.**

### *Education Policy (Commissioner Heim) (P-3)*

Commissioner Heim suggested that staff and the new general manager think about a remedial training program that would address employees that fail a certification test, and make a written policy to this effect. Commissioner Tobin requested that the Board be given a list of college courses being taken by employees of the District and paid for pursuant to the District's Education Policy.

*Staff Changes Prior to Budget (P-4)*

Commissioner Heim withdrew this item from discussion.

**ADJOURNMENT (Q)**

The Meeting was adjourned at 7:15 PM.

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David Asdourian, Chairman

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Katherine Jackson, Clerk

# Public Comments

*Disclaimer: Public comments that are submitted to the Board for inclusion into the Official Minutes are the views and opinions of the commenters alone and do not necessarily reflect the official policy of the Key Largo Wastewater Treatment District or the opinions of its Commissioners.*

Commissioners,

I have just reviewed the updated GM ad and I would like to register my concerns. This is the top position of authority and responsibility in the district, that requires a specific skill set and qualifications. One of these being a Florida "A" Wastewater operator's license. This license is crucial to this position and exists for persons who seek upper management level positions at a wastewater utility, and ensures that the holder has extensive knowledge of the wastewater industry.

- The Gmail qualification?
- Graduate of Four-year college? What area?

My next point, the salary of \$90k-\$110k. This is too low to attract a qualified professional. We were paying the last IT guy/ GM \$125,000 dollars a year, with no relevant experience or education, not even a four-year degree. This position needs a qualified wastewater professional. The District has witnessed what happens when unqualified people get high level management positions, and how things can become unnecessarily difficult, mainly due to a lack of industry knowledge. As we have seen, an unqualified manager feels compelled to hide uncomfortable facts from the board and operate in secrecy. The District needs a manager who is willing and able to embrace transparency.

I recommend a salary of \$125-\$175k, dependent on qualifications, and to not divulge this in the ad. Disclosing the salary will corner the district into a guarantee of a certain dollar amount. Let the applicants' qualifications speak for themselves, and negotiate the final salary with the qualified individual. We want to weed out the people who just want the pay check and don't care about the content of the job. We want someone who desires to run the Key Largo Wastewater Utility, and has the skills/experience to accomplish it. A person who will tend to the District as their own, as well as a passion for Wastewater. A qualified wastewater utility manager is a wise investment. This fiscal quarter alone we have paid Weiler Engineering \$47,578.07 as District Operations Supervisor, to do what is required from a "real" Wastewater Utility Manager. Paying a professional manager, a professional salary, will eliminate the added District Operations Supervisor expense. High salaries have recently dropped off the payroll, allowing the district to pay a top of the line professional. Expanding the range of salary along with the REQUIRED qualifications allows the district to recruit the best of the best.

**Why should the board select another candidate for the Wastewater Utility Manager position, who doesn't even have the minimum qualifications to perform any of the positions in the district under their supervision?** Who cannot offer technical or practical assistance to his staff. Who cannot explain or understand basic aspects of the District's operations. This position must be able to communicate intelligently with staff in all departments. A technical background in the wastewater field enables them to do that.

As someone who has been in this industry for 10 years, and works on the frontline, I have had the privilege to work beside truly well-qualified Wastewater Utility Managers. I urge you to reconsider putting this ad out as is. I know the "FAT" had to be trimmed, but now it just seems we are down to the bare bone. The customers of Key Largo Wastewater District deserve a professional, qualified Wastewater Utility Manager. Here is a short list I have composed which includes powerful, yet necessary standards for your next Wastewater Utility Manager.

1. FDEP Florida Class "A" Wastewater License (REQUIRED)
2. Minimum of 10 years with direct Wastewater utility supervisory/managerial experience (REQUIRED)
3. Four-year college degree in a field related to wastewater utility operation, such as engineering. (DESIRED)
4. Proficient in MS Office, ArcGIS, Utility Operation and Maintenance Software (Aqua-Aerobics/ SCADA etc.)

I have heard it said in some of the meetings that it will be difficult to find someone with such critical qualifications. I say to you, that statement is far from true, we have yet to try. What does the district stand to lose by increasing its standards?

In my opinion, to do wastewater right, the Board needs to hire someone who has the proper qualifications. Someone who has not only managed a wastewater utility, but also has a passion to succeed. Once again, I ask you to please consider changing this ad as written.

Thank you,  
Principal of H2o Proactive Wastewater Consulting LLC,  
Kanahou Alana

## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:

May 2, 2017

Agenda Item Number: G-1

Agenda Item Type:

Information / Presentation

Agenda Item Scope:

Review / Discussion

Recommended Action:

Discussion

Department:

General Manager

Sponsor:

Peter Rosasco

Subject:

**March 2017 Monthly Report**

Summary of Discussion:

Department heads will present their section of the March 2017 Monthly Report.

**Reviewed / Approved**

**Financial Impact**

**Attachments**

Operations: \_\_\_\_\_

\$ 0.00

1. March 2017 Monthly Report

Administration: \_\_\_\_\_

Finance: \_\_\_\_\_

Funding Source:

District Counsel: \_\_\_\_\_

District Clerk: \_\_\_\_\_

Budgeted:

Engineering: \_\_\_\_\_

N/A

Approved By: \_\_\_\_\_

General Manager



Date: \_\_\_\_\_

4-27-17



# March 2017 Monthly Report



Key Largo Wastewater Treatment District  
103355 Overseas Highway  
Tel: (305)451-4019

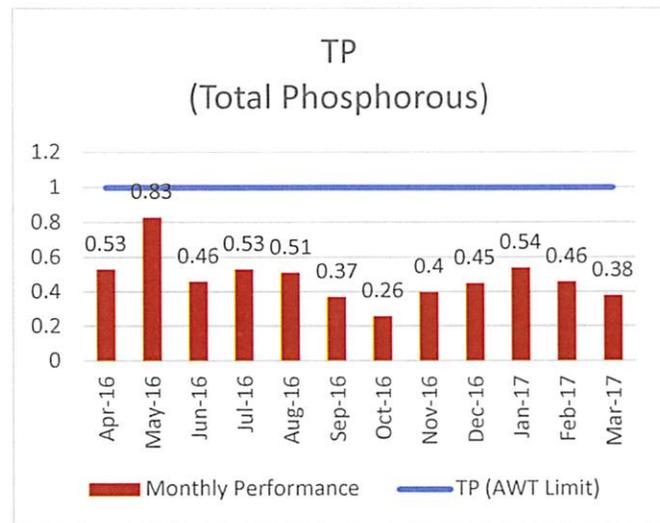
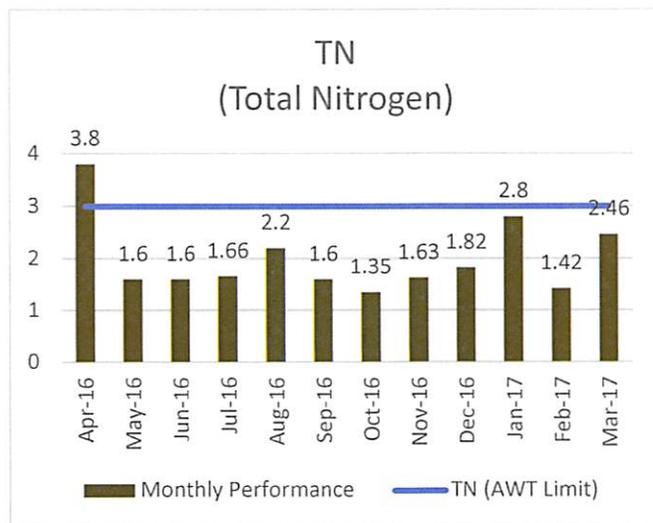
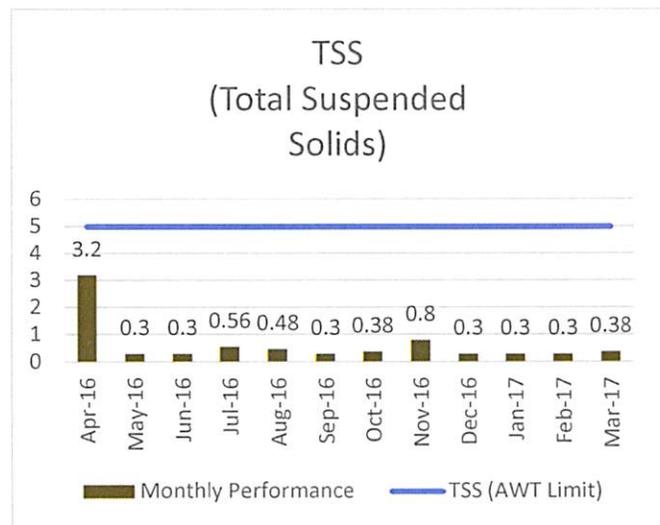
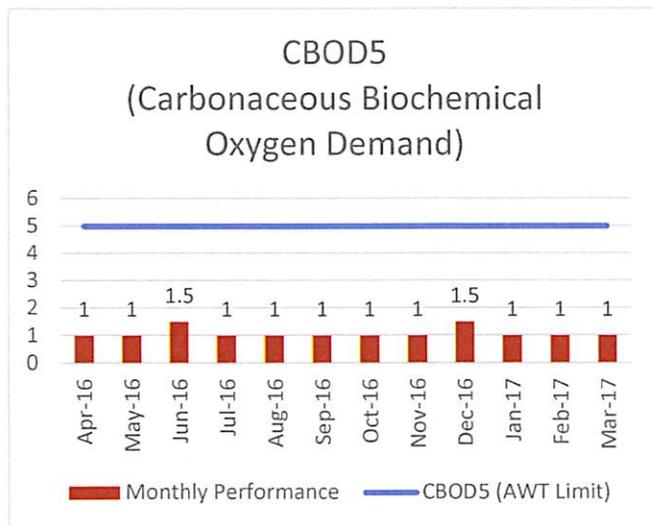
# Operations

## Wastewater Treatment Plant

The wastewater treatment plant processed an average of 1.56 million gallons of influent per day (MGD). Zero plant related odor complaints were received for the month of March.

### Effluent Quality Report

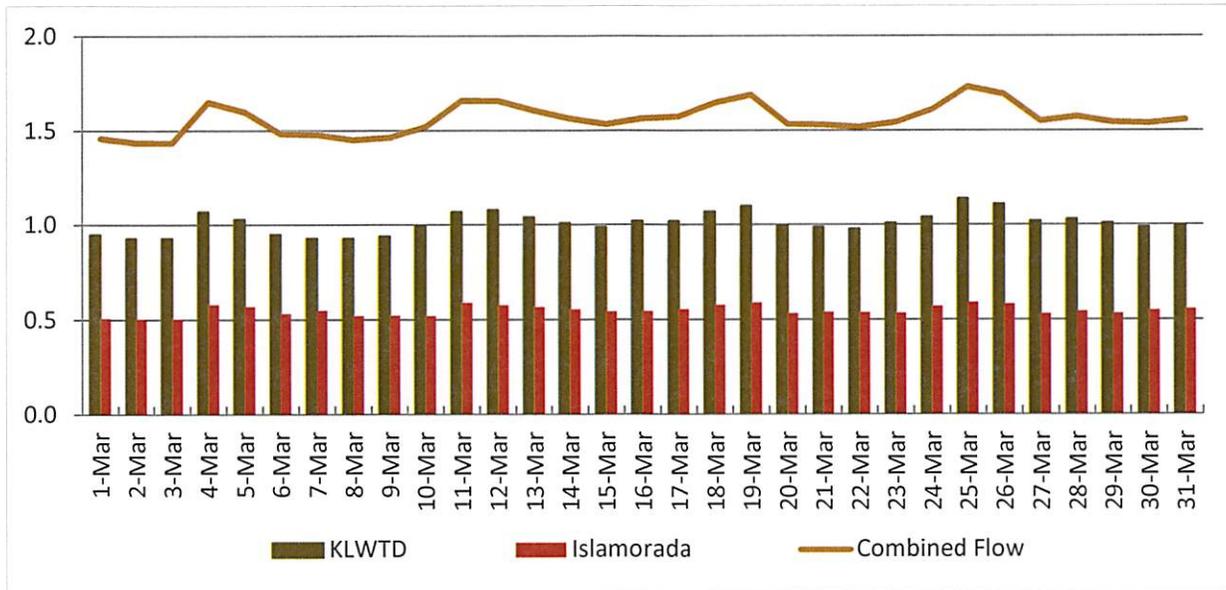
The effluent quality report is used to determine the quality of discharge from the wastewater treatment plant.



Temporary elevated Nitrogen levels attributed to biomass transfer. Although the monthly average cannot exceed 3.75 mg/l, out permit allows a single sample up to 6.0 mg/l and therefore the District remained compliant.

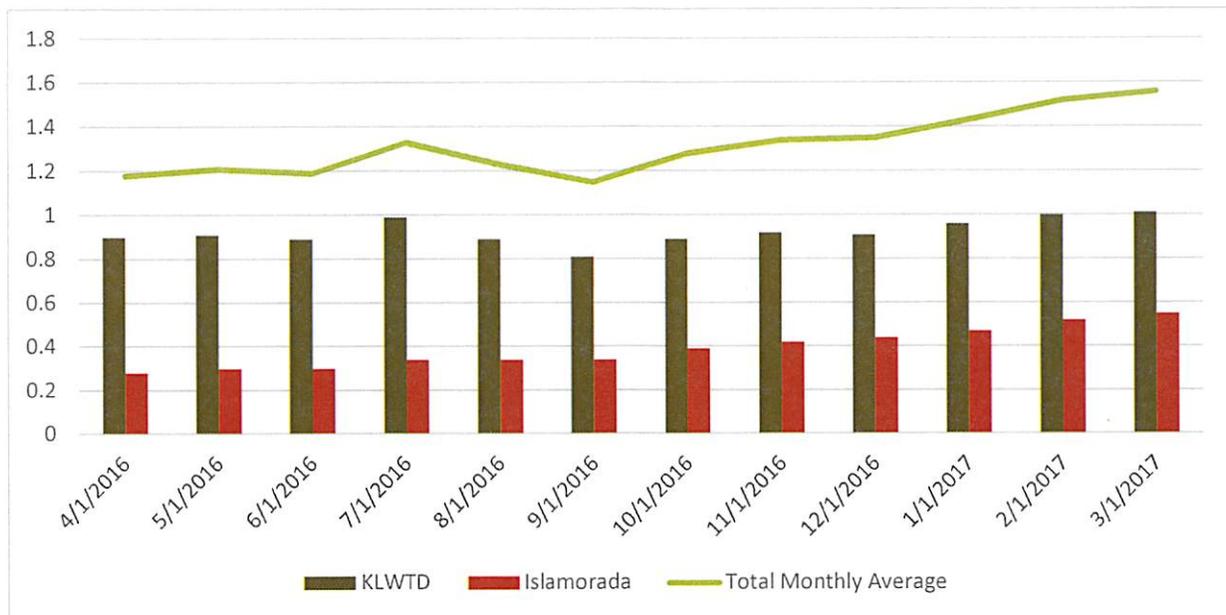
### February Flow (MGD)

The total flow of influent through the wastewater treatment plant each day.



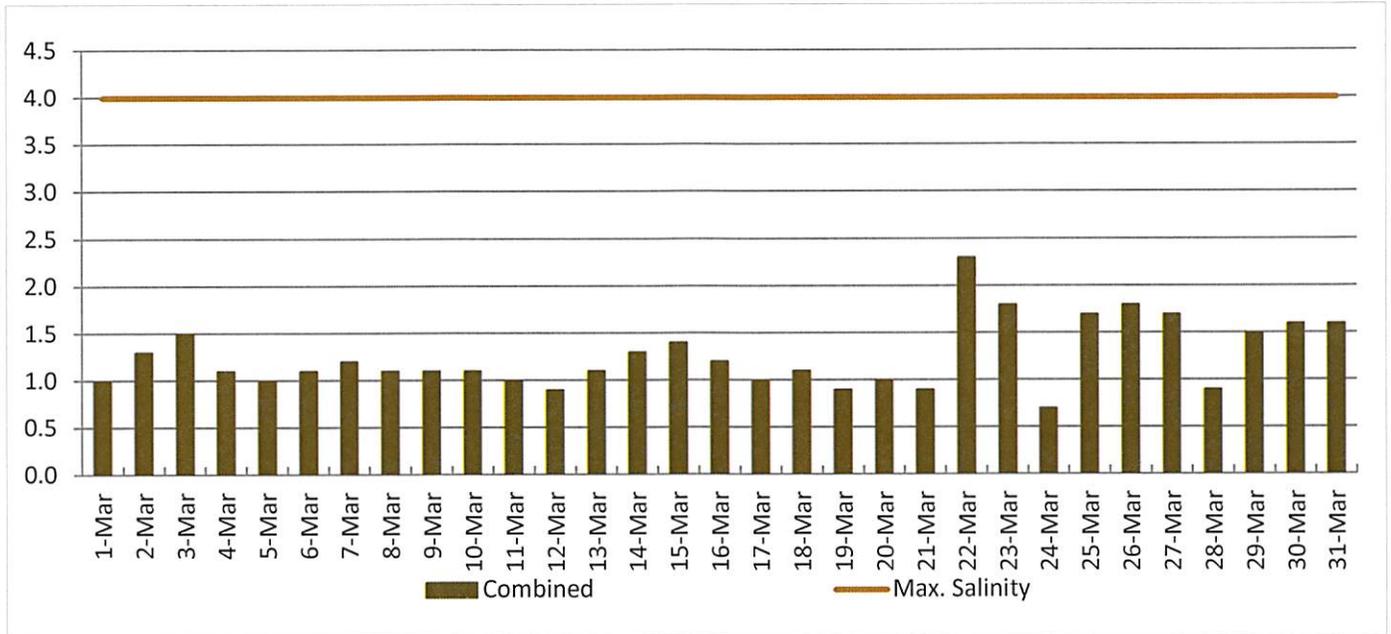
### Monthly Flow Average

Average Daily Flows per Month – Prior 12 Months



### Composite Daily Peak Salinity (PPT)

The daily peak salinity for February 2017.



### Wastewater Field Operations

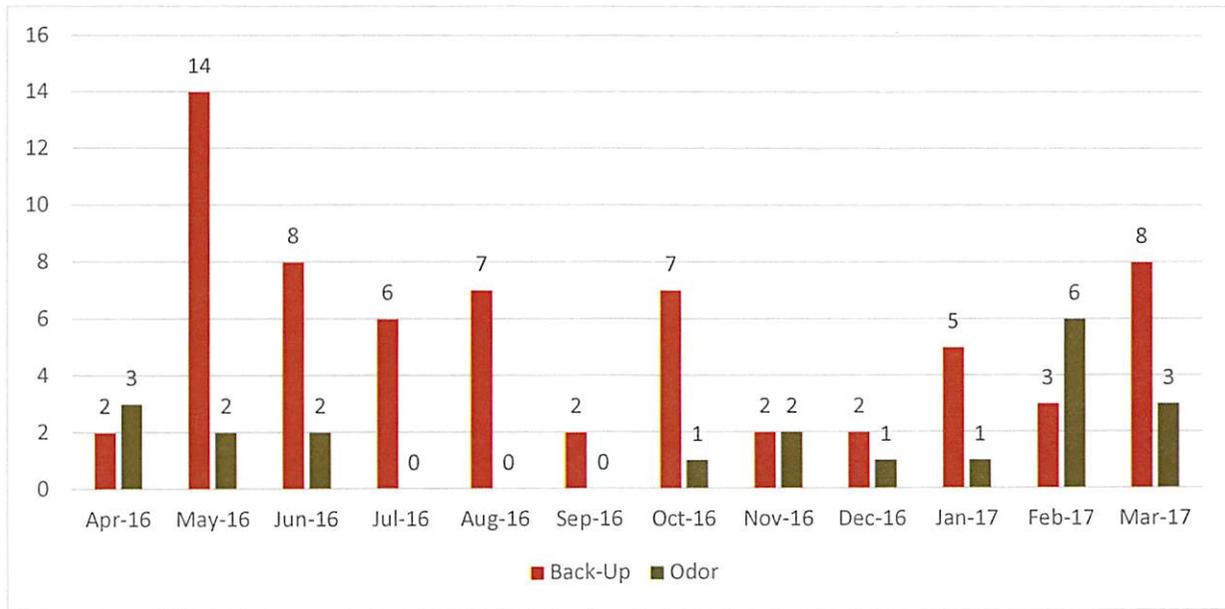
There was a total of 32 callouts for the month of March. Of these, 24 were system generated, mostly by low vacuum detection at a vacuum station. These 24 callouts had no effect on the District’s customers and the problems were corrected by the field staff before any negative consequences could occur. The remaining 8 callouts are as follows:

Address	Date	Incident	Response	Follow-up Complete?	Damage?
102670 Overseas Hwy	March 1, 2017	Sewage from manhole	Freshwater pit. No issue.	Yes	No
16 Bonita Ave	March 3, 2017	Problems with sink/toilet	Homeowner issue	Yes	No
267 Charlemagne Blvd	March 9, 2017	Sewage in shower	Homeowner issue	Yes	No
122 E. Shore Dr	March 14, 2017	Problem with toilet	Homeowner issue	Yes	No
221 2 <sup>nd</sup> St	March 15, 2017	Toilet not flushing	Homeowner issue	Yes	No
198 Lorelane Pl	March 20, 2017	Plumbing not working	Homeowner issue	Yes	No
20 Durry Dr	March 21, 2017	Toilet flushing slow	Homeowner issue	Yes	No
92510 Overseas Hwy	March 21, 2017	Problem with plumbing	Homeowner issue	Yes	No

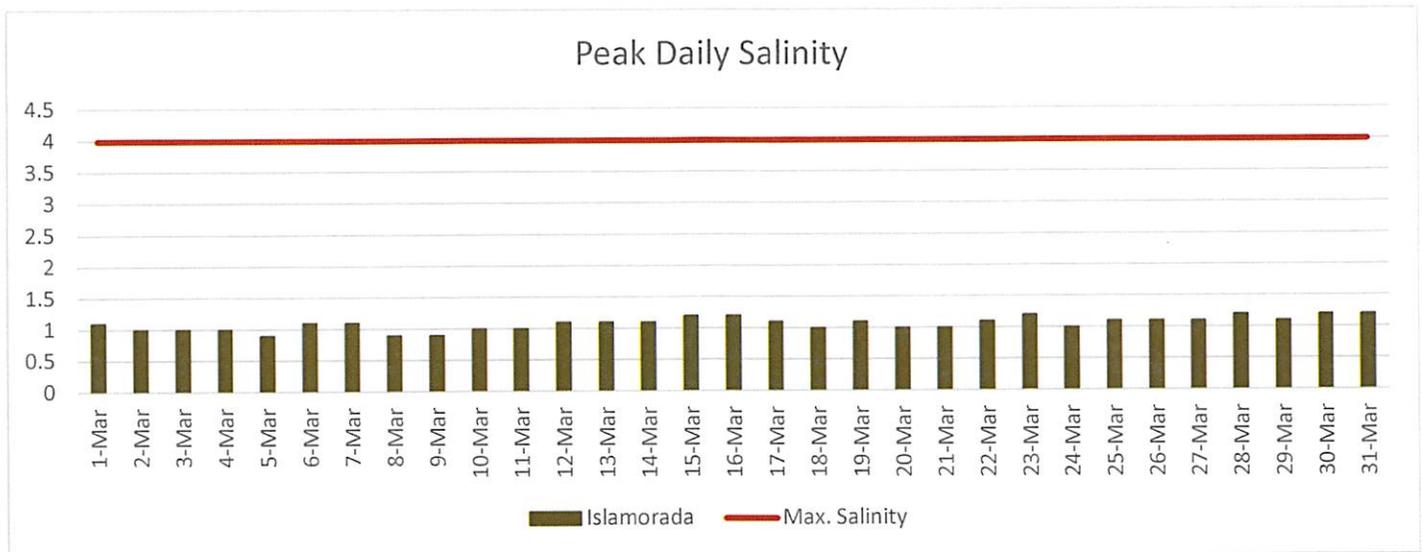
There was 6 odor complaint for March 2017.

Address	Date	Incident	Response	Follow-up Complete?
49 Silver Springs Dr	March 2, 2017	Strong odor in area	Plant had blower off	Yes
No Address Given	March 8, 2017	Strong odor in area	Odor from construction yard with wet fill	Yes
2 Avenue D	March 15, 2017	Strong odor in area	No odor detected upon arrival	Yes

### Callouts – Prior 12 Months



### Islamorada



Average Daily Flow	Monthly Peak Salinity	Days over 4.0 PPT Salinity	Monthly Bill
0.55 Million Gallons per Day	1.2 Parts per Thousand	0	Flow: \$79,375.50 Salinity: \$0

#### Commercial Tie-Ins Approved

1. No March Commercial Tie-Ins

## Construction

### Current Construction Projects

Project	FY17 Budgeted	Expended to Date	Contract Amount	Contract End Date	Status Update
Chemical Storage and Feed	\$10,000	\$436,427	\$721,183	7/10/2017	Notice to Proceed issued 2/10/17. Sodium Hydroxide concrete pad poured and pump skid mount layout revised.
WWTP Blower Upgrades	\$55,980	\$1,678,403	\$2,637,893	4/26/2017	All blowers are installed. Installation of electric actuators scheduled for installation 3/2017.
Vacuum Station F Booster Pump	N/A	N/A	\$15,837.61	N/A	WEC designed vacuum boosting system for permanent installation. Mink 5 hp booster pump ordered. Installation pending delivery.

### Upcoming Construction Projects

Project	Status
Headworks Bypass Piping	Preliminary layout and cost estimate is complete. Design drawings are underway. Discussing repair of the grit headcell with District staff and vendor to determine if the District wants this included in the project.
Process Water Pumping System	Weiler Engineering and District staff have determined the minimum and maximum pumping rates. Researching if a packaged pumping system with variable speeds and multiple pumps would be sufficient for project.
Stormwater Retention Area Project	Weiler Engineering putting together plans and technical specifications for the restoration of the stormwater retention area that has been blinded over years of accumulation of silt, grass clippings and construction activities.

## Maintenance

Project	Status
Preventative Maintenance	Calibrated wastewater plant flow meters, annual maintenance on heavy equipment; replaced damaged and cracked Vac-Tron hoses; welded air diffuser line; inspected and rebuilt disk filter backwash pump impellers and seals; installed anodes on well injection pumps; and performed monthly maintenance and inspection.
Corrective Maintenance	Vacuum Station G, I & JK force main check valve repaired and glad packing replaced; repaired and flushed blocked oil cooler on vacuum pump and thermos-protective switched at Vacuum Station E; and replaced faulty variable frequency drive at Vacuum Station E for Odor Control.

## Customer Service

### Tie-Ins

	Number of EDUs	% of EDUs	Number of Parcels	% of Parcels
Improved Parcels Not Connected	358.80	2.4%	214	2.0%
Improved Parcels Connected	14,625.20	97.6%	10112	98.0%
<b>Total</b>	<b>14,984.00</b>	<b>100%</b>	<b>10,326</b>	<b>100%</b>

Vacant EDUs Not Connected	Vacant Parcels Not Connected
1,718.80	1,777

### Customer Service Call-Ins

	Total
Approval to Proceed	25
Back-Up	9
Billing	1
Breather Issue	2
Code Compliance	2
Collections	3
Construction	1
Demo Inspection	2
Equipment Failure	2
Locate	9
Misc.	3
Odor	3
Tie-In	20
<b>Total</b>	<b>82</b>

### Code Enforcement

	March	Total
Letter to Proceed	25	19,355
Grant	0	119
Deferred	4	340
In Contract	2	231
Final Notice	0	569
Door Hanger	0	204
Code Enforcement	0	333

\*Code Enforcement files will be taken to the Monroe County Code Enforcement Department the last week of the month.

## Budget & Finance

### Current Debt Status

<b>SRF Loan - KLNC01P</b>	\$16,556,614.22
<b>SRF Bonded Loan - KLNC 010</b>	\$10,228,223.63
<b>SRF Loan - KLP 020</b>	\$489,554.70
<b>SRF Loan - KLSC 464030</b>	\$1,794,777.84
<b>BB&amp;T 2013 Bond</b>	\$7,964,224.18
<b>BB&amp;T 2014 Bond</b>	\$7,965,432.11
<b>Current Balance of all loans:</b>	<b>\$44,998,826.68</b>

### Cash Flow

	Deposits	Withdrawals
<b>Wastewater Billing Deposits</b>	\$888,719.99	
<b>Assessment Revenue Received</b> (Non-Ad Valorem & SDC Prepayments)	\$160,452.93	
<b>Islamorada Flow &amp; Salinity</b>	\$79,375.50	
<b>District Expenditures</b>		\$386,441.90
<b>Total</b>	<b>\$1,128,548.42</b>	<b>\$386,441.90</b>

### GSG/CDBG Status

	Applications Approved	In Verification Process	Incomplete Applications	Denied	Withdrawn
February	186	41	4	91	103

<b>Total Grant Applications</b>
425

## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:  
May 2, 2017

Agenda Item Number: H-1

Agenda Item Type:  
Information / Presentation

Agenda Item Scope:  
Review / Discussion

Recommended Action:

Department:  
Finance

Sponsor:  
General Manager

Subject:

### **CAFR Presentation/Financial Audit Results for FY2016**

Summary of Discussion:

Tony Grau of Grau and Associates will present the KLWTD CAFR (Comprehensive Annual Financial Report) and the financial audit results for Fiscal Year 2016

<u>Reviewed / Approved</u>	<u>Financial Impact</u>	<u>Attachments</u>
Operations: _____	\$	1. KLWTD Comprehensive Annual Financial Report for FY2016
Administration: _____		
Finance: _____	Funding Source:	
District Counsel: _____		
District Clerk: _____	Budgeted:	
Engineering: _____	N/A	

Approved By: \_\_\_\_\_

General Manager

Date: \_\_\_\_\_

4-27-17



*Key Largo Wastewater Treatment District*

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2016**

**Key Largo Wastewater Treatment District  
Comprehensive Annual Financial Report  
For the Fiscal Year ended September 30, 2016**

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# Key Largo Wastewater Treatment District

103355 Overseas Highway

Key Largo, FL 33037

Phone: (305) 451-4019 Fax: (305) 453-5807

www.klwtd.com



April 26, 2017

Honorable Chairman,  
Members of the Board of Commissioners, and  
Citizens of Key Largo

The comprehensive annual financial report of the Key Largo Wastewater Treatment District, Florida for the fiscal year ended September 30, 2016, is submitted herewith pursuant to Florida Statute Chapter 218.39 and Chapter 189.436(3) governing audit requirements for special districts.

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

The Key Largo Wastewater Treatment District's financial statements have been audited by Grau & Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Key Largo Wastewater Treatment District for the fiscal year ended September 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Key Largo Wastewater Treatment District's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to meeting the requirements set forth above, the independent audit was also designed to meet the requirements of Chapter 10.550, Rules of the Auditor General. These standards require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. The report is presented in the compliance section of this report.

In accordance with Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Key Largo Wastewater Treatment District's MD&A can be found immediately following the independent auditor's report on the basic financial statements.

The financial and accounting structure of the District consists of a single enterprise fund. The District is an Independent Special District authorized by Chapter 2002-337, Florida Statutes, enacted May 23, 2002. The principal function of the District is to provide for the design, construction and operation of wastewater treatment facilities to serve the island of Key Largo, an unincorporated portion of Monroe County, Florida. The District complies with the operating and reporting requirements of Chapter 189, Florida Statutes as applicable to Special Districts.

The District develops an annual budget to provide for the operations and capital programs of the District. A draft budget is developed by management and presented to the Board of Commissioners for review, revision and ultimate approval. The budget is adopted by the Board of Commissioners, by resolution, for the upcoming fiscal year of October 1<sup>st</sup> through September 30<sup>th</sup>.

The District's mission is part of larger state and national initiatives to save the Everglades and Florida Bay ecosystems for the benefit of future generations. In Key Largo, and typically all the Florida Keys except Key West, the disposal of domestic sewage has been historically handled by septic tanks and cesspits. Many commercial operations utilized small package sewage treatment plants. Florida statute 99-395 mandated the district establish goals which included the introduction of advanced wastewater treatment (AWT) and disposal infrastructure to serve all residents and commercial operations of Key Largo by July, 2010. This was later amended by the legislature in 2010 and the deadline for Advanced Wastewater Treatment standards required by the Statute 99-395 was extended to 2016.

Over 13,000 individual parcels of land exist on Key Largo. The District designed, engineered and constructed a main transmission line and associated collection systems to provide vacuum based collection services to the District's entire service area excluding properties where it was cost prohibitive to do so. This project was completed and placed into service during fiscal year 2011, which was 4 years earlier than the extended deadline. The completion of this project concluded the construction of the District's basic wastewater infrastructure throughout its entire service area, however, those unique properties that were unable to be provided with vacuum based collection services were given the option of joining the District's grinder pump project that started in fiscal year 2013, and was completed before the 2016 deadline. This project provides approximately 165 parcels with grinder pump based collection services.

The District also upgraded the plant capacity from a 2.3 million gallon per day (mgd) advanced wastewater treatment plant to 3.45mgd to provide treatment services to the Village of Islamorada service area. This project was completed in FY 2016. In FY2017, the District will complete the chemical feed system upgrade project, and the ongoing blower upgrade project, as well as beginning on an upgrade to two of its seven vacuum stations.

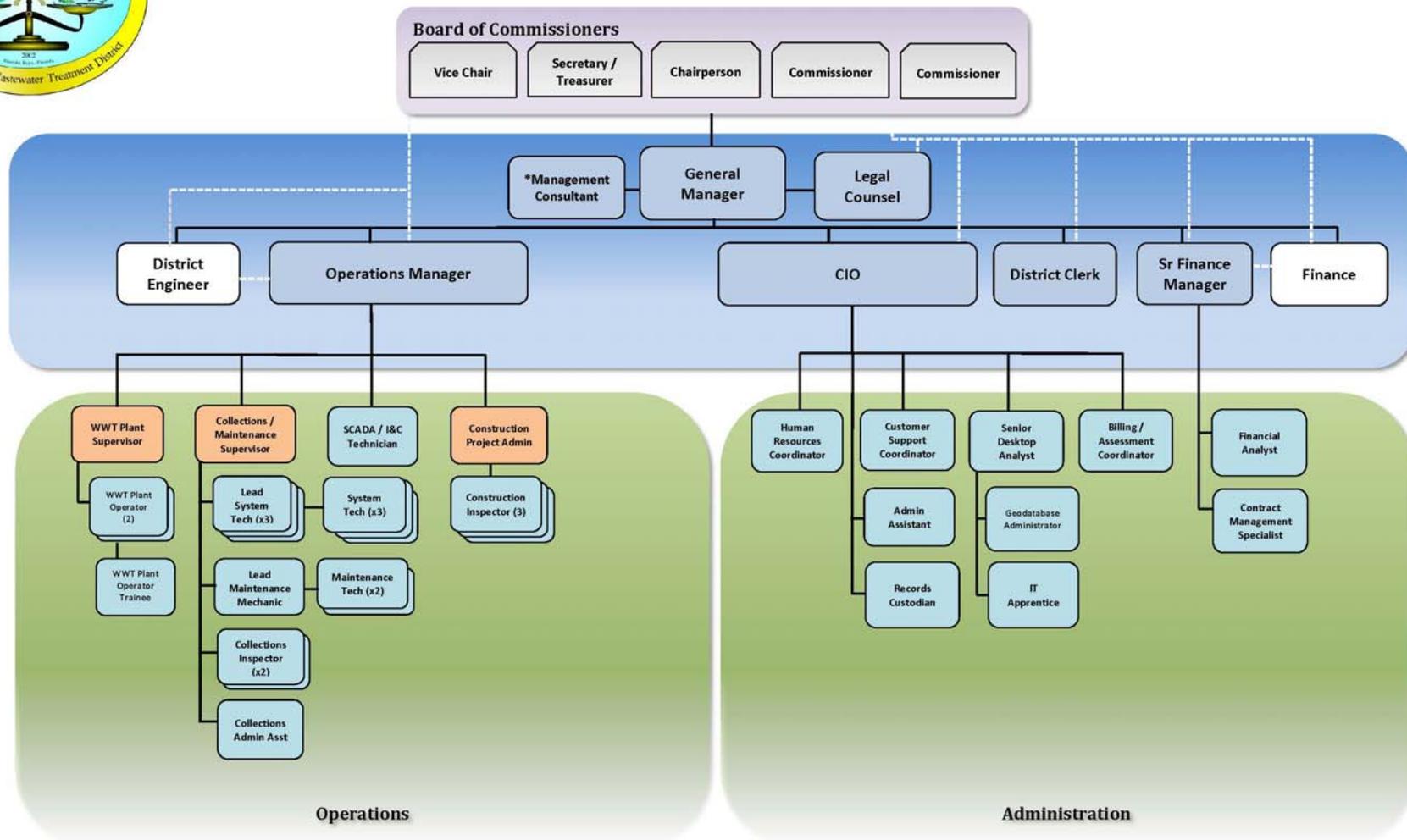
The preparation of this comprehensive annual financial report for the Key Largo Wastewater Treatment District was made possible by the dedicated efforts of all members of the District's staff. Each staff member has our sincere appreciation for the contributions made to this report.

In closing, without the leadership and vision of the Board of Commissioners, preparation of this report would not have been possible.

  
Peter Rosasco, CPA General Manager & Finance Director



## Key Largo Wastewater Treatment District Organizational Chart



\*First quarter FY15 only

September 5, 2014

**Key Largo Wastewater Treatment District  
List of Principal Officials**

**Board of Commissioners**

**FY 2016**

David Asdourian, Chairman  
Andrew Tobin, Vice Chairman  
Steve Gibbs, Commissioner  
Robert Majeska, Commissioner  
Sue Heim, Secretary/Treasurer

**FY 2017**

David Asdourian, Chairman  
Andrew Tobin, Vice Chairman  
Steve Gibbs, Commissioner  
Robert Majeska, Commissioner  
Sue Heim, Secretary/Treasurer

**District Management**

Paul Christian, General Manager  
Peter Rosasco, CPA, Finance Director  
Connie Fazio, Senior Finance Manager  
Katherine Jackson, Clerk to the Board

**District Counsel**

Ray Giglio

**District Engineer**

The Weiler Engineering Corp.  
R. Jeff Weiler P.E., President  
Edward R. Castle, Project Manager

# Financial Section



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Key Largo Wastewater Treatment District  
Key Largo, Florida

### Report on the Financial Statements

We have audited the accompanying basic financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida ("District") as of and for the fiscal year ended September 30, 2016, 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 District as of September 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal 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 and other required supplementary information 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, statistical section, and budgetary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory, statistical sections and budgetary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2017, 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, 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.

### **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated April 26, 2017, on our consideration of the District's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

April 26, 2017

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# **Management's Discussion and Analysis**

## **KEY LARGO WASTEWATER TREATMENT DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

On behalf of the Key Largo Wastewater Treatment District, Key Largo, Florida (District), management presents this narrative overview and analysis of financial activities of the District to readers of the District's financial statements for the fiscal year ended September 30, 2016. We are including this discussion and analysis in order to provide the reader with a better understanding of the District's overall financial position. This narrative should be considered in conjunction with the additional information contained in the introductory transmittal letter and the District's financial statements which follow in this section.

### **Overview of Operations**

The District was formed as a special district with the election of inaugural commissioners on November 5, 2002, as provided in Chapter 2002-337, Florida Statutes. The District's mission includes the introduction and operation of advanced wastewater treatment and disposal infrastructure to serve all residents and commercial operations on the unincorporated island of Key Largo by the year 2010.

The District's activities in FY2003 and FY2004 were focused on administrative responsibilities associated with organization of a new public utility and on implementing a demonstration project to serve 760 residential and commercial customers in the Key Largo Trailer Village and Key Largo Park communities. Contracts to design and build a demonstration project consisting of a 0.183 mgd (million gallons per day) wastewater treatment plant and to install collection systems serving 850 EDU's (equivalent dwelling units) were awarded.

In FY2005 and FY2006 the District commenced construction of the Key Largo Trailer Village and Key Largo Park demonstration project, initiating service to customers in May, 2006. The District also focused on the expansion of service to serve the northern half of the island by initiating the design and engineering of the North Components project. This project consists of expansion of the treatment plant from 0.183 to 2.3 mgd treatment plant to ultimately serve the entire island with a single regional treatment facility, construction of a main transmission line serving the northern half of the island, and installing vacuum collection systems in the four northern service areas. Construction of the North Transmission force main was initiated in July, 2006. Contracts for design and engineering of the regional treatment plant and the collection systems serving 3,700 EDU's associated with the North Components project were also awarded.

In FY2007 and FY2008 the District focused on construction of the North Components project. A north transmission force main was completed. Construction in all four northern service area collection systems was undertaken (Basins A, B, C, and D), and construction of the 2.3 mgd treatment plant expansion was initiated in October, 2008. The District also initiated design and engineering of a South Components project consisting of a transmission line to serve the southern half of the island and installation of vacuum collection systems in seven southern service areas (Basins E – K).

In FY2009, construction of the North Components collection systems was essentially completed. Expansion of the regional treatment plant continued with completion of a 3,700 ft. deep well and all treatment tanks. Construction of the South Components project was initiated in Basins E and F.

Beginning in 2005, the District has pursued a policy of levying special assessments on all parcels to be benefited by new construction 1-2 years preceding service availability. The assessments on the benefiting property owners are intended to recover a portion of the cost of the improvements. Each parcel owner had the choice to pay the assessment in full or as a non ad valorem tax over a 20 year period.

## Overview of Operations (Continued)

In FY2011 and FY2012 the District completed its 2.3mgd regional treatment plant and collection system and placed it into service. In FY2012 the District entered into an interlocal agreement with the Islamorada Village of Islands to treat its wastewater, and sell treatment plant capacity space of 1.104 million gallons of average daily flow, and in FY2014 the District began receiving flows from Islamorada for treatment. During FY2015 through FY2016 this treatment plant capacity was upgraded to 3.45mgd to accommodate the additional flows from Islamorada. This facility is currently meeting Advanced Wastewater Treatment Standards (AWT). The grinder pump project commenced during FY2012 and was substantially completed in FY2016. The grinder pump project provides centralized sewer service to properties where it was cost prohibitive to provide a vacuum based collection system.

## The District's Single Enterprise Fund

The District uses proprietary fund accounting to record and report its results of operation as a single enterprise fund. This method of accounting is used when an entity charges customers for the services it provides.

## Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all the District's assets and liabilities, 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave)

## District's Net Position

Total assets of the District at September 30, 2016, were \$191,567,462 and total liabilities amounted to \$79,795,151. Total net position of the District was \$111,772,311. For the prior year, total assets of the District at September 30, 2015, were \$183,706,747 and total liabilities amounted to \$90,439,581 and total net position of the District was \$93,267,166.

Total current assets of \$14,772,720 at September 30, 2016 consisted of \$1,240,285 in amounts due to the District from other government agencies and unrestricted cash and cash equivalents of \$8,796,484. Restricted current assets included cash and cash equivalents of \$4,693,741 restricted for debt service and reserves for future repairs and replacements. For the prior year, total current assets of \$15,828,874 at September 30, 2015 consisted of \$886,004 in billings due from Florida Keys Aqueduct Authority and \$676,361 due from other governments. The District had unrestricted cash and cash equivalents of \$9,362,638 and restricted cash and cash equivalents of \$4,851,501. These funds were restricted for debt service and reserves for future repairs and replacements.

Total noncurrent assets at September 30, 2016 of \$176,794,742 consisted essentially of \$13,340,925 in amounts due from other governments, \$59,095 in prepaid expense and other assets, \$31,857,432 in assessments levied but not received, \$131,537,290 in land, equipment, and infrastructure net of accumulated depreciation owned by the District. In the prior year, total noncurrent assets at September 30, 2015 of \$167,877,873 consisted essentially of \$55,095 in prepaid expenses and other assets, \$34,522,422 in assessments levied but not received, and \$133,300,356 in land, equipment, construction in progress, and infrastructure net of accumulated depreciation owned by the District.

**District's Net Position (Continued)**

Total liabilities at September 30, 2016 of \$79,795,151 included \$297,383 due to vendors for goods and services rendered \$28,497 due to construction contractors for contracts and retainage payable, \$256,147 in accrued interest expense, \$47,178,256 in loans payable, of which \$4,387,403 is due next year, and \$31,857,432 for assessments levied but not yet received. In the prior year, liabilities at September 30, 2015 of \$90,439,581 included \$277,057 due to vendors for goods and services rendered \$479,546 due to construction contractors, \$298,006 in accrued interest expense, \$54,702,806 in loans payable, and \$34,522,422 for assessments levied but not yet received.

Key components of the District's net position are reflected in the following table:

	<u>Key Components of Net Position</u>	
	September 30,	
	2016	2015
Current and other assets	\$ 60,030,172	\$ 50,406,391
Capital assets, net of depreciation	131,537,290	133,300,356
Total assets	<u>191,567,462</u>	<u>183,706,747</u>
Current liabilities	4,969,430	5,240,859
Long-term liabilities	74,825,721	85,198,722
Total liabilities	<u>79,795,151</u>	<u>90,439,581</u>
Net position		
Net investment in capital assets	84,330,537	78,118,004
Restricted	4,437,594	4,553,495
Unrestricted	23,004,180	10,595,667
Total net position	<u>\$ 111,772,311</u>	<u>\$ 93,267,166</u>

**District Revenues, Expenses, and Changes in Net Position**

The District's net position increased by \$18,505,145 during FY2016; from \$93,267,166 on September 30, 2015 to \$111,772,311 on September 30, 2016. Total revenues for the period were \$29,679,656 and total expenses for the period were \$11,174,511. For the prior year, total revenues for the period were \$15,838,166 and total expenses for the period were \$11,039,608.

For FY2016, operating revenues consisted of \$9,369,902 in charges to customers for services and related fees. Non-operating revenues consisted of \$14,747,826 in intergovernmental income, of which \$14,340,925 is from the Interlocal agreement with Monroe County for the Mayfield funding swap. The District received \$4,284,578 in assessments, \$23,108 in interest income and \$1,257,882 in grant income. For FY2015, operating revenue consisted of \$9,024,977 in charges to customers for services and related fees. Non-operating revenues consisted of \$4,603,764 in assessments, and \$18,860 in interest income, and a \$795,356 in grant income.

**District Revenues, Expenses, and Changes in Net Position (Continued)**

Key elements of the change in net position are reflected in the following table:

<u>Change in Net Position</u>		
Fiscal Year Ended September 30,		
	2016	2015
Operating activities:		
Charges for services	\$ 9,369,902	\$ 9,024,977
Cost of sales	(3,462,536)	(3,434,263)
Administration	(2,061,163)	(1,933,311)
Other	(134,052)	(175,224)
Depreciation	(4,188,921)	(4,003,065)
Net operating (loss)	<u>(476,770)</u>	<u>(520,886)</u>
Nonoperating activities:		
Grant revenue	1,257,882	795,356
Assessments	4,284,578	4,603,764
Interest income	23,108	18,860
Intergovernmental income	14,747,826	1,395,209
Gain (loss) on sale of assets	(3,640)	-
Interest expense	(1,327,839)	(1,493,745)
Net nonoperating activities	<u>18,981,915</u>	<u>5,319,444</u>
Change in net position	<u>18,505,145</u>	<u>4,798,558</u>
Net position, beginning	<u>93,267,166</u>	<u>88,468,608</u>
Net position, ending	<u>\$ 111,772,311</u>	<u>\$ 93,267,166</u>

**Capital Assets and Project Plan**

The District adopted a master facilities plan in March, 2006 to construct wastewater collection transmission and treatment facilities to serve the entire island of Key Largo. The wastewater transmission and treatment facilities project was substantially completed and in service at the end of FY2011.

The remaining project consisted of the connection of approximately 165 properties where it was cost prohibitive to provide vacuum based collection services. These properties require a grinder pump based collection system. Work on the grinder pump project commenced during fiscal year 2012 and was substantially complete and in service at September 30, 2016. The District also completed work on the treatment plant expansion project to increase the treatment plant capacity from a 2.3 mgd capacity to 3.45 mgd. The plant expansion project was necessary to accommodate the wastewater flows that the District receives from the Village of Islamorada.

At September 30, 2016 the District had \$155,853,509 invested in land, infrastructure, equipment, and construction in progress. Depreciation of \$24,316,219 has been taken, which resulted in a net book value of \$131,537,290. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Capital Debt**

The District's capital debt decreased by \$7,524,550 during the current fiscal year, primarily due to an advanced debt payment of \$3,300,000 and the regularly scheduled annual debt service payments. More detailed information about the District's capital debt is presented in the notes to the financial statements.

### **Economic Factors and Next Year's Budget**

The unemployment rate for Monroe County was 3.2% at November 2016, which is a slight decrease from a rate of 3.3% a year ago. The rate still compares favorably to the state's average unemployment rate of 4.9%.

Assessed property values in the District's service area increased in 2016; however, the District has no taxing authority, and no District revenue is derived from or dependent upon ad-valorem taxation. Therefore, this increase in property value should have no significant effect on the current or future financial performance.

During FY2017, the District will complete the chemical feed system upgrade project, the blower upgrade project, and start the upgrades of two of the District's seven vacuum stations.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, landowners, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Key Largo Wastewater Treatment District's Finance Department at 103355 Overseas Highway, Key Largo, Florida, 33037.

# **Basic Financial Statements**

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

<b>ASSETS</b>	
Current assets:	
Unrestricted:	
Cash and cash equivalents	\$ 8,796,484
Accounts receivable	6,455
Due from other governments	1,240,285
Inventories	23,774
Prepaid expenses	11,981
Total unrestricted current assets	<u>10,078,979</u>
Restricted:	
Cash and cash equivalents	<u>4,693,741</u>
Total restricted current assets	<u>4,693,741</u>
Total current assets	<u>14,772,720</u>
Noncurrent assets:	
Due from other governments	13,340,925
Prepaid and other assets	59,095
Assessments	31,857,432
Capital assets:	
Land	2,012,494
Construction in progress	1,996,949
Depreciable assets	151,844,066
Less accumulated depreciation	<u>(24,316,219)</u>
Total capital assets, net	<u>131,537,290</u>
Total noncurrent assets	<u>176,794,742</u>
Total assets	<u>191,567,462</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	297,383
Payable from restricted assets:	
Accrued bond interest payable	256,147
Contracts and retainage payable	28,497
Current portion of long term debt	4,387,403
Total current liabilities	<u>4,969,430</u>
Noncurrent liabilities:	
Unearned revenue	31,862,215
Loans payable	42,790,853
Deposits	25,000
Compensated absences	72,407
Other post employment benefits	75,246
Total noncurrent liabilities	<u>74,825,721</u>
Total liabilities	<u>79,795,151</u>
<b>NET POSITION</b>	
Net investment in capital assets	84,330,537
Restricted for debt service	1,140,636
Restricted for other	3,296,958
Unrestricted	23,004,180
Total net position	<u>\$ 111,772,311</u>

See accompanying notes to financial statements

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Operating revenues:	
Charges for services	\$ 8,779,543
Other service fees	590,359
Total operating revenues	<u>9,369,902</u>
Operating expenses:	
Costs of sales and services	3,462,536
Administration	2,061,163
Other	134,052
Depreciation	4,188,921
Total operating expenses	<u>9,846,672</u>
Operating income (loss)	<u>(476,770)</u>
Nonoperating revenues (expenses):	
Grant revenues	1,257,882
Assessments	4,284,578
Interest income	23,108
Intergovernmental income	14,747,826
Gain/(loss) on disposal	(3,640)
Interest expense	<u>(1,327,839)</u>
Total nonoperating revenues (expenses):	<u>18,981,915</u>
Change in net position	18,505,145
Total net position - beginning	<u>93,267,166</u>
Total net position - ending	<u>\$ 111,772,311</u>

See accompanying notes to financial statements

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Cash flows from operating activities:	
Receipts from customers and users	\$ 9,009,166
Payments to employees	(2,469,472)
Payments to suppliers	(3,137,754)
Net cash provided (used) by operating activities	<u>3,401,940</u>
Cash flows from capital and related financing activities:	
Grants and other intergovernmental	1,257,882
Assessments	4,284,686
Other income	2,083,262
Payments on bank loans	(1,243,932)
Payments and fees on loan from other government	(6,280,618)
Interest payments	(1,369,698)
Gain/(loss) on disposal	(3,640)
Acquisition and construction of capital assets	(2,876,904)
Net cash provided (used) by capital and related financing activities	<u>(4,148,962)</u>
Cash flows from investing activities:	
Investment earnings	<u>23,108</u>
Net cash provided (used) by investing activities	<u>23,108</u>
Net increase (decrease) in cash and cash equivalents	<u>(723,914)</u>
Cash and cash equivalents (including restricted), October 1	<u>14,214,139</u>
Cash and cash equivalents (including restricted), September 30	<u>\$ 13,490,225</u>
Reconciliation of operating (loss) to net cash provided (used) by operating activities:	
Operating (loss)	<u>\$ (476,770)</u>
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:	
Depreciation expense	4,188,921
(Increase)/Decrease in accounts receivable	879,549
(Increase)/Decrease in due from other governments	(1,240,285)
(Increase)/Decrease in inventory	3,843
(Increase)/Decrease in prepaid	8,772
Increase/(Decrease) in accounts payable	20,326
Increase/(Decrease) in other post employment benefits	8,892
Increase/(Decrease) in compensated absences payable	8,692
Total adjustments	<u>3,878,710</u>
Net cash provided (used) by operating activities	<u>\$ 3,401,940</u>

See accompanying notes to financial statements

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 – REPORTING ENTITY**

The Key Largo Wastewater Treatment District, Key Largo, Florida (“District”) is an autonomous independent Special District and political body formed in 2002 by the Legislature of the State of Florida by House Bill 471, enacted as Chapter 2002-37, Laws of Florida, for the purpose of carrying out the planning, acquisition, development, operation, and management of a wastewater management system within the District’s boundaries in Key Largo, Monroe County, Florida. This responsibility was transferred from the Florida Keys Aqueduct Authority (“FKAA”) to the District pursuant to an Interlocal Agreement dated February 26, 2003 between the District, Monroe County, and FKAA. The District is governed by a five member Board of Directors which are elected in a nonpartisan election.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District operates as a proprietary fund type, specifically an enterprise fund. The District’s financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America. The focus of a proprietary fund is the measurement of economic resources. Under this method revenues are recorded when earned and expenses are recorded when the liability is incurred, and all assets and liabilities associated with the entity are included on the balance sheet. The generally accepted accounting principles applicable to proprietary funds are similar to those applicable in the private sector.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**New Accounting Standards Adopted**-During fiscal year 2016, the District adopted one new accounting standards as follows:

*GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*  
The Statement identifies—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principals.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deposits and Investments** – The District’s cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
- c) Interest bearing time deposits or savings accounts in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

**Inventories** – Inventories at September 30, 2016 represent chemicals and supplies on hand carried at their historical cost.

**Prepays** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Restricted Assets** – Restricted assets represent cash and other assets whose use is restricted by legal requirements, amounts set aside to meet sinking fund requirements and reserves for future repairs and replacements.

**Capital Assets** – Capital assets include property, plant, equipment and wastewater system. The District maintains a \$750 threshold and estimated useful life of more than one year for additions to equipment. The remainder of capital assets with a value in excess of \$5,000 and an estimated useful life of in excess of two years are capitalized. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized but expensed as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment – field and plant equipment	7-10
Equipment – vehicles	5
Infrastructure and building	30-40

The District’s wastewater system was completed in sections. Depreciation begins when the section is completed and placed in service.

**Long-term Obligations** – The long-term debt of the District is reported as a liability in the statement of net position.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Compensated Absences** – It is the District's policy to permit employees to accumulate earned but unused sick leave and vacation leave benefits. Sick leave may be accumulated up to 40 hours and vacation leave up to 8 hours per month for employees with the District under 5 years, and 12 hours per month for employees with the District over 5 years. New employees earn vacation time but are not able to use it until after the six months probationary period. All sick and vacation leave is accrued when earned in the government-wide and proprietary fund financial statements.

**Other Postemployment Benefits (OPEB)** – Effective October 1, 2009, the District adopted GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of this adoption was to establish uniform reporting standards for benefit plans associated with postemployment benefits other than pensions, and to change the measurement, recognition, and display of OPEB expense and related liabilities (assets), note disclosures, and required supplementary information (RSI) in annual financial reports of governmental entities. Implementation of this statement had no effect on fiscal years prior to fiscal year 2010. See Note 7, Other Postemployment Benefits (OPEB), for more information on the District's OPEB Plan.

**Deferred Outflows/Inflows of Resources** – Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the District would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the District reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

**Revenue Recognition** – Revenues that do not meet revenue recognition requirements (not earned) are recorded as unearned revenue.

Assessments are non-ad valorem assessments on parcels served within the District. The assessments were levied in phases one to two years before the related infrastructure for the area was completed. The assessments may be paid in one lump sum or allocated over a 20 year period. For assessments paid over a 20 year period, interest will be the lesser of the District's borrowing rate or 8% per year. There is no penalty for prepayments or deferred payments. The fiscal year for which annual assessments are levied begins on October 1 with discounts available for payments through February 28 and become delinquent on April 1. The District's annual assessments are billed and collected by the County Tax Assessor/Collector. The amounts remitted to the District are net of applicable discounts or fees and include interest on monies held from the day of collection to the day of distribution. The assessments were levied to fund a portion of the costs of the infrastructure being constructed to benefit parcels served and are reported as nonoperating revenues.

The portion of assessments receivable due and earned within the current fiscal period is considered to be revenue of the current period. The remainder is recorded as unearned revenue in the statement of net position.

**Fund Equity/Net Position** - Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's debt covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

The District first uses restricted resources, followed by unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

## 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 of America requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, and changes therein, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

## NOTE 3 – RESTRICTED CASH AND DEPOSITS

Cash and investment amounts restricted for specific use by outside parties at September 30, 2016 are as follows:

Restricted for debt service on loans	\$	1,396,783
Restricted for repair, replacement and windstorm damage		3,296,958
	\$	<u>4,693,741</u>

### Deposits

The District's cash balances were entirely covered by federal depository insurance or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

## NOTE 4 – CAPITAL ASSETS

The table below summarizes the capital activity for the fiscal year ended September 30, 2016.

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 2,012,494	\$ -	\$ -	\$ -	\$ 2,012,494
Construction in progress	5,054,646	1,612,583		(4,670,280)	1,996,949
Total capital assets, not being depreciated	<u>7,067,140</u>	<u>1,612,583</u>	<u>-</u>	<u>(4,670,280)</u>	<u>4,009,443</u>
Capital assets, being depreciated:					
Buildings	866,398	311,601	-	(384,283)	793,716
Treatment facilities	32,519,242	102,388	-	4,183,829	36,805,459
Collection system	112,051,154	345,350	-	866,489	113,262,993
Equipment	934,489	57,574	(14,410)	4,245	981,898
Total capital assets, being depreciated	<u>146,371,283</u>	<u>816,913</u>	<u>(14,410)</u>	<u>4,670,280</u>	<u>151,844,066</u>
Less accumulated depreciation for:					
Buildings	(97,995)	(26,457)	-	83,563	(40,889)
Treatment facilities	(5,564,557)	(1,224,878)	-	149,081	(6,640,354)
Collection system	(13,869,531)	(2,801,990)	-	(232,105)	(16,903,626)
Equipment	(605,984)	(135,596)	10,769	(539)	(731,350)
Total accumulated depreciation	<u>(20,138,067)</u>	<u>(4,188,921)</u>	<u>10,769</u>	<u>-</u>	<u>(24,316,219)</u>
Total capital assets, being depreciated, net	<u>126,233,216</u>	<u>(3,372,008)</u>	<u>(3,641)</u>	<u>4,670,280</u>	<u>127,527,847</u>
Total capital assets, net	<u>\$ 133,300,356</u>	<u>\$ (1,759,425)</u>	<u>\$ (3,641)</u>	<u>\$ -</u>	<u>\$ 131,537,290</u>

In connection with the District's wastewater treatment project, the District has entered into various contracts with engineers and contractors to construct the collection system and treatment plant. At September 30, 2016 the District had commitments of \$1,736,574 with respect of unfinished capital projects.

For the year ended September 30, 2016, no interest costs relating to construction were capitalized. The interest costs incurred and charged to expense was \$1,327,839 for the year ended September 30, 2016.

## **NOTE 5 – INTERLOCAL AGREEMENTS**

On May 22, 2012, the District entered into an interlocal agreement with Islamorada Village of Islands (“Islamorada”) for wastewater services. Under the terms of the agreement, the District will provide wastewater treatment and disposal services to Islamorada for a period of 30 years. The fee charged to Islamorada is \$4.65 per thousand gallons and adjusted in accordance with true-up provisions in the agreement. Wastewater treatment and disposal services commenced during June, 2014. Total revenue earned relating to wastewater services provided to Islamorada during the year ended September 30, 2016 totaled \$563,225. Furthermore, Islamorada purchased capacity from the District and also agreed to pay for its proportionate share of plant capacity upgrades that the District constructed. The District charged Islamorada \$10,176,000 for the purchase of capacity.

### **Florida Keys Water Quality Improvement Program**

On October 31, 2014, the District entered into an interlocal agreement with the City of Marathon (“City”), Florida, and the Village of Islamorada (“Village”), Florida, to reallocate future grant revenue related to the United States Army Corps of Engineers’ Florida Keys Water Quality Improvement Program (“FKWQIP”). The original FKWQIP agreement authorized grant reimbursements to the District, City, and Village in a total amount of \$100,000,000. Under the agreement, the District is eligible to receive \$28,658,070 in grant reimbursements, of which it had received \$16,406,470 as of September 30, 2015. During the current fiscal year the District received \$749,000 of funding which increased the total amount received to \$17,155,470.

### **Monroe County Interlocal Agreement**

On March 11, 2015, the District was awarded a \$17,000,000 grant from the State of Florida Department of Environmental Protection to be applied toward the construction of the wastewater system improvements. During the current fiscal year the District executed an interlocal agreement with Monroe County whereby the grant was assigned to Monroe County in exchange for the amount being repaid over a 10 year period with zero interest. The agreement also stipulated that during the first three years of the assignment, Monroe County would be obligated to repay a maximum of \$1,000,000 per year. Furthermore, since the note is being repaid over 9 more years, the District discounted the remaining \$16,000,000 due from Monroe County over 9 years (9 years remaining at 9/30/16) using a 2.04% discount rate to arrive at a discounted receivable balance of \$13,340,925. This amount is included as due from other governments.

**NOTE 6 – LONG-TERM DEBT (Continued)**

**State Revolving Fund Loans**

As of September 30, 2016, the District has entered into four revolving loan agreements with the State of Florida Department of Environmental Protection Clean Water State Revolving Fund Loan program to finance its wastewater utility capital projects. Under the terms of the loan agreements pledged revenues shall be the gross revenues, together with system development charges, and annual wastewater assessments, derived yearly from the operation of the sewer system after payment of operating and maintenance expenses and any yearly payment obligation of any senior debt obligations. Each loan shall be repaid in 40 semiannual payments. Through September 30, 2016 the District has borrowed a total of \$57,818,739 under these agreements, including capitalized interest. As of September 30, 2016 repayments have begun on all loan agreements. The breakdown as of September 30, 2016 of the total amounts authorized, the fixed weighted average interest rate, the estimated semi-annual payment amount and the amounts drawn to date on each loan is as follows:

SRF Loan Agreement	Total Loan Authorized Amount	Interest Rate	Semi-Annual Payment Amount	Total Obligation September 30, 2016
WW46401P	\$ 22,670,199	2.41% - 2.68%	\$ 779,480	\$ 17,114,490
WW464010	32,077,094	2.49% - 2.92%	1,059,290	11,144,162
WW464020	891,422	2.56%	29,190	512,189
WW464030	2,180,024	2.68%	73,049	1,843,129
Total	<u>\$ 57,818,739</u>		<u>\$ 1,941,009</u>	<u>\$ 30,613,970</u>

**Series 2013 and 2014**

On December 19, 2013, the District issued \$10,000,000 of Utility Revenue Refunding Bond Series 2013 due October 15, 2027, with a fixed interest rate of 2.70%. On January 6, 2014, the District issued \$10,000,000 of Utility Revenue Refunding Bond Series 2014 due October 15, 2027, with a fixed interest rate of 2.70%. The Bonds were issued to refund a portion of the District's outstanding Utility Revenue Bond Series 2010 (the "Refunded Bonds"), and pay certain costs associated with the issuance of the Bonds. Interest and principal is to be paid quarterly on each October 15, January 15, April 15 and July 15.

The financing documents allow for the prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium. Extraordinary prepayments are also allowed in part once a year, on a payment date, specifically from grant and loan proceeds with no prepayment premium.

The District shall establish and collect fees and charges for the product services and facilities of its system to provide in each fiscal year net revenues, pledged system development charges, wastewater connection fees and any other special assessment proceeds, equal to at least 110% of the annual debt service becoming due in such fiscal year. The District is in compliance with those requirements of the Bonds at September 30, 2016.

**Long-term debt transactions**

Changes in long-term liability activity for the fiscal year ended September 30, 2016 were as follows:

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
State Revolving Loan WW46401P	\$ 18,208,946	\$ -	\$ 1,094,456	\$ 17,114,490	\$ 1,122,973
State Revolving Loan WW464010	16,191,118	-	5,046,956	11,144,162	1,843,664
State Revolving Loan WW464020	556,602	-	44,413	512,189	45,557
State Revolving Loan WW464030	1,937,922	-	94,793	1,843,129	97,350
Series 2013 Bonds	8,903,434	-	621,918	8,281,516	638,881
Series 2014 Bonds	8,904,784	-	622,014	8,282,770	638,978
Compensated absences	63,715	11,887	3,195	72,407	-
Total long term debt	<u>\$ 54,766,521</u>	<u>\$ 11,887</u>	<u>\$ 7,527,745</u>	<u>\$ 47,250,663</u>	<u>\$ 4,387,403</u>

**NOTE 6 – LONG-TERM DEBT (Continued)**

**Long-term debt transactions (Continued)**

The District's schedule of future debt service requirements is as follows:

Year ending September 30,	Total		
	Principal	Interest	Total
2017	\$ 4,387,403	\$ 1,206,844	\$ 5,594,247
2018	4,503,058	1,091,190	5,594,248
2019	4,621,766	972,481	5,594,247
2020	4,743,608	850,639	5,594,247
2021	4,868,667	725,580	5,594,247
2022-2026	16,741,622	2,096,126	18,837,748
2027-2031	7,240,048	307,610	7,547,658
2032	72,084	966	73,050
	<u>\$ 47,178,256</u>	<u>\$ 7,251,436</u>	<u>\$ 54,429,692</u>

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The District provides post-employment healthcare insurance coverage to eligible individuals pursuant to the requirements of State law.

**Eligibility** - Eligible individuals include all regular, full-time employees of the District who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the District. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

**Explicit Benefit Cost Sharing – Retiree and Dependents** - Retirees must pay 100% of the monthly premium as determined by the insurance carrier. The premium varies depending on whether the retiree elects single or spouse / family coverage.

**Implicit Benefits** - Employees are permitted to continue coverage under the plans offered by the District in retirement by paying 100% of the cost of the premium for the continued coverage. This arrangement creates an implicit cost and liability for the District because the premium charged for these retirees is the same as the premium charged for active employees, who are younger than retirees on average. Since the same premiums are charged to active employees and retirees, and the District is unable to obtain age-adjusted premium information for the retirees, GASB 45 requires the district to calculate age-adjusted premiums for the purpose of projecting future benefits for retirees.

**Surviving Spouse Benefit** - Surviving beneficiaries continue to receive access to the District's medical coverage after the death of the retired employee as long as they pay the required premiums

**Disability Retirement Benefits** - There are two types of disability retirement available to employees of the District: (1) in-line-of-duty disability retirement and (2) regular disability retirement. To qualify for either type of disability retirement, members must be totally and permanently disabled to the extent that they are unable to work in any job for any employer. In-line-of-duty disability benefits are available to members on their first day of employment. To be eligible for regular disability retirement, members must complete eight years of creditable service with the District.

**Post Employment Benefits** - Currently, 0 retired employees receive health benefits from the District. Future retirees will contribute 100% for coverage.

The District recognizes the cost of providing health insurance annually as expenses in the Statement of Revenues, Expenses and Changes in Net Position as costs are incurred. For the year ended September 30, 2016, the District recognized \$0 for its share of insurance premiums for currently enrolled retirees.

**NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

**Plan Description (Continued)**

The District's annual other post-employment benefit (OPEB) cost (expense) for its plan is calculated based on the annual required contribution of the employer (ARC), an amount determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Normal Cost	\$ 8,040
Supplemental Cost	8,750
Interest	333
Annual Required Contribution (ARC)	<u>17,123</u>
Interest on Net OPEB Obligation	2,654
Adjustment to ARC	<u>(8,022)</u>
Annual OPEB Cost (Expense)	11,755
Actual Benefit Payments	<u>(2,863)</u>
Increase in Net OPEB Obligation	8,892
Net OPEB Obligation - September 30, 2015	<u>66,354</u>
Net OPEB Obligation - September 30, 2016	<u>\$ 75,246</u>

The district's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligations were as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
September 30, 2014	19,414	14%	55,358
September 30, 2015	10,996	24.36%	66,354
September 30, 2016	11,755	0%	75,246

As of October 1, 2014, the most recent valuation date, the plan was 0% funded. The accrued liability for benefits was \$73,812 and the value of assets was \$0, resulting in an unfunded accrued liability (UAL) of \$73,812. The covered payroll (annual payroll of active employees covered by the plan) was not available, and the ratio of the UAL to the covered payroll was not applicable. Valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

**Methods and assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the District and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

## **NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

### **Methods and assumptions (Continued)**

In the October 1, 2014 valuation, the Projected Unit Credit cost method was used. The assumptions included a 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of (2.95%) initially, 9.00% in the second year and reduced by decrements to an ultimate rate of 5.00% after 10 years. The UAL is being amortized on an open basis. The remaining amortization period at September 30, 2016 was 10 years.

## **NOTE 8 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts and errors and omissions. During fiscal year 2016, the District maintained liability and errors and omissions insurance through the Preferred Governmental Insurance Trust (PGIT), coverage may not extend to all situations. There were no settled claims during the past three years.

# **Required Supplementary Information**

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
SCHEDULE OF FUNDING PROGRESS  
OTHER POST EMPLOYMENT BENEFIT PLAN  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL), Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percent of Covered Payroll	
October 1, 2014	-	87,360	87,360	N/A	-	N/A	N/A
October 1, 2015	-	69,351	69,351	N/A	-	N/A	N/A
October 1, 2016	-	73,812	73,812	N/A	-	N/A	N/A

# **Supplementary Information**

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
SCHEDULE OF REVENUES AND EXPENSES (BUDGETARY BASIS) – BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>OPERATING REVENUES:</b>			
Wastewater Service Revenue	\$ 9,427,110	\$ 8,779,543	\$ (647,567)
Other revenues	-	590,359	590,359
Total operating revenues	<u>9,427,110</u>	<u>9,369,902</u>	<u>(57,208)</u>
<b>OPERATING EXPENSES:</b>			
Department:			
Administrative	2,443,663	2,052,272	391,391
Collections & Maintenance	1,716,993	1,584,799	132,194
Treatment Plant	2,419,422	1,877,737	541,685
Construction	189,536	134,052	55,484
Total operating expenses	<u>6,769,614</u>	<u>5,648,860</u>	<u>1,120,754</u>
Budgetary basis operating income (loss)	<u>2,657,496</u>	<u>3,721,042</u>	<u>1,063,546</u>
<b>NON OPERATING REVENUES (EXPENSES):</b>			
Assessments	4,082,244	4,058,905	(23,339)
SDC Prepayments	175,000	225,673	50,673
Investment income	17,500	23,108	5,608
Other income	1,777,548	14,747,826	12,970,278
Gain/(loss) on disposal	-	(3,640)	(3,640)
Capital outlay	(14,939,002)	2,429,496	17,368,498
Debt service	(8,894,248)	(8,852,388)	41,860
Grant income	12,417,861	1,257,882	(11,159,979)
Cash on hand	3,275,601	-	(3,275,601)
Transfer to capital reserve	(820,000)	(820,000)	-
Total non operating revenues (expenses)	<u>(2,907,496)</u>	<u>13,066,862</u>	<u>15,974,358</u>
Budgetary basis income (loss)	(250,000)	16,787,904	17,037,904
OPEB Expense	-	(8,892)	(8,892)
Debt service principal	-	7,524,550	7,524,550
Depreciation	-	(4,188,921)	(4,188,921)
Transfers	-	820,000	820,000
Capital asset additions	-	(2,429,496)	(2,429,496)
GAAP basis change in net position	<u>\$ (250,000)</u>	<u>\$ 18,505,145</u>	<u>\$ 18,755,145</u>

# Statistical Section

This part of the District's comprehensive annual financial report represents information as a context for understanding what the information in the accompanying financial statements and notes to the basic financial statements says about the District's overall financial health.

**Financial Trends:**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

**Revenue Capacity:**

These schedules contain information to help readers assess the factors affecting the District's ability to generate revenues.

**Debt Capacity:**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to incur additional debt in the future.

**Demographic and Economic Information:**

These schedules offer demographic and economic indications to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time with other agencies.

**Operating Information:**

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

Sources: Unless otherwise indicated, information in these schedules is derived from the comprehensive annual financial reports for the respective years.

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
NET POSITION BY COMPONENT**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$ 84,330,537	\$ 78,118,004	\$ 72,420,100	\$ 57,918,010	\$ 56,848,024	\$ 43,200,732	\$ 27,621,330	\$ 19,230,593	\$ 19,774,464	\$ 15,622,110
Restricted	4,437,594	4,553,495	2,533,008	7,236,276	6,366,921	15,658,154	38,133,096	27,257,778	12,839,163	6,962,626
Unrestricted	23,004,180	10,595,667	13,515,500	21,471,157	20,916,652	12,714,887	158,199	(63,417)	(146,530)	111,033
Total net position	<u>\$ 111,772,311</u>	<u>\$ 93,267,166</u>	<u>\$ 88,468,608</u>	<u>\$ 86,625,443</u>	<u>\$ 84,131,597</u>	<u>\$ 71,573,773</u>	<u>\$ 65,912,625</u>	<u>\$ 46,424,954</u>	<u>\$ 32,467,097</u>	<u>\$ 22,695,769</u>

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
CHANGE IN NET POSITION**

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>Operating revenues:</b>										
Charges for service	\$ 9,369,902	\$ 9,024,977	\$ 8,648,563	\$ 8,259,561	\$ 7,982,364	\$ 4,750,891	\$ 814,061	\$ 705,935	\$ 603,047	\$ 516,765
Ad valorem taxes	-	-	-	-	-	-	-	653,289	843,001	787,643
Total operating revenues	9,369,902	9,024,977	8,648,563	8,259,561	7,982,364	4,750,891	814,061	1,359,224	1,446,048	1,304,408
<b>Operating expenses:</b>										
Cost of sales and services	3,462,536	3,434,263	3,063,570	2,739,794	2,443,119	1,435,715	732,969	707,200	428,281	381,279
Administration	2,061,163	1,933,311	1,755,937	1,762,678	1,579,319	1,262,205	839,941	676,191	636,691	558,753
Professional and other	134,052	175,224	262,912	138,631	174,844	178,168	147,290	175,484	392,859	240,709
Depreciation	4,188,921	4,003,065	3,975,919	3,915,064	3,790,497	3,475,347	387,419	376,540	371,420	188,327
Total operating expenses	9,846,672	9,545,863	9,058,338	8,556,167	7,987,779	6,351,435	2,107,619	1,935,415	1,829,251	1,369,068
Total operating income (loss)	(476,770)	(520,886)	(409,775)	(296,606)	(5,415)	(1,600,544)	(1,293,558)	(576,191)	(383,203)	(64,660)
<b>Nonoperating revenues (expenses):</b>										
Grant revenue	1,257,882	795,356	195,762	-	-	500,000	13,439,479	4,825,358	2,224,498	907,829
Intergovernmental	14,747,826	-	-	-	11,678,229	1,457,479	3,704,411	4,107,049	2,448,767	5,518,395
Assessments	4,284,578	4,603,764	4,808,534	5,026,498	5,295,038	5,570,211	5,757,448	5,225,617	5,298,845	2,474,159
Other	-	-	(11,985)	-	4,185	-	-	-	-	-
Other income	-	1,395,209	59,680	-	-	-	-	-	-	-
Interest income	23,108	18,860	243,242	169,382	21,810	47,837	108,259	795,171	204,565	174,233
Gain (loss) on sale of assets	(3,640)	-	-	4,536	(1,850,125)	-	-	-	-	-
Interest expense	(1,327,839)	(1,493,745)	(2,971,624)	(2,409,964)	(2,585,898)	(2,502,009)	(2,228,368)	(419,147)	(22,144)	(38,983)
Bond issuance costs	-	-	(70,669)	-	-	-	-	-	-	-
Total nonoperating revenues	18,981,915	5,319,444	2,252,940	2,790,452	12,563,239	5,073,518	20,781,229	14,534,048	10,154,531	9,035,633
Change in net position	\$ 18,505,145	\$ 4,798,558	\$ 1,843,165	\$ 2,493,846	\$ 12,557,824	\$ 3,472,974	\$ 19,487,671	\$ 13,957,857	\$ 9,771,328	\$ 8,970,973

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
REVENUES BY SOURCE**

Fiscal Year	Operating		Total Operating Revenue	Nonoperating					Total Non- Operating Revenue	Total Combined Revenue
	Sewer Service	Ad valorem Taxes		Grants	Intergovernmental	Assessments	Interest	Other		
2016	\$ 9,369,902	\$ -	\$ 9,369,902	\$ 1,257,882	\$ -	\$ 4,284,578	\$ 23,108	\$ 14,744,186	\$ 20,309,754	\$ 29,679,656
2015	9,024,977	-	9,024,977	795,356	-	4,603,764	18,860	1,395,209	6,813,189	15,838,166
2014	8,648,563	-	8,648,563	195,762	-	4,808,534	243,242	59,680	5,307,218	13,955,781
2013	8,259,561	-	8,259,561	-	-	5,026,498	169,382	4,536	5,200,416	13,459,977
2012	7,982,364	-	7,982,364	-	11,678,229	5,295,038	21,810	4,185	16,999,262	24,981,626
2011	4,750,891	-	4,750,891	500,000	1,457,479	5,570,211	47,837	-	7,575,527	12,326,418
2010	814,061	-	814,061	13,439,479	3,704,411	5,757,448	108,259	-	23,009,597	23,823,658
2009	705,935	653,289	1,359,224	4,825,358	4,107,049	5,225,617	795,171	-	14,953,195	16,312,419
2008	603,047	843,001	1,446,048	2,224,498	2,448,767	5,298,845	204,565	-	10,176,675	11,622,723
2007	516,765	787,643	1,304,408	907,829	5,518,395	2,474,159	174,233	-	9,074,616	10,379,024

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
EXPENSES BY FUNCTION**

Fiscal Year	Operating Expenses				Total Operating Expenses	Total Non- Operating Expenses	Combined Expenses
	Cost of Sales and Service	Adminstration	Contractual and Other	Depreciation			
2016	\$ 3,462,536	\$ 2,061,163	\$ 134,052	\$ 4,188,921	\$ 9,846,672	\$ 1,327,839	\$ 11,174,511
2015	3,434,263	1,933,311	175,224	4,003,065	9,545,863	1,493,745	11,039,608
2014	3,063,570	1,755,937	262,912	3,975,919	9,058,338	3,054,278	12,112,616
2013	2,739,794	1,762,678	138,631	3,915,064	8,556,167	2,409,964	10,966,131
2012	2,443,119	1,579,319	174,844	3,790,497	7,987,779	4,305,186	12,292,965
2011	1,435,715	1,262,205	178,168	3,475,347	6,351,435	2,502,009	8,853,444
2010	732,969	839,941	147,290	387,419	2,107,619	2,228,368	4,335,987
2009	707,200	676,191	175,484	376,540	1,935,415	419,147	2,354,562
2008	428,281	636,691	289,652	371,420	1,726,044	125,351	1,851,395
2007	381,279	558,753	240,709	188,327	1,369,068	38,983	1,408,051

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
MONTHLY RATE STRUCTURE**

	Base Charge (EDU)	Flow Charge (1,000 Gal.)	Average Monthly Service Fees			
			Residential	Non-Residential	Accounts	EDU's
2016	\$ 33.60	\$ 5.27	\$ 464,893	\$ 270,074	9,447	14,251
2015	33.60	5.27	458,674	268,133	9,449	14,251
2014	33.60	5.27	454,580	251,894	9,260	14,144
2013	33.60	5.27	462,464	257,970	9,085	14,110
2012	33.60	5.27	449,623	251,267	9,124	14,097
2011	33.60	5.27	271,035	138,334	6,107	10,085
2010	33.60	5.27	56,915	6,894	1,256	1,470
2009	33.60	5.27	45,842	6,743	655	1,023
2008	33.60	5.27	42,710	5,605	657	1,023
2007	33.60	5.27	43,760	2,400	656	681
2006	33.60	5.27	19,509	286	426	435

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
SYSTEM DEVELOPMENT CHARGE STRUCTURE**

	Fee Structure						
	Capacity	Connection	Low Pressure	Assessment			Total
	Charge (EDU)	Charge (Each)	Equipment & Lateral Connection	Residential	Non-Residential		
2016	\$ 3,305	\$ 2,535	\$ -	\$ 379,600	\$ 318,722	\$ 698,322	
2015*	-	-	-	-	-	-	
2014*	-	-	-	-	-	-	
2013	2,950	2,250	3,300	332,375	170,340	502,715	
2012	2,950	2,250	3,300	1,325,510	273,400	1,598,910	
2011*	-	-	-	-	-	-	
2010*	-	-	-	-	-	-	
2009	2,950	2,250	-	12,579,702	2,860,780	15,440,482	
2008	2,950	2,250	-	14,941,820	8,412,311	23,354,131	
2007	2,850	2,200	-	16,439,222	4,354,407	20,793,629	
2006	2,820	2,150	-	11,790,338	7,906,212	19,696,550	

\*The district did not assess any additional properties

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
RATIO OF OUTSTANDING DEBT**

	<b>Loans</b>	<b>Assessed Property Value</b>	<b>Percentage of Assessed Value</b>	<b>Pledged Revenue</b>
2016	\$ 47,178,256	\$ 4,431,117,858	1.0647%	\$ 13,064,121
2015	54,702,805	4,064,563,117	1.3458%	13,195,923
2014	58,329,191	3,794,887,898	1.5370%	13,321,671
2013	75,043,966	3,556,651,483	2.1100%	13,263,687
2012	75,835,590	3,223,256,011	2.3528%	12,935,426
2011	90,881,354	3,208,230,358	2.8328%	10,184,823
2010	80,049,168	3,802,498,273	2.1052%	6,571,509
2009	41,212,198	3,479,137,002	1.1846%	5,931,552
2008	7,953,334	4,464,565,476	0.1781%	5,901,892
2007	3,193,855	4,818,870,865	0.0663%	2,990,924
2006	1,206,982	4,306,056,741	0.0280%	745,693

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS**

	Assessed Property Value	Estimated Resident Population	
		Key Largo District	Monroe County
2016	\$ 4,431,117,858	10,433	76,047
2015	4,064,563,117	10,433	73,090
2014	3,794,887,898	10,433	74,044
2013	3,556,651,483	10,500	73,560
2012	3,223,256,011	10,405	72,897
2011	3,208,230,358	10,433	73,090
2010	3,802,498,273	11,019	73,460
2009	3,479,137,002	10,909	72,243
2008	4,464,565,476	12,886	76,081
2007	4,818,870,865	14,078	79,942
2006	4,306,056,741	14,655	83,219

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
DISTRICT EMPLOYEES BY FUNCTION**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Executive (Commissioners)	5	5	5	5	4	5	5	5	5	5	5
Administration	12	11	11	13	7	7	6	6	4	4	5
Operations	20	16	18	16	20	24	6	5	4	4	2
Construction	2	3	4	4	6	7	18	13	9	5	2
	39	35	38	38	37	43	35	29	22	18	14

**KEY LARGO WASTEWATER TREATMENT DISTRICT  
OPERATING INDICATORS**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Number of Employees	39	35	38	38	37	43	35	29	22	18	14
Number of Customers	9,447	9,449	9,260	9,085	9,124	6,107	2,683	655	657	656	426
Collection Main (feet)	427,000	427,000	427,000	427,000	426,161	426,161	386,000	190,000	72,000	45,000	41,000
Transmission Main (feet)	120,000	120,000	120,000	120,000	119,801	119,801	100,000	27,000	27,000	27,000	7,000
Number of Vacuum Pits	3538	3525	3505	3500	2550	2548	2000	1240	470	320	219
Number of Vacuum Stations	7	7	7	7	7	6	5	2	1	1	1
Average Daily Flow (gallons)	1,380,000	1,363,000	1,210,000	1,019,000	912,000	679,000	450,000	47,320	49,800	46,000	21,000
Peak Daily Flow (gallons)	1,950,000	1,974,000	1,780,000	1,450,000	1,749,000	1,010,000	525,000	66,000	58,550	58,000	32,000

**KEY LARGO WASTEWATER TREATMENT DISTRICT**  
**MISCELLANEOUS STATISTICAL INFORMATION**

Date of Formation	November 19, 2002
Form of Government	Independent Special District
Board Elections	Non-partisan
Equivalent Dwelling Units (EDU's)	14,300 (Estimate)
Geographic Size	14.4 Square Miles
Water System	Supplied by the Florida Keys Aqueduct Authority
Electric Service	Provided by the Florida Keys Electric Co-op
Sanitary Sewage	Provided by the Key Largo Wastewater Treatment District



**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  
Key Largo Wastewater Treatment District  
Key Largo, 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 basic financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida ("District") as of and for the fiscal year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated April 26, 2017.

**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 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.

April 26, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE  
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY  
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Board of Commissioners  
Key Largo Wastewater Treatment District  
Key Largo, Florida

We have examined Key Largo Wastewater Treatment District, Key Largo, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2016. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on 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 and, accordingly, included examining, on a test basis, evidence about District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2016.

This report 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, management, and the Board of Commissioners of Key Largo Wastewater Treatment District, Key Largo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

April 26, 2017



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

Board of Directors  
Key Largo Wastewater Treatment District  
Key Largo, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of Key Largo Wastewater Treatment District, Key Largo, Florida ("District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated April 26, 2017.

**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 Florida Auditor General.

**Other Reports and Schedule**

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*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 26, 2017, should be considered in conjunction with this management letter.

**Purpose of this Letter**

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

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, as applicable, management, and the Board of Commissioners of Key Largo Wastewater Treatment District, Key Largo, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank Key Largo Wastewater Treatment District, Key Largo, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

April 26, 2017

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

### III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2015.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2016.

3. 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 the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2016.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.
5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2016 financial audit report.
6. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
7. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2016. It is management's responsibility to monitor 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.

Key Largo Wastewater Treatment District  
Board of Commissioners Meeting  
Agenda Item Summary

Meeting Date:  
May 2, 2017

Agenda Item Number: H-2

Agenda Item Type:  
Information / Presentation

Agenda Item Scope:  
Review / Discussion

Recommended Action:

Department:  
Finance

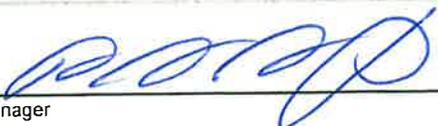
Sponsor:  
Peter Rosasco

Subject:  
**Grau & Associates Current Contract for Financial Audits: FY13-FY16**

Summary of Discussion:

Grau & Associates is completing their final year of the 3-year contract for the KLWTD financial audit.

<u>Reviewed / Approved</u>	<u>Financial Impact</u>	<u>Attachments</u>
Operations: _____	\$ _____	Grau & Associate's Contract for FY13-16
Administration: _____	Expense	
Finance: _____	Funding Source:	
District Counsel: _____	Rate Revenue	
District Clerk: _____	Budgeted:	
Engineering: _____	Yes	

Approved By:  Date: 4-27-17  
General Manager



**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

2700 North Military Trail • Suite 350  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
[www.graucpa.com](http://www.graucpa.com)

December 12, 2014

Board of Commissioners  
Key Largo Wastewater Treatment District, Florida  
P.O. Box 491  
Key Largo, FL 33037



We are pleased to confirm our understanding of the services we are to provide the Key Largo Wastewater Treatment District, Key Largo, Florida ("the District") for the fiscal years ended September 30, 2014, 2015 and 2016, with the continuation option of auditing its financial statements for future fiscal years. We will audit the financial statements of the business-type activities and the major fund, including the related notes to the financial statements, which collectively comprise the basic financial statements of the Key Largo Wastewater Treatment District as of and for the fiscal years ended September 30, 2014, 2015 and 2016, with the continuation option of auditing its financial statements for future fiscal years.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the District's 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. As part of our engagement, we will apply certain limited procedures to the District's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) OPEB schedule – schedule of funding progress

We have also been engaged to report on supplementary information that will be included in the Comprehensive Annual Financial Report (CAFR) other than RSI that accompanies the City's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- 1) Schedule of expenditures of federal awards
- 2) Budgetary comparison schedule

The following other information accompanying the financial statements that will be included in the Comprehensive Annual Financial Report (CAFR) will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information:

- 1) Introduction section
- 2) Statistical section

**Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. The objective also includes reporting on—

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The OMB Circular A-133 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133, and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

### **Management Responsibilities**

Management is responsible for the financial statements, schedule of expenditures of federal awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with the requirements of OMB Circular A-133. As part of the audit, we will assist with preparation of your financial statements, schedule of expenditures of federal awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Management is responsible for (a) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; (b) following laws and regulations; (c) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (d) ensuring that management is reliable and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts,

agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan.

You are responsible for preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; (2) you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

#### **Audit Procedures—General**

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures—Internal Control**

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the

financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

#### **Audit Procedures—Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the District's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the District's major programs. The purpose of these procedures will be to express an opinion on the District's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

#### **Engagement Administration, Fees, and Other**

We understand that your employees will prepare all confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement is the property of Grau & Associates and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to a cognizant or oversight agency for audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Grau & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies. Notwithstanding the foregoing, the parties acknowledge that various documents reviewed or produced during the conduct of the audit may be public records under Florida law. The District agrees to notify Grau & Associates of any public record request it receives that involves audit documentation.

Our fee for these services will not exceed \$22,000 for the September 30, 2014 audit. The fees for fiscal years 2015 and 2016 will not exceed \$22,000 and \$22,000, respectively, unless there is a change in activity by the District which results in additional audit work or if additional Bonds are issued. The continuation option of auditing its financial statements future fiscal years will be negotiated separately.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a State awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Invoices will be submitted in sufficient detail to demonstrate compliance with the terms of this agreement. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate.

This agreement may be renewed each year thereafter subject to the mutual agreement by both parties to all terms and fees.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2013 peer review report accompanies this letter.

We appreciate the opportunity to be of service to the District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Grau & Associates



\_\_\_\_\_  
Antonio J Grau

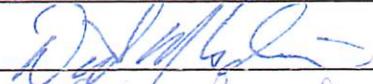
**RESPONSE:**

This letter correctly sets forth the understanding of the Key Largo Wastewater Treatment District.

Management signature:  \_\_\_\_\_

Title: General Manager \_\_\_\_\_

Date: 2/14/2015 \_\_\_\_\_

Governance signature:  \_\_\_\_\_

Title: Chairman of the Board \_\_\_\_\_

Date: 1/14/2015 \_\_\_\_\_



## PEER REVIEW PROGRAM

is proud to present this

### Certificate of Recognition

to

### GRAU & ASSOCIATES

*For having a system of quality control for its accounting and auditing practice in effect for the year ended June 30, 2013 which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.*

A handwritten signature in black ink, reading "Rick Reeder", written over a horizontal line.

Rick Reeder, Chair  
AICPA Peer Review Board  
2013

## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:

May 2, 2017

Agenda Item Number: I-1

Agenda Item Type:

Resolution

Agenda Item Scope:

Customer Service

Recommended Action:

Action: Approval

Department:

Legal

Sponsor:

Ray Giglio

Subject:

**MCLA Conservation Waiver - Harris Ocean Park Estates**

Summary of Discussion:

Monroe County Land Authority requested the waiver of wastewater service and assessment for three parcels (AK#1549550, 1547654, 1546852) to be used as conservation.

<u>Reviewed / Approved</u>	<u>Financial Impact</u>		<u>Attachments</u>
Operations: _____	\$ 0.00	\$ 11,440.00	1. Resolution 15-05-17 2. Requests for waivers (2) 3. Maps (2)
Customer Service: _____	Refunded	Uncollected	
Finance: _____	Funding Source:		
District Counsel: _____	Assessment Revenue		
District Clerk: _____	Budgeted:		
Engineering: _____	No		

Approved By: \_\_\_\_\_

General Manager

Date: \_\_\_\_\_

4-27-17

**RESOLUTION NO. 15-05-17**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE KEY LARGO WASTEWATER TREATMENT DISTRICT APPROVING THE REQUEST OF MONROE COUNTY LAND AUTHORITY FOR REMOVAL OF THREE TAX PARCELS AS CONSERVATION LAND FROM THE 2009 NON-AD VALOREM ASSESSMENT; AND PROVIDING FOR APPLICABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, the Tax Parcels described in Section 1 are being conveyed to the Monroe County Land Authority (“Land Authority”), a local agency, for the purpose of protecting the natural environment and preserving wildlife habitat under the provisions of Chapter 380, F.S. and/or Monroe County Code section 2-397; and

**WHEREAS**, the Tax Parcels described in Section 1 will be used as Conservation Parcels and will not be improved with facilities that will generate wastewater; and

**WHEREAS**, the Land Authority has made an application to the Key Largo Wastewater Treatment District (“District”) for a waiver of all future assessments of the District’s System Development Charge; and

**WHEREAS**, pursuant to Section 10.06(a)(iii), of the District’s General Rules and Regulations, the Owner(s) may request that the District exclude such Tax Parcels and waive all future assessments of the System Development Charges, for those Tax Parcels.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE KEY LARGO WASTEWATER TREATMENT DISTRICT THAT:**

The Tax Parcels designated in Section 1 below be and are excluded from the Key Largo Wastewater Treatment District 2009 Non Ad-Valorem Assessment.

**Section 1.**

PARCEL ID: 00448010-000000  
AK NO. 1547654  
PARCEL DESCRIPTION: BK 3 LT 40 HARRIS OCEAN PK ESTATES KEY LARGO PB4-1 26 OR386-951-952 OR597-335D/C PROB #82-29-CP-12 OR 848-1407 OR916-2301Q/C OR1601-2158Q/C(ND)

PARCEL ID: 00449920-000000  
AK NO. 1549550  
PARCEL DESCRIPTION: BK 8 LT 5 HARRIS OCEAN PK ESTATES FIRST ADDN KEY LARGO PB4-139 OR330-536 OR1362-1279 OR1981-1997 OR1 997-242 OR1997-243RES (PROB 06-CP-130-P)

PARCEL ID: 00447200-000000  
 AK NO. 1546852  
 PARCEL DESCRIPTION: BK 2 LT 6 HARRIS OCEAN PK ESTATES KEY LARGO  
 PB4-12 6 OR506-691 (U/R D/C-YANKS JACK) (JMH)

**Section 2.** Should any owner of the parcels listed in Section 1 above later desire wastewater service to the tax parcel, or develop the parcel(s) with any structure capable of producing wastewater, they agree to pay all direct and indirect District costs of providing service as well as any unpaid portions of the assessment herein waived.

**Section 3.** APPLICABILITY AND EFFECTIVE DATE. This Resolution shall take effect upon adoption by the Board of Commissioners.

**Section 4.** AUTHORIZATION OF DISTRICT OFFICIALS. The General Manager and/or his designee(s) are authorized to take all actions necessary to implement the terms and conditions of this resolution.

RESOLVED AND ADOPTED THIS 2ND DAY OF MAY 2017

The foregoing RESOLUTION was offered by Commissioner \_\_\_\_\_, who moved its approval. The motion was seconded by Commissioner \_\_\_\_\_, and being put to a vote the result was as follows:

	AYE	NAY
Chairman Asdourian	_____	_____
Commissioner Gibbs	_____	_____
Commissioner Heim	_____	_____
Commissioner Majeska	_____	_____
Commissioner Tobin	_____	_____

The Chairman thereupon declared this Resolution duly passed and adopted the 2nd day of May, 2017.

KEY LARGO WASTEWATER TREATMENT DISTRICT

By: \_\_\_\_\_  
 David Asdourian, Chairman

ATTEST:

Approved to as to form and legal sufficiency

---

Katherine Jackson, Clerk

---

Ray Giglio, General Counsel

SEAL



MONROE COUNTY LAND AUTHORITY  
1200 Truman Avenue, Suite 207, Key West, FL 33040  
Phone: (305) 295-5180 Fax: (305) 295-5181

April 21, 2017

Diane Bockelman  
Key Largo Wastewater Treatment District  
PO Box 491  
Key Largo, FL 33037

Re: Request to Remove Property from KLWTD Assessment Roll for Pending Acquisition  
of Conservation Land  
AK# 1549550 / Block 8, Lot 5, Harris Ocean Park Estates First Addition  
AK# 1547654 / Block 3, Lot 40, Harris Ocean Park Estates

Dear Ms. Bockelman:

The above referenced property is under contract for purchase by the Monroe County Comprehensive Plan Land Authority as conservation land. Conservation lands acquired by the Authority will be maintained as natural areas, will not be developed, will not generate wastewater, and therefore will not need a connection to the Key Largo Wastewater Treatment District wastewater system.

I am requesting that the subject property be removed from the KLWTD assessment roll prior to closing. This action is necessary prior to closing because the Monroe County Tax Collector's Office does not accept partial payments (the payment of just the ad valorem portion of the outstanding taxes when a non-ad valorem assessment is also still outstanding).

Thank you for your assistance with this matter. Please contact me should you require any additional information.

Sincerely,

Charles G. Pattison  
Executive Director



MONROE COUNTY LAND AUTHORITY  
1200 Truman Avenue, Suite 207, Key West, FL 33040  
Phone: (305) 295-5180 Fax: (305) 295-5181

April 26, 2017

Diane Bockelman  
Key Largo Wastewater Treatment District  
PO Box 491  
Key Largo, FL 33037

Re: Request to Remove Property from KLWTD Assessment Roll for Pending Acquisition  
of Conservation Land  
AK# 1546852 / Block 2, Lot 6, Harris Ocean Park Estates

Dear Ms. Bockelman:

The above referenced property is under contract for purchase by the Monroe County Comprehensive Plan Land Authority as conservation land. Conservation lands acquired by the Authority will be maintained as natural areas, will not be developed, will not generate wastewater, and therefore will not need a connection to the Key Largo Wastewater Treatment District wastewater system.

I am requesting that the subject property be removed from the KLWTD assessment roll prior to closing. This action is necessary prior to closing because the Monroe County Tax Collector's Office does not accept partial payments (the payment of just the ad valorem portion of the outstanding taxes when a non-ad valorem assessment is also still outstanding).

Thank you for your assistance with this matter. Please contact me should you require any additional information.

Sincerely,

Charles G. Pattison  
Executive Director

# MCLA Conservation Waiver - AK#1549550

## Harris Ocean Park Estates



# MCLA Conservation Waiver - AK#1547654, 1546852

Harris Ocean Park Estates



## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:

May 2, 2017

Agenda Item Number: J-1

Agenda Item Type:

Information / Presentation

Agenda Item Scope:

Review / Discussion

Recommended Action:

Discussion

Department:

Operations

Sponsor:

Ed Castle

Subject:

### **Proposed Manlift Purchase**

Summary of Discussion:

Jered Primicerio to present a proposal to purchase a manlift for use in the operations department.

<u>Reviewed / Approved</u>	<u>Financial Impact</u>	<u>Attachments</u>
Operations: _____	\$ 65,400.00	1. Memo from Jered Primicerio 2. Sunbelt Quote #67710894 3. Sunbelt Quote #67673023 4. CAT Quote - Genie 5. CAT Quote - JLG 6. CAT Quote - Used JLG 7. CAT Quote - Inspection, Maintenance, Training
Administration: _____	Expense	
Finance: _____	Funding Source:	
District Counsel: _____	Rate Revenue	
District Clerk: _____	Budgeted:	
Engineering: _____	No	

Approved By: \_\_\_\_\_

General Manager



Date: \_\_\_\_\_

4-27-17

# Memo

To: KLWTD Commissioners  
Cc: Peter Rosasco, General Manager  
From: Jered Primicerio, Plant Operations Manager  
Date: April 27, 2017  
Re: Proposed Manlift Purchase

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Dear Commissioners,

Attached please find multiple quotes for the purchase of a manlift. Staff believes that purchasing a manlift will have a cost saving effect for the District rather than renting a manlift once a month.

The purchase of a manlift has other benefits for the District as well, including:

- Reach heavy equipment over 30' high on headworks, digester, and SBRs;
- Maintain and replace aeration piping and joints around SBRs;
- Corrosion protection and plumbing under thickener pad at digester;
- Removal and replacement of equipment, pipes, flow meters and valves in the chlorine contact chamber;
- Replacement of plant lighting, and the painting of tanks and buildings over 15' high;
- Painting and corrosion prevention on decant and influent pipes over 15' high;
- Booster pump maintenance, removal and replacement;
- Maintenance, removal and replacement of parts pertaining to the cloth media filters;
- Quicker turnaround time on repair and replacement of plant pump station pumps;
- Maintenance and repair of all second and third floor walk ways;
- Trimming of trees and other general maintenance during routine and emergency storm situations;
- Removal of debris during emergency storm situations;
- Removal and replacement of pits and grinder pumps in the collection system
- Loading pipes stocked for use in the collection system;
- Loading carbon into odor control tanks at the plant and vacuum stations;

For the reasons listed above, and for the safety of District employees, I respectfully request your consideration of this purchase.

Respectfully Submitted,

Jered Primicerio  
Plant Operations Manager



PC#: 300
7603 OVERSEAS HWY
MARATHON, FL 33050
305-743-6000

SUNBELT RENTALS, INC.
Salesman: 35201 BICKEL, BRIAN (352)
Typed By: BBICKEL

Job Site:
KEY LARGO WASTEWATER TREATMENT
98800 OVERSEAS HIGHWAY
KEY LARGO, FL 33037
C#: 305-522-6146 J#: 786-236-4974

EQUIPMENT SALE QUOTE

Invoice #... 67710894
Invoice date 3/21/17
Quote date.. 5/20/17
Job Loc..... 98800 OVERSEAS HIGHWAY, KEY
Job No..... 98800
P.O. #.....
Ordered By.. P , JARED
NET DUE UPON RECEIPT

Customer: 545084
KEY LARGO WASTEWATER TREATMENT
PO BOX 491
KEY LARGO, FL 33037

For operations in Florida: Prima facie evidence of intent to defraud: Failure to return rental property or equipment upon expiration of rental period and failure to pay all amounts due (including costs for damage to the property or equipment) are evidence of abandonment or refusal to redeliver the property, punishable in accordance with Section 812.155, Florida Statutes.

Table with columns: Qty, Equipment #, Price, Wght (lbs), Amount. Includes item details for 60' ART MANLIFT W/JIB and SALES ITEMS section.

COPY

Sub-total: 65400.00
Total: 65400.00

CONTINUED

\*\*\*\*\*
Rate your rental experience www.sunbeltrentals.com/survey
IF THE EQUIPMENT DOES NOT WORK PROPERLY, NOTIFY THE OFFICE AT ONCE
MULTIPLE SHIFTS OR OVERTIME RATES MAY APPLY
CUSTOMER IS RESPONSIBLE FOR REFUELING, DAMAGES AND REPAIRS
1. The total charges are an estimate based on the estimated rental period and other information provided by Customer.
2. Customer assumes all risks associated with the Equipment during the Rental Period, including injury and damage to persons, property and the Equipment.
3. Customer is responsible for and shall only permit properly trained, Authorized Individuals to use the Equipment.
4. If the Equipment does not operate properly, is not suitable for Customer's intended use, does not have operating and safety instructions or Customer has any questions regarding use of the Equipment, Customer shall not use the Equipment and shall contact Sunbelt immediately.
5. Equipment misuse or using damaged or malfunctioning Equipment may result in serious bodily injury or death and Customer agrees that Customer (i) assumes all risk associated thereunder, and (ii) indemnifies Sunbelt Entities for all claims or damages as a result of misuse or use of damaged or malfunctioning Equipment.
6. Customer has received, read, understands and agrees to the estimated charges and all the terms on this page, plus all sections on the reverse side of this Contract ("Sections"), including Release and Indemnification in Section 8 and Environmental Fee in Section 16, which can also be found at www.sunbeltrentals.com/rentalcontract. \*Delivery/Pickup Surcharge fee explanation is available at www.sunbeltrentals.com/surcharge.
7. Customer must contact Sunbelt to request pickup of Equipment, retain the Pick-Up Number given by Sunbelt and will be responsible for Equipment until actually retrieved by Sunbelt.
8. Customer waives its right to a jury trial in any dispute as set forth in Section 19.
9. At the election of Sunbelt or Customer, Customer agrees to submit every dispute to arbitration and waives any right to bring a class action as set forth in Section 20.
Customer is declining Rental Protection Plan (see reverse side for details) \_\_\_\_\_ (Customer Initials)
Customer Signature Date Name Printed Delivered By Date



PC#: 300
7603 OVERSEAS HWY
MARATHON, FL 33050
305-743-6000

SUNBELT RENTALS, INC.
Salesman: 35201 BICKEL, BRIAN (352)
Typed By: BBICKEL

Job Site:
KEY LARGO WASTEWATER TREATMENT
98800 OVERSEAS HIGHWAY
KEY LARGO, FL 33037
C#: 305-522-6146 J#: 786-236-4974

EQUIPMENT SALE QUOTE

Invoice #... 67673023
Invoice date 3/20/17
Quote date.. 5/19/17
Job Loc..... 98800 OVERSEAS HIGHWAY, KEY
Job No..... 98800
P.O. #.....
Ordered By.. P , JARED
NET DUE UPON RECEIPT

Customer: 545084
KEY LARGO WASTEWATER TREATMENT
PO BOX 491
KEY LARGO, FL 33037

For operations in Florida: Prima facie evidence of intent to defraud: Failure to return rental property or equipment upon expiration of rental period and failure to pay all amounts due (including costs for damage to the property or equipment) are evidence of abandonment or refusal to redeliver the property, punishable in accordance with Section 812.155, Florida Statutes.

Table with columns: Qty, Equipment #, Price, Wght (lbs), Amount. Includes item details for 60' ART MANLIFT W/JIB and SALES ITEMS with fuel convenience charges. Sub-total and Total are 97856.00.

All amounts are in USD

\*\*\*\*\*
Rate your rental experience www.sunbeltrentals.com/survey
IF THE EQUIPMENT DOES NOT WORK PROPERLY, NOTIFY THE OFFICE AT ONCE
MULTIPLE SHIFTS OR OVERTIME RATES MAY APPLY
CUSTOMER IS RESPONSIBLE FOR REFUELING, DAMAGES AND REPAIRS

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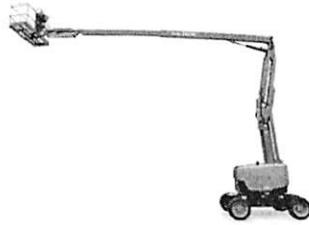
Customer is declining Rental Protection Plan (see reverse side for details) \_\_\_\_\_ (Customer Initials)

Customer Signature \_\_\_\_\_ Date \_\_\_\_\_ Name Printed \_\_\_\_\_ Delivered By \_\_\_\_\_ Date \_\_\_\_\_



Kelly Tractor Co.  
Serving the Industry Since 1933  
ktrcat@kellytractor.com  
www.kellytractor.com

April 18, 2017  
Key Largo Wastewater  
Treatment District  
Attn: Daniel Watson  
(305) 215-5018



**REF: Genie Z™-62/40 4WD Articulating Z™-Boom  
Quote per Florida Sheriff's Association Contract #FSA16-VEH14.0, Specification #67**

**Z™-62/40 with Jib 4WD – T4F  
STANDARD & OPTIONAL FEATURES**

- 67 ft 11 in working height
- 40 ft 11 in horizontal reach
- 26 ft 8 in up and over clearance
- Up to 500 lbs lift capacity
- Self-leveling platform
- 5 ft jib boom
- 4WD
- Active oscillating axles
- Rough terrain air-filled tires
- 48 hp diesel T4f
- Hydraulic platform rotation
- Proportional joystick controls
- Drive enable
- AC power cord to platform
- Horn
- Hour meter
- Tilt alarm
- Descent alarm
- Zero tailswing
- 360° continuous turntable rotation
- Locking turntable covers
- Positive traction drive
- 2 speed wheel motors
- Hydraulic oil cooler
- Telematics ready connector

Genie Z-62/40 -4WD List Price	\$192,510
20% Contract Discount	<u>-38,502</u>
Contract Price	\$154,008
Less Additional Discount	<u>-61,508</u>
<b>Quote Total</b>	<b>\$ 92,500</b>

Pricing includes delivery to Key Largo Wastewater Treatment District and Aerial Lift Operator Safety Training and certification for up to 15 people at no-charge.

Thank you for consideration of our product. Quote is valid for sixty days.

Greg Bennett

Governmental Sales (305) 592-5360 ext. 1124 (786) 229-7037 cell (305) 477-2024 fax  
[greg\\_bennett@kellytractor.com](mailto:greg_bennett@kellytractor.com) [www.kellytractor.com/governmental](http://www.kellytractor.com/governmental)

**Miami**  
8255 NW 58 St  
Miami, FL 33166  
(305) 592-5360  
FAX (305) 477-2024

**Davie**  
2801 Reese Rd  
Davie, FL 33314  
(954) 581-8181  
FAX (954) 581-6484

**West Palm Beach**  
5460 Okeechobee Blvd  
West Palm Beach, FL 33417  
(561) 683-1231  
FAX (561) 683-4591

**Clewiston**  
801 E Sugarland Hwy  
Clewiston, FL 33440  
(863) 983-8177  
FAX (863) 902-1000

**Naples**  
3636 Prospect Ave  
Naples FL 34104  
(239) 403-3636  
FAX (239) 403-7510

**Ft Myers**  
9651 Kelly Tractor Dr  
Ft Myers, FL 33905  
(239) 693-9233  
FAX (239) 693-8876

**Orlando (Cranes Only)**  
17300 E Colonial Dr  
Orlando, FL 32820  
(407) 568-8055  
FAX (407) 568-7701

**Kelly Tractor Co.**  
 Serving the Industry Since 1933  
 ktcocat@kellytractor.com  
 www.kellytractor.com

April 18, 2017  
 Key Largo Wastewater Treatment District  
 Attn: Daniel Watson  
 (305) 215-5018



**REF: JLG 600AJ Articulating Boom Lift**  
**Quote per Florida Sheriff's Association Contract #FSA16-VEH14.0, Specification #67**

**Key Features:**

- Horizontal Outreach: 39 ft 9 in.
- Platform Capacity: 500 lbs Unrestricted
- Platform Height: 60 ft 7 in.

**Standard Features:**

- 6 ft Articulating Jib
- Platform 36 X 96 in. Side Entry
- 180 Degree Hydraulic Platform Rotator
- Platform Console Machine Status Light Panel\*
- 110V-AC Receptacle in Platform
- Tilt Light and Alarm
- IN355/55D-6.25 Low Profile Tires
- Swing-Out Engine Tray
- Gull-Wing Engine Hood
- 12V-DC Auxiliary Power
- Proportional Controls
- Control ADE® System
- Lifting/Tie Down Lugs
- Hourmeter
- Horn
- Oscillating Axle
- All Motion Alarm
- SkyGuard™
- 67 hp T4F Diesel Engine

JLG 600AJ-4WD-T4F List Price	\$183,115
15% Contract Discount	<u>-27,467</u>
Contract Price	\$155,648
Less Additional Discount	<u>-56,548</u>
<b>Quote Total</b>	<b>\$ 99,100</b>

Pricing includes delivery to Key Largo Wastewater Treatment District and Aerial Lift Operator Safety Training and certification for up to 15 people at no-charge.

Thank you for consideration of our product. Quote is valid for sixty days.

Greg Bennett

Governmental Sales

305-592-5374 ext 1121 Cell 786-229-7037 Fax 305-477-2024

greg\_bennett@kellytractor.com

www.kellytractor.com/governmental



**Kelly Tractor Co.**  
 Serving the Industry Since 1933  
 ktrcat@kellytractor.com

April 19, 2017  
 Key Largo Wastewater Treatment District  
 Attn: Daniel Watson  
 (305) 215-5018

**RE: Used JLG 600AJ Articulating Boom Lift Quote**



2015 JLG 600AJ 4WD s/n 0300195616*	\$76,000
Aerial Lift Operator Safety Training and certification	<u>\$ 550</u>
<b>Quote Total</b>	<b>\$76,550</b>

Pricing includes delivery to Key Largo Wastewater Treatment District  
 Unit hours: Approximately 570 hrs.

30 Day Warranty  
 \*Subject to availability

Thank you for consideration of our product.

Greg Bennett

Governmental Sales

305-592-5374 ext 1121 Cell 786-229-7037 Fax 305-477-2024

greg\_bennett@kellytractor.com

www.kellytractor.com/governmental

**Miami**  
 8255 NW 58 St  
 Miami, FL 33186  
 (305) 592-5360  
 FAX (305) 477-2024

**Davie**  
 2801 Reese Rd  
 Davie, FL 33314  
 (954) 581-8181  
 FAX (954) 581-6464

**West Palm Beach**  
 5460 Okeechobee Blvd  
 West Palm Beach, FL 33417  
 (561) 683-1231  
 FAX (561) 683-4591

**Clewiston**  
 801 E Sugarland Hwy  
 Clewiston, FL 33440  
 (863) 963-8177  
 FAX (863) 902-1000

**Naples**  
 3636 Prospect Ave  
 Naples FL 34104  
 (239) 403-3636  
 FAX (239) 403-7510

**Ft Myers**  
 9651 Kelly Tractor Dr  
 Ft Myers, FL 33905  
 (239) 693-9233  
 FAX (239) 693-8876

**Orlando (Cranes Only)**  
 17300 E Colonial Dr  
 Orlando, FL 32820  
 (407) 568-8055  
 FAX (407) 568-7701



## Aerial Lift Service for Key Largo Wastewater Treatment District

2 messages

**Greg A. Bennett** <Greg\_Bennett@kellytractor.com>  
To: Daniel Watson <daniel.watson@klwtd.com>

Wed, Apr 19, 2017 at 3:56 PM

Daniel,

Here are the service rates for mile-marker 101:

Annual Inspection-Flat rate of \$350.

Preventative Maintenance-Flat rate of \$200 + parts.

Service Calls: \$95/hour (Portal to Portal)

Thanks,

Greg

<b>KELLY TRACTOR</b>		
<b>Greg Bennett</b>	<b>Kelly Tractor Company</b>	
Governmental Sales	8255 NW 58th St.	
	Miami, FL 33166	
	305-592-5374 ext-1121	
	Cell 786-229-7037	
	Greg_Bennett@kellytractor.com	

**Daniel Watson** <daniel.watson@klwtd.com>  
To: jered.primicerio@klwtd.com

Wed, Apr 19, 2017 at 4:46 PM

Sent from my iPhone

Begin forwarded message:

**From:** "Greg A. Bennett" <Greg\_Bennett@kellytractor.com>  
**Date:** April 19, 2017 at 3:56:30 PM EDT  
**To:** Daniel Watson <daniel.watson@klwtd.com>

## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:  
May 2, 2017

Agenda Item Number: J-2

Agenda Item Type:  
Information / Presentation

Agenda Item Scope:  
Review / Discussion

Recommended Action:  
Discussion

Department:  
Operations

Sponsor:  
Ed Castle

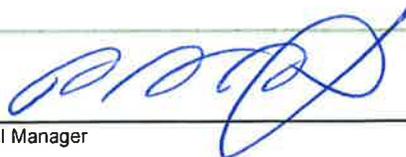
Subject:  
**Hawkins, Inc. Chemical Pricing Contract**

Summary of Discussion:

Jered Primicerio to present a proposed contract between the District and Hawkins, Inc. for lower chemical pricing.

<u>Reviewed / Approved</u>	<u>Financial Impact</u>	<u>Attachments</u>
Operations: _____	\$ 425,000.00	1. Memo from Hawkins, Inc. 2. Chemical Services Agreement
Administration: _____	Expense	
Finance: _____	Funding Source:	
District Counsel: _____	Rate Revenue	
District Clerk: _____	Budgeted:	
Engineering: _____	Yes	

Approved By: \_\_\_\_\_  
General Manager



Date: 4-27-17



February 21, 2017

Jered Primicerio  
Key Largo Wastewater Treatment Division  
103355 Overseas Hwy  
Key Largo, FL 33037

Re: Chemical Pricing

Jered,

Per your request, Hawkins would like to offer you the following chemicals/pricing:

- Aluminum Sulfate \$2.27/gallon (previously \$2.45/gallon)
- Sodium Hydroxide 50% \$2.05/gallon (previously \$2.15/gallon)
- Aquahawk 7858 Polymer \$5,393.00/tote (previously \$5,799.15/tote)
- Sodium Hypochlorite \$.91/gallon (previously \$.91/gallon)

I understand you have a couple of questions regarding our contract agreement. I believe those concerns can be worked out to both our satisfaction but I need to run the questions thru our SE Regional Manager, Jason Schroeder. He is out of the office until Monday, February 27<sup>th</sup> – we will get back to you then.

If you have any additional questions please contact Will Thompkins.

Thank you and we look forward to serving Key Largo Wastewater Treatment.

Best Regards,



Marcia Strivanson

Cc: Will Thompkins

2263 Clark Street \* Apopka \* Florida \* 32703

Phone: 800-330-1369 \* Fax: 800-524-9315

EOE/AA/M/F/Dis/Abled/Veteran



## CHEMICAL SERVICE AGREEMENT

This agreement is made on the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, between the \_\_\_\_\_ (hereinafter referred to as “City”) and Hawkins, Inc. (hereinafter referred to as “Contractor”).

It is mutually agreed between City and Contractor as follows:

1. Duration and Termination

This Agreement shall continue in effect for one year commencing \_\_\_\_\_ and shall automatically renew for successive one year periods unless terminated by either party upon at least 90 days written notice.

2. Performance

Contractor agrees to provide the following chemicals for the drinking water and wastewater treatment, with technical assistance as required.

3. Terms of Acceptance

The terms and conditions contained herein cancel and supersede the terms and conditions printed of City’s purchase order form, any acknowledgment copy thereof, and any term or condition stated by City in acknowledging or otherwise accepting this agreement unless specifically agreed to by Contractor in writing

4. Price Escalation/De-Escalation

The original bid prices shall be firm for a 1-year period. A price escalation/de-escalation will be allowed 1 year after the beginning of the award period and at 1-year intervals thereafter, provided the Contractor notifies City, in writing, of the pending price escalation/de-escalation a minimum of 60 days prior to the effective date of the price escalation/de-escalation. The price escalation percentage change shall not exceed the previous year’s percentage change of the Consumer Price Index (CPI) published by the U.S. Department of Labor’s Bureau of Labor Statistics. Contractor obtains this CPI Index from The Municipal Cost Index, developed exclusively by American City and County Magazine and can be found at <http://americancityandcounty.com/mciarchive/>.

5. Time of Service

Services under this agreement will be provided by the Contractor Monday – Friday, at the City’s preference of time of day, at regularly scheduled deliveries coordinated with the City. Contractor requires a 3 – 5 business day request for placing orders under normal conditions, emergency request will be handled on an as needed basis.

6. Cost/Payment

The cost for each product is listed below. Contractor shall conform to the shipping, identification, invoicing and packaging instructions on City’s Purchase Order. Payment of invoice shall not constitute acceptance of goods or services and shall be subject to adjustment for errors, shortages, defects in goods or services, or other failure of

Contractor to meet the requirements of this contract. Payment will be made by the City on a 30-day basis for the services and products supplied by invoice amount.

Products:

7. Compliance With Laws & Regulations

Contractor agrees as a condition of City's duty to perform under the terms of this agreement, to be in compliance with all applicable laws and regulations of the State and Federal governments.

8. Entire Agreement

This agreement contains the entire contract between the parties, and any representations that may have been made before the signing of this agreement are nonbinding, void and of no effect. Neither party has relied on such prior representations in entering into this agreement.

9. Warranties

Contractor warrants that the goods covered hereunder will conform strictly to applicable specifications. Contractor will, without cost to the City, at Contractor's option, either (i) furnish replacement materials or (ii) grant a credit to City's account in the amount of City's net purchase price of such defective materials. Defects in conditions of the materials caused by third parties, acts of God, abnormal use or other materials unrelated to Contractor's activities are specifically excluded from the coverage of this warranty. THE FOREGOING WARRANTIES ARE EXCLUSIVE AND ARE GIVEN AND ACCEPTED IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND ALL OTHER REMEDIES. THESE ARE THE ONLY REMEDIES OF CITY FOR ANY BREACH OF WARRANTY OR OTHER CLAIM. CONTRACTOR'S TOTAL LIABILITY ARISING OUT OF THE SUPPLYING OF MATERIALS, OR THE USE OF THE MATERIALS, WHETHER ON WARRANTIES OR CLAIM OF NEGLIGENCE, OR OTHERWISE, SHALL NOT IN ANY CASE EXCEED THE COST PAID BY CITY TO CONTRACTOR FOR THE MATERIALS AND IN NO CASE SHALL CONTRACTOR BE LIABLE TO CITY OR ANY THIRD PARTY FOR ANY INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES.

10. Force Majeure

In the event either City or Contractor is unable to perform its obligations, either in whole or in part, under the terms of this contract as a result of an act of God or the public enemy, acts or demands of any government or any governmental agency, strikes, fires, floods, accidents, or other unforeseeable causes beyond its control and not due to its fault or negligence, said causes being hereafter referred to as Force Majeure, the quantities so affected shall be eliminated from this contract without liability, but this contract shall otherwise remain unaffected. During any period where Contractor's performance of this contract is made impracticable by reason of Force Majeure, Contractor shall allocate any

available goods for delivery in any manner, which is fair and reasonable, consistent with the provisions of Section 2-615 of the Uniform Commercial Code.

11. Severability

This contract shall be deemed a separate and distinct contract, and no claim, defense, set-off; a counterclaim arising under any other such contract against or in favor of either party shall be asserted or raised by or against either party in respect of any other contract.

12. Governing Law

This contract is to be governed by and construed and interpreted according to the internal laws of the State of Minnesota.

13. Notice Clause

All notices required to be given hereunder shall be deemed to be properly given with the post-marked date governing if sent by U.S. Mail, with postage prepaid, and addressed as follows:

If to City:

If to Contractor:

Hawkins, Inc.  
2263 Clark Street  
Apopka, FL 32703

14. Assignment

City shall not assign this agreement or any rights thereunder or any monies due or to become due thereunder without the prior written consent of Contractor.

15. Non-Waiver

Failure of Contractor or City to exercise any rights under this agreement upon one occasion shall not waive Contractor's or City's right to exercise the same on another occasion.

16. Complete Agreement

The agreement contains the complete and entire agreement between the parties hereto, and supersedes any previous communications, representations or agreements, whether verbal or written, with respect to the subject matter hereof. No change, addition or modification of any of the terms or conditions hereof shall be valid or binding on either party unless in a writing signed by both parties.

This Agreement is executed by the parties as of the date stated at the beginning of the agreement

City:

By: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Date: \_\_\_\_\_

Hawkins, Inc.  
2263 Clark Street  
Apopka, FL 32703

By: \_\_\_\_\_  
Jason Schroeder, SE Regional Manager

Date: \_\_\_\_\_

## Key Largo Wastewater Treatment District Board of Commissioners Meeting Agenda Item Summary

Meeting Date:

May 2, 2017

Agenda Item Number: M-1

Agenda Item Type:

Information / Presentation

Agenda Item Scope:

Review / Discussion

Recommended Action:

Discussion

Department:

Legal

Sponsor:

Ray Giglio

Subject:

**Search for General Counsel Update**

Summary of Discussion:

Mr. Ray Giglio to provide an update on the search for a new general counsel.

Reviewed / Approved

Financial Impact

Attachments

Operations: \_\_\_\_\_

\$ 0.00

Administration: \_\_\_\_\_

Finance: \_\_\_\_\_

Funding Source:

District Counsel: \_\_\_\_\_

District Clerk: \_\_\_\_\_

Budgeted:

Engineering: \_\_\_\_\_

N/A

Approved By: \_\_\_\_\_

General Manager

Date: \_\_\_\_\_

4-27-17