

**SOUTH WALTON COUNTY MOSQUITO  
CONTROL DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2016**

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
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SEPTEMBER 30, 2016**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
South Walton County Mosquito Control District

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Walton County Mosquito Control District as of and for the 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion 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 auditors' 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of South Walton County Mosquito Control District, as of September 30, 2016, and the respective changes in financial position thereof and the budgetary comparison for the General Fund and Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Walton County Mosquito Control District's basic financial statements. The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill is presented for purposes of additional analysis as required by the Florida Auditor General Rule 10.557(3)(n) and is not a required part of the basic financial statements of the South Walton County Mosquito Control District.

The Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Receipts and Expenditures of Funds Related to the Deepwater Horizon Oil Spill is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated February 20, 2017 on our consideration of the South Walton County Mosquito Control District's internal control over financial reporting and 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 South Walton County Mosquito Control District's internal control over financial reporting and compliance.

*Warren Averett, LLC*

Destin, Florida  
February 20, 2017

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the South Walton County Mosquito Control District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2016.

Please read it in conjunction with the District's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

The following are financial highlights for fiscal year 2016:

- The assets of the District exceeded its liabilities by \$1,608,648 (net position), and represents an increase of \$452,505 (or 39.14%) from the prior year. Of this amount, \$964,138 represents investments in capital assets (e.g., land, building, furniture and equipment), \$2,424 is restricted by the Florida Department of Agriculture and Consumer Services for arthropod control, and \$642,086 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District reported total revenues for the fiscal year of \$2,032,299 and total expenses of \$1,579,794, resulting in a change in net position of \$452,505.
- Current year revenues (2016) in comparison with the prior year (2015), increased by \$170,946 or approximately 9.18%, primarily the result of an increase in ad valorem tax revenues.
- Current year expenses (2016) in comparison with the prior year (2015), increased by \$132,810 or approximately 9.18%, mostly attributable to the change in net pension liability.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis intends to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-Wide Financial Statements**

The government-wide 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 of the District's assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

The statement of activities presents information showing how the government'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 only result in cash flow in future fiscal periods.

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by property tax and intergovernmental (state) revenues.

### **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with statutory requirements. Currently, the District has only one category of funds, governmental funds.

## **FUNDS**

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 11 and 13 of this report.

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

The District maintains two governmental funds, consisting of the General Fund (Local Fund) and the Special Revenue Fund (State fund). The District adopts an annual appropriated budget for both funds. A budgetary comparison statement is provided for each to demonstrate compliance with these budgets.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following presents an overview of the District's net position and change in net position:

|  | <u>2016</u>         | <u>2015</u>         |
|--|---------------------|---------------------|
| <b>ASSETS</b>                                      |                     |                     |
| Cash and cash equivalents                          | \$ 1,157,480        | \$ 825,618          |
| Inventory  | 95,658              | 63,805              |
| Due from other governments                         | 12,886              | 18,738              |
| Restricted cash                                    | 2,424               | 237                 |
| Capital assets, net                                | <u>964,138</u>      | <u>795,397</u>      |
| <b>TOTAL ASSETS</b>                                | <u>2,232,586</u>    | <u>1,703,795</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              | <u>346,368</u>      | <u>154,177</u>      |
| <b>LIABILITIES</b>                                 |                     |                     |
| Non-current liabilities, due in more than one year |                     |                     |
| Compensated absences                               | 34,731              | 34,945              |
| Other postemployment benefits                      | 112,395             | 96,479              |
| Net pension liability                              | <u>817,286</u>      | <u>495,820</u>      |
| <b>TOTAL LIABILITIES</b>                           | <u>964,412</u>      | <u>627,244</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               | <u>5,894</u>        | <u>74,585</u>       |
| <b>NET POSITION</b>                                |                     |                     |
| Net investment in capital assets                   | 964,138             | 795,397             |
| Restricted for arthropod control                   | 2,424               | 10,989              |
| Unrestricted                                       | <u>642,086</u>      | <u>349,757</u>      |
| <b>TOTAL NET POSITION</b>                          | <u>1,608,648</u>    | <u>1,156,143</u>    |
| <b>REVENUES</b>                                    |                     |                     |
| General revenues                                   | 1,987,397           | 1,818,344           |
| Program revenues                                   | <u>44,902</u>       | <u>43,009</u>       |
| <b>TOTAL REVENUES</b>                              | <u>2,032,299</u>    | <u>1,861,353</u>    |
| <b>EXPENSES</b>                                    |                     |                     |
| *Human services                                    | <u>1,579,794</u>    | <u>1,446,984</u>    |
| <b>CHANGE IN NET POSITION</b>                      | 452,505             | 414,369             |
| <b>NET POSITION AT BEGINNING OF YEAR</b>           | <u>1,156,143</u>    | <u>741,774</u>      |
| <b>NET POSITION AT END OF YEAR</b>                 | <u>\$ 1,608,648</u> | <u>\$ 1,156,143</u> |



The District's budget is made up of governmental funding sources from both the General Fund and the Special Revenue Fund. The General Fund (Local Fund) revenue is generated through the assessment of ad valorem taxes upon the property owners within the district, and carry-over funds from the previous fiscal year, while the Special Revenue Fund (State Fund) is revenue received from a contract with the Florida Department of Agriculture and Consumer Services.

The General fund is affected each year by carry-over funds that are not exactly known when the original budget is approved by our Board of Commissioners and the Florida Department of Agriculture and Consumer Services (FDACS). When the exact amount becomes known (at the conclusion of the fiscal year), budget amendments are required to reflect the actual carry-over amounts. Overall, our final budgeted expenditures, including budget amendments, were \$456,826 more than what was originally budgeted and approved by our Board and FDACS.

Seven expenditure line items within our budget had significant variations between the final budgeted amounts and the actual amounts expended during fiscal year 2016. These budget line items were: personal services; personal service benefits; operating expenses; repairs and maintenance services; chemicals, solvents, and additives; capital outlay; and contingencies. All were under expended (favorable). None of the variations discussed here are expected to have a significant effect on the future service to our District or adversely affect our budget or operational capability.

Capital outlay for equipment in fiscal 2016 consisted of building improvements, office furniture, and vehicles.

## **NOTES TO FINANCIAL STATEMENTS**

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 17 of this report are the notes to the financial statements.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year, revenues exceeded budgetary estimates. The most notable increase occurred from funds received related to a BP class action claim.

## **ECONOMIC FACTORS AND FUTURE FINANCIAL BUDGETS AND RATES**

The State of Florida, by constitution, does not have a state individual income tax and therefore, the state operates primarily using sales, gasoline, and corporate income taxes. Local governments such as the District primarily rely upon property taxes and a limited array of permitted other sources for their governmental activities. There are a limited number of state shared revenues and recurring and non-recurring grants from both the federal and state governments, which provide funding for specific programs, projects, or activities.

**ECONOMIC FACTORS AND FUTURE FINANCIAL BUDGETS AND RATES –  
CONTINUED**

The primary source of revenue for the District is property tax (ad valorem). The State's improving economic conditions are expected to result in an upward reassessment of property values within the District in the near future. As a result, with a slight upward trend in new development, ad valorem tax revenues are anticipated to increase again in fiscal year 2017. The assessed millage rate was 0.1628 for fiscal year 2016, and the District elected to keep its millage rate to 0.1628 for fiscal year 2017. The District also budgeted a Local Funds surplus from 2016 of \$250,092.

All capital assets of the District are paid for and we do not foresee, nor have we foreseen, any long-term debt activity. The 2017 budget has a reserve for future capital outlay in the amount of \$196,000, with anticipated capital outlay of \$585,757 in 2017.

We are currently unaware of any situations that could adversely affect the District's financial position. However, future growth in South Walton County and the potential for outbreak of mosquito-borne disease could impact our operational activities and the present level of service we provide to the citizens of Walton County.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of South Walton County Mosquito Control District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director, Post Office Box 1130, Santa Rosa Beach, Florida 32459. The District's website address is [www.swcmcd.org](http://www.swcmcd.org). Inquiries may also be sent via email to the Director at [director@swcmcd.org](mailto:director@swcmcd.org).

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2016**

|  |                     |
|--|---------------------|
| <b>ASSETS</b>                                      |                     |
| Cash and cash equivalents                          | \$ 1,157,480        |
| Inventory  | 95,658              |
| Due from other governments                         | 12,886              |
| Restricted cash                                    | 2,424               |
| Capital assets                                     |                     |
| Non-depreciable                                    | 500                 |
| Depreciable, net                                   | 963,638             |
| <b>TOTAL ASSETS</b>                                | <u>2,232,586</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              | <u>346,368</u>      |
| <b>LIABILITIES</b>                                 |                     |
| Non-current liabilities, due in more than one year |                     |
| Compensated absences                               | 34,731              |
| Other postemployment benefits                      | 112,395             |
| Net pension liability                              | 817,286             |
| <b>TOTAL LIABILITIES</b>                           | <u>964,412</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               | <u>5,894</u>        |
| <b>NET POSITION</b>                                |                     |
| Net investment in capital assets                   | 964,138             |
| Restricted for arthropod control                   | 2,424               |
| Unrestricted                                       | 642,086             |
| <b>TOTAL NET POSITION</b>                          | <u>\$ 1,608,648</u> |

See notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

|  | <u>Program Revenues</u> |                                 |   | <b>Net (Expense)<br/>Revenue and<br/>Changes in<br/>Net Position</b> |   |
|--|-------------------------|---------------------------------|---|--|---|
|  | <u>Expenses</u>         | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> |  | <u>Capital<br/>Grants and<br/>Contributions</u> |
| Government activities                    |                         |                                 |   |  |   |
| Human services                           | \$ 1,579,794            | \$ -                            | \$ 44,902   | \$ -   | \$ (1,534,892)                                  |
| Total government activities              | <u>\$ 1,579,794</u>     | <u>\$ -</u>                     | <u>\$ 44,902</u>                                  | <u>\$ -</u>  | <u>\$ (1,534,892)</u>                           |
|  |                         |                                 |   |  |   |
| General revenues                         |                         |                                 |   |  |   |
| Ad valorem taxes                         |                         |                                 |   |  | \$ 1,953,997                                    |
| Interest                                 |                         |                                 |   |  | 1,391   |
| Miscellaneous                            |                         |                                 |   |  | 32,009  |
| Total general revenues                   |                         |                                 |   |  | <u>1,987,397</u>                                |
| <b>CHANGE IN NET POSITION</b>            |                         |                                 |   |  | 452,505   |
| <b>NET POSITION AT BEGINNING OF YEAR</b> |                         |                                 |   |  | <u>1,156,143</u>                                |
| <b>NET POSITION AT END OF YEAR</b>       |                         |                                 |   |  | <u>\$ 1,608,648</u>                             |

See notes to the financial statements.

SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 SEPTEMBER 30, 2016

|   | <u>General Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|---------------------|-------------------------------------|---|
| <b>ASSETS</b>                             |                     |                                     |   |
| Cash and cash equivalents                 | \$ 1,157,480        | \$ -                                | \$ 1,157,480                            |
| Inventory                                 | 95,658              | -                                   | 95,658                                  |
| Due from other governments                | 12,886              | -                                   | 12,886                                  |
| Restricted cash                           | -                   | 2,424                               | 2,424                                   |
| <b>TOTAL ASSETS</b>                       | <u>\$ 1,266,024</u> | <u>\$ 2,424</u>                     | <u>\$ 1,268,448</u>                     |
| <b>FUND BALANCE</b>                       |                     |                                     |   |
| Nonspendable for inventory                | \$ 95,658           | \$ -                                | \$ 95,658                               |
| Restricted for arthropod control          | -                   | 2,424                               | 2,424                                   |
| Assigned for reserves                     | 485,000             | -                                   | 485,000                                 |
| Unassigned                                | 685,366             | -                                   | 685,366                                 |
| Total fund balance                        | <u>1,266,024</u>    | <u>2,424</u>                        | <u>1,268,448</u>                        |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <u>\$ 1,266,024</u> | <u>\$ 2,424</u>                     | <u>\$ 1,268,448</u>                     |

See notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

|  | <u>General Fund</u> | <u>Special<br/>Revenue<br/>Fund</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-------------------------------------|---|
| <b>REVENUES</b>  |                     |                                     |   |
| Ad valorem taxes                                       | \$ 1,953,997        | \$ -                                | \$ 1,953,997                            |
| Intergovernmental                                      | -                   | 44,902                              | 44,902                                  |
| Interest   | 1,387               | 4                                   | 1,391                                   |
| Miscellaneous  | 30,512              | 1,497                               | 32,009                                  |
| Total revenues   | <u>1,985,896</u>    | <u>46,403</u>                       | <u>2,032,299</u>                        |
| <b>EXPENDITURES</b>                                    |                     |                                     |   |
| Human services   |                     |                                     |   |
| Personal services                                      | 655,077             | -                                   | 655,077                                 |
| Personal services benefits                             | 310,391             | -                                   | 310,391                                 |
| Operating expenses                                     | 52,682              | -                                   | 52,682                                  |
| Travel and per diem                                    | 13,730              | -                                   | 13,730                                  |
| Communication services                                 | 12,248              | -                                   | 12,248                                  |
| Freight services                                       | 2,649               | -                                   | 2,649                                   |
| Utility services                                       | 7,292               | -                                   | 7,292                                   |
| Rentals and leases                                     | 2,799               | -                                   | 2,799                                   |
| Insurance  | 30,572              | -                                   | 30,572                                  |
| Repair and maintenance services                        | 78,342              | -                                   | 78,342                                  |
| Printing   | 243                 | -                                   | 243                                     |
| Promotional activities                                 | 5,763               | -                                   | 5,763                                   |
| Other current charges and obligations                  | 2,435               | -                                   | 2,435                                   |
| Office supplies  | 4,828               | -                                   | 4,828                                   |
| Operating supplies                                     | 38,141              | -                                   | 38,141                                  |
| Books, publications,<br>subscriptions, and memberships | 5,601               | -                                   | 5,601                                   |
| Training   | 8,098               | -                                   | 8,098                                   |
| Gasoline, oil, and lubricants                          | 24,675              | -                                   | 24,675                                  |
| Chemicals, solvents, and additives                     | 81,080              | 54,968                              | 136,048                                 |
| Capital outlay   | 280,635             | -                                   | 280,635                                 |
| Total expenditures                                     | <u>1,617,281</u>    | <u>54,968</u>                       | <u>1,672,249</u>                        |
| <b>EXCESS REVENUES OVER<br/>EXPENDITURES</b>           | 368,615             | (8,565)                             | 360,050                                 |
| <b>FUND BALANCE AT BEGINNING<br/>OF YEAR</b>           | 897,409             | 10,989                              | 908,398                                 |
| <b>FUND BALANCE AT END OF YEAR</b>                     | <u>\$ 1,266,024</u> | <u>\$ 2,424</u>                     | <u>\$ 1,268,448</u>                     |

See notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2016**

|  |    |                       |
|--|----|-----------------------|
| Excess of revenues over expenditures – total governmental funds (page 13)  | \$ | 360,050               |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is depreciated over the estimated useful lives of the assets.</p> |    |                       |
| Expenditures for capital assets  |    | 280,635               |
| Less current year depreciation – general government  |    | <u>(111,894)</u>      |
|  |    | 168,741               |
| <p>Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>  |    |                       |
| Change in other postemployment benefits  |    | (15,916)              |
| Change in compensated absences   |    | 214                   |
| Change in net pension liability and related deferred inflows and outflows  |    | <u>(60,584)</u>       |
|  |    | <u>(76,286)</u>       |
| Change in net position of governmental activities (page 10)  | \$ | <u><u>452,505</u></u> |

See notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

|  | <u>Budgeted Amounts</u> |                     | <u>Actual</u>       | <u>Variance with<br/>Final Budget –<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---------------------|---|
|  | <u>Original</u>         | <u>Final</u>        |                     |   |
| <b>REVENUES</b>  |                         |                     |                     |   |
| Ad valorem taxes   | \$ 1,717,884            | \$ 1,717,884        | \$ 1,953,997        | \$ 236,113  |
| Interest   | -                       | -                   | 1,387               | 1,387   |
| Miscellaneous  | -                       | -                   | 30,512              | 30,512  |
| Total revenues   | <u>1,717,884</u>        | <u>1,717,884</u>    | <u>1,985,896</u>    | <u>268,012</u>  |
| <b>EXPENDITURES</b>  |                         |                     |                     |   |
| Human services   |                         |                     |                     |   |
| Personal services  | 731,229                 | 731,229             | 655,077             | 76,152  |
| Personal services benefits                                   | 368,216                 | 368,216             | 310,391             | 57,825  |
| Operating expenses   | 120,000                 | 120,000             | 52,682              | 67,318  |
| Travel and per diem  | 12,000                  | 16,211              | 13,730              | 2,481   |
| Communication services                                       | 12,000                  | 12,900              | 12,248              | 652   |
| Freight services   | 2,500                   | 2,700               | 2,649               | 51  |
| Utility services   | 10,650                  | 10,650              | 7,292               | 3,358   |
| Rentals and leases   | 5,000                   | 5,000               | 2,799               | 2,201   |
| Insurance  | 40,000                  | 40,000              | 30,572              | 9,428   |
| Repair and maintenance services                              | 27,850                  | 96,189              | 78,342              | 17,847  |
| Printing   | 500                     | 500                 | 243                 | 257   |
| Promotional activities                                       | 6,000                   | 6,000               | 5,763               | 237   |
| Other current charges and obligations                        | 2,642                   | 2,660               | 2,435               | 225   |
| Office supplies  | 3,500                   | 6,500               | 4,828               | 1,672   |
| Operating supplies   | 36,500                  | 46,000              | 38,141              | 7,859   |
| Books, publications, subscriptions,<br>and memberships       | 4,285                   | 5,785               | 5,601               | 184   |
| Training   | 8,000                   | 10,000              | 8,098               | 1,902   |
| Gasoline, oil, and lubricants                                | 38,825                  | 32,425              | 24,675              | 7,750   |
| Chemicals, solvents, and additives                           | 166,609                 | 206,254             | 81,080              | 125,174   |
| Capital outlay   | 310,150                 | 606,850             | 280,635             | 326,215   |
| Contingency  | 80,000                  | 117,213             | -                   | 117,213   |
| Total expenditures   | <u>1,986,456</u>        | <u>2,443,282</u>    | <u>1,617,281</u>    | <u>826,001</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> | (268,572)               | (725,398)           | 368,615             | 1,094,013   |
| <b>FUND BALANCE (DEFICIT) AT<br/>BEGINNING OF YEAR</b>       | <u>216,881</u>          | <u>(112,973)</u>    | <u>897,409</u>      | <u>1,010,382</u>  |
| <b>FUND BALANCE AT END OF YEAR</b>                           | <u>\$ (51,691)</u>      | <u>\$ (838,371)</u> | <u>\$ 1,266,024</u> | <u>\$ 2,104,395</u>   |

See notes to the financial statements.



**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2016**

|  | <u>Budgeted Amounts</u> |                | <u>Actual</u>   | <u>Variance<br/>with Final<br/>Budget –<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|----------------|-----------------|---|
|  | <u>Original</u>         | <u>Final</u>   |                 |   |
| <b>REVENUES</b>  |                         |                |                 |   |
| Intergovernmental  | \$ 43,009               | \$ 43,009      | \$ 44,902       | \$ 1,893  |
| Interest   | -                       | -              | 4               | 4   |
| Miscellaneous  | -                       | -              | 1,497           | 1,497   |
| Total revenues   | <u>43,009</u>           | <u>43,009</u>  | <u>46,403</u>   | <u>3,394</u>  |
| <b>EXPENDITURES</b>  |                         |                |                 |   |
| Human services   |                         |                |                 |   |
| Chemicals, solvents, and additives                           | <u>43,009</u>           | <u>52,043</u>  | <u>54,968</u>   | <u>(2,925)</u>  |
| Total expenditures   | <u>43,009</u>           | <u>52,043</u>  | <u>54,968</u>   | <u>(2,925)</u>  |
| <b>EXCESS (DEFICIENCY) OF REVENUES<br/>OVER EXPENDITURES</b> |                         |                |                 |   |
|  | <u>-</u>                | <u>(9,034)</u> | <u>(8,565)</u>  | <u>469</u>  |
| <b>FUND BALANCE AT BEGINNING OF YEAR</b>                     | <u>-</u>                | <u>9,034</u>   | <u>10,989</u>   | <u>1,955</u>  |
| <b>FUND BALANCE AT END OF YEAR</b>                           | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ 2,424</u> | <u>\$ 2,424</u>   |

See notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT**

**Description of District**

South Walton County Mosquito Control District (the District) is an independent special district legally created by the laws of Florida, Chapter 388 Florida Statutes, on May 26, 1964. The District operates under the provisions of Chapter 388, Florida Statutes and Rule 5E-13 of the Florida Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Section 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The District's purpose is to control disease-bearing arthropods and nuisance insects to improve the quality of life in South Walton County in Northwest Florida.

The following is a summary of the more significant accounting policies of the District:

**The Reporting Entity**

The District is governed by a three member commission, each elected at-large for four-year terms. The powers of this commission are regulated by ordinances and resolutions of the District, Walton County, and the statutes of the State of Florida.

As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government. In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, be included within the District's financial statements. Management utilized criteria set forth in GASB No. 61 for determining financial accountability of potential component units in evaluating all potential component units.

In accordance with GASB No. 61, the District (primary government) is financially accountable if it appoints a voting majority of the potential component unit's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the District. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. As of September 30, 2016, South Walton County Mosquito Control District had no component units, as defined by GASB 61.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT –  
CONTINUED**

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the District has no business-type activities to report on the government-wide financial statements), which rely, to a significant extent, on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**Measurement Focus and Basis of Accounting**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Intergovernmental revenues collected and held by other governments at year-end on behalf of the District, are also recognized as revenue. All other revenue items are considered to be measurable and available only when cash is received by the government.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT –  
CONTINUED**

**Measurement Focus and Basis of Accounting – Continued**

The Walton County Tax Collector bills and collects property taxes for the District in accordance with the laws of the State of Florida. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

|                 |                  |
|-----------------|------------------|
| Lien Date       | January 1, 2016  |
| Levy Date       | November 1, 2016 |
| Due Date        | November 1, 2016 |
| Delinquent Date | April 1, 2017    |

Discounts of 1% for each month taxes are paid prior to March 2017 are granted.

Revenue recognition criteria for property taxes under the GASB requires that property taxes expected to be collected within 30 days of the current period be accrued. Therefore, the District accrues for the actual amount of ad valorem tax revenue received from the Tax Collector after September 30, but prior to November 1. No accrual is made for the 2016 ad valorem tax revenue levied by the Tax Collector on November 1 because property taxes are not legally due until the subsequent fiscal year. Any uncollected 2016 ad valorem taxes from the November 1, 2015 levy date, due April 1, 2016, are not recorded as a receivable at the balance sheet date because the outstanding balance is generally immaterial in amount and highly susceptible to uncollectability.

**Basis of Presentation**

The financial transactions of the District are recorded in individual funds. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Amounts reported as program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT –  
CONTINUED**

**Basis of Presentation – Continued**

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses, and balances of financial resources) and not net income. The following two governmental classifications are used by the District:

General Fund – This is the District's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund – This is used to account for revenue derived from specific sources that are legally restricted to expenditures for a specified purpose.

**Assets, Liabilities, and Net Position or Equity**

***Cash and Cash Equivalents***

Each fund's cash on hand, demand deposits, and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

***Deposits and Investments***

Section 218.415, Florida Statutes, requires the investment of surplus public funds and prescribes the instruments in which those investments are authorized, specifically the State of Florida Local Government Surplus Funds Trust Fund, direct obligations of the United States Government or other obligations unconditionally guaranteed by the United States Government, collateralized interest-bearing time deposits or savings accounts in state or federal banks or savings and loan associations, debt securities of the Federal Farm Credit Banks, the Federal Home Loan Mortgages Corporation, the Federal Home Loan Bank, the Government National Mortgage Association, the Federal National Mortgage Association, and securities of or other interest in certain investment companies or investment trusts, the portfolio of which is limited to United States Government obligations or repurchase agreements fully collateralized by such obligations. The District adheres strictly to the provisions of those cited Statutes, as well as with Chapter 280, Florida Statutes, which requires the District to maintain deposits only with "Qualified Public Depositories." The District maintains cash balances in non-interest bearing, interest bearing, and money market bank accounts.

***Receivables and Payables***

Interfund transactions are reflected as loans, services provided, reimbursements, or transfers. Loans between funds outstanding at the end of the fiscal year are referred to as either "due to other funds" or "due from other funds" (i.e., the current portion of interfund loans) or "advances" (i.e., the non-current portion of interfund loans).

***Restricted Assets***

Unspent funds in the Special Revenue Fund are classified as restricted assets because their use is limited by Florida Statutes.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT –  
CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**

***Inventories***

Inventories, consisting of expendable chemicals to be used in operations, are valued at the lower of cost (first-in, first-out) or market. The District utilizes the purchase method of accounting, which provides that expenditures are recognized when the inventory is purchased. Reported inventories are equally offset by a fund balance reserve in the fund financial statements, which indicates that they do not constitute "available spendable resources."

***Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the governmental activities columns in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial cost of more than \$500. Assets are recorded at cost if purchased or constructed while donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

| <u>Assets</u>                     | <u>Years</u> |
|-----------------------------------|--------------|
| Buildings                         | 5-50 Years   |
| Improvements other than buildings | 20-50 Years  |
| Vehicles                          | 5 Years      |
| Equipment and furnishings         | 5-20 Years   |

***Compensated Absences***

Vested or accumulated personal leave time that is used and paid for with expendable available financial resources is reported as an expenditure. The current portion of leave (i.e., termination payments for unused leave, due for payment) is recorded as an expenditure and a liability in the General Fund, while the remainder is recorded as a liability in the government wide financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT – CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**  
**Compensated Absences – Continued**

*Annual Leave*

At the end of 90 days of employment, paid annual leave is permitted. Full-time employees accrue the scheduled annual leave from the date of employment, but cannot use the accrued leave time until they have completed the 90 day introductory period. Continuous service is calculated from the date of original employment, with annual leave being accrued from that date as follows:

| <u>Years of Employment</u> | <u>Accrual Rate</u>  | <u>Annual Accrual</u> |
|----------------------------|----------------------|-----------------------|
| 0-1 Year                   | 11.3 hours per month | 136 hours             |
| 2-5 Years                  | 16.0 hours per month | 192 hours             |
| 6-10 Years                 | 21.3 hours per month | 224 hours             |
| 11-15 Years                | 21.3 hours per month | 256 hours             |
| >15 Years                  | 22.0 hours per month | 264 hours             |

Employees can accrue up to 240 hours of annual leave. Any earned unused personal leave time above 240 hours will be forfeited. Upon voluntary separation, an employee will be paid for their accrued but unused annual leave. If an employee is involuntarily discharged for cause, then the employee will not be entitled to payment of any accrued annual leave.

The amount of the unpaid compensated absences at September 30, 2016 was \$34,731.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has only one item that qualifies for reporting in this category; deferred charges related to pensions as more fully described in Note 6 to the financial statements.

In addition to liabilities, the statements of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has only one item that qualifies for reporting in this category related to the defined benefit pension plan as more fully described in Note 6.

**Long-Term Liabilities**

In the government-wide financial statements any long-term debt and other long-term liabilities are reported as a governmental activity in the statement of net assets.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT –  
CONTINUED**

**Assets, Liabilities, and Net Position or Equity – Continued**

***Net Pension Liability***

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each plan, and additions to/deductions from the fiduciary net position of each plan have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions, if any) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at a fair value. Administrative costs are financed from each respective fund's investment earnings.

***Classification of Fund Balance***

GASB Statement 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance. In all other funds, unassigned is limited to negative residual fund balance.

The District, in its General Fund, presents nonspendable fund balance for inventory. In addition, as a part of the District's annual budgeting process, cash, capital outlay, self-insurance, and accrued compensated absence reserves are set aside which are classified as assigned fund balance. All other amounts in the General Fund are considered unassigned. Restricted fund balance in the Special Revenue Fund can only be used for arthropod control on approved work plan per external restriction. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

***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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF DISTRICT –  
CONTINUED**

**Events Occurring After Reporting Date**

The District has evaluated events and transactions that occurred between September 30, 2016 and February 20, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgets**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. An appropriated budget is adopted for the General Fund and Special Revenue Fund. The Board of Commissioners must approve any revision to the budget. Comparisons are made of actual results to budgeted amounts. Budget data presented in the financial statements includes approved amendments to the original adopted budget. Budgetary data reflected in the financial statements are based on procedures required by Florida Statutes.

Budget workshops are held by the District in which proposed budget information is reviewed and discussed. A newspaper of general circulation in the District advertises the proposed budget. Public hearings are conducted for the purpose of hearing requests and concerns from the public.

The final budget is adopted by resolution. Any subsequent amendments must be enacted in the same manner as the original budget, except individual line item transfers, which are approved by the Board of Commissioners. The legal level of budgetary control is at the fund level.

Budget amounts reflected in the financial statements are originally adopted amounts as amended by action of the District Commissioners. All amendments to originally adopted amounts were made in a legally permissible manner.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**3. DEPOSITS AND INVESTMENTS**

**Deposits**

*Custodial Credit Risk, Concentration of Credit Risk and Interest Rate Risk*

The District maintains its deposits, in three "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow Qualified Public Depositories to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the state treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under this method, all District deposits, including any certificates of deposit, are fully insured or collateralized with securities held by the State Treasurer in the District's name. Interest rate risk is mitigated with certificates of deposit with a 90-day or less maturity. The District does not have a formal policy for custodial credit risk, concentration of credit risk or interest rate risk.

At year-end, the reported amount of the District's deposits was \$1,159,904 and the bank balance was \$1,205,494, all of which was held by Qualified Public Depositories under Chapter 280, Florida Statutes.

**4. RECEIVABLES**

Receivables at September 30, 2016, were as follows:

|                                      | <u>General Fund</u>     |
|--------------------------------------|-------------------------|
| <b>Governmental activities</b>       |                         |
| <b>Due from other governments</b>    |                         |
| Due from Walton County Tax Collector | <u>\$        12,886</u> |

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Florida Retirement System – Continued**

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

**Pension Plan**

***Plan Description***

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

***Benefits Provided***

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

Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers’ class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers’ class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

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

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

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**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Pension Plan – Continued**

***Benefits Provided – Continued***

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

***Contributions***

Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular—7.26% and 7.52%; Senior Management Service—21.43% and 21.77%; Elected Officers'—42.27% and 42.47%; and DROP participants—12.88% and 12.99%. These employer contribution rates include 1.66% HIS Plan subsidy for the periods October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016.

The District's contributions, including employee contributions, to the Pension Plan totaled \$55,371 for the fiscal year ended September 30, 2016.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At September 30, 2016, the District reported a liability of \$573,318 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-2016 fiscal year contributions relative to the 2014-2015 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.002270559 percent, which was an increase of 0.000070786 percent from its proportionate share measured as of June 30, 2015.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Pension Plan – Continued**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued***

For the fiscal year ended September 30, 2016, the District recognized pension expense of \$101,713. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <b>Description</b>  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 43,898                                     | \$ 5,338                                     |
| Change of assumptions   | 34,684  | -  |
| Net difference between projected and actual earnings on Pension<br>Plan investments   | 148,196                                       | -  |
| Changes in proportion and differences between District Pension Plan<br>contributions and proportionate share of contributions | 56,252  | -  |
| District Pension Plan contributions subsequent to the measurement date  | <u>12,609</u>                                 | <u>-</u>                                     |
|   | <u>\$ 295,639</u>                             | <u>\$ 5,338</u>                              |

The deferred outflows of resources related to the Pension Plan, totaling \$12,609 resulting from Authority contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| <b>Fiscal Year Ending September 30:</b> | <b>Amount</b>     |
|---|-------------------|
| 2016                                    | \$ 30,502         |
| 2017                                    | 30,502            |
| 2018                                    | 88,278            |
| 2019                                    | 60,417            |
| 2020                                    | 8,887             |
| Thereafter                              | <u>59,107</u>     |
|   | <u>\$ 277,692</u> |

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Pension Plan – Continued**

***Actuarial Assumptions***

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumption, applied to all period included in the measurement:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.60%  |
| Salary increases          | 3.25%, average, including inflation                                |
| Investment rate of return | 7.60%, net of pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

| <b>Asset Class</b>       | <b>Target Allocation (1)</b> | <b>Annual Arithmetic Return</b> | <b>Compound Annual (Geometric) Return</b> | <b>Standard Deviation</b> |
|--------------------------|------------------------------|---------------------------------|---|---------------------------|
| Cash                     | 1.0%                         | 3.0%                            | 3.0%                                      | 1.7%                      |
| Fixed income             | 18.0%                        | 4.7%                            | 4.6%                                      | 4.6%                      |
| Global equity            | 53.0%                        | 8.1%                            | 6.8%                                      | 17.2%                     |
| Real estate              | 10.0%                        | 6.4%                            | 5.8%                                      | 12.0%                     |
| Private equity           | 6.0%                         | 11.5%                           | 7.8%                                      | 30.0%                     |
| Strategic investments    | 12.0%                        | 6.1%                            | 5.6%                                      | 11.1%                     |
| <b>Total</b>             | <b>100.00%</b>               |                                 |   |                           |
| Assumed inflation – mean |                              | 2.6%                            |   | 2.0%                      |

(1) As outlined in the Pension Plan's investment policy

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**Pension Plan – Continued**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.60%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

***Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate***

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

|   | 1% Decrease<br>(6.60%) | Current<br>Discount<br>Rate<br>(7.60%) | 1% Increase<br>(8.60%) |
|---|------------------------|--|------------------------|
| District's proportionate share of the net pension liability | \$ 1,055,517           | \$ 573,318                             | \$ 171,951             |

***Pension Plan Fiduciary Net Position***

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

**HIS Plan**

***Plan Description***

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

***Benefits Provided***

For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**HIS Plan – Continued**

***Contributions***

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016 was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contribution are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$10,730 for the fiscal year ended September 30, 2016.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At September 30, 2016, the District reported a liability of \$243,967 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-2016 fiscal year contributions relative to the 2014-2015 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.002093310 percent, which was an increase of 0.000017601 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the District recognized pension expense of \$22,254. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| <b>Description</b>   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|--|---|--|
| Differences between expected and actual experience   | \$ -  | \$ 556                                       |
| Change of assumptions  | 38,285  | -  |
| Net difference between projected and actual earnings on Pension Plan investments   | 123   | -  |
| Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions | 9,975   | -  |
| District Pension Plan contributions subsequent to the measurement date   | 2,346   | -  |
|  | <u>\$ 50,729</u>                              | <u>\$ 556</u>                                |



SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2016

**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**HIS Plan – Continued**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued***

The deferred outflows of resources related to the HIS Plan, totaling \$2,346 resulting from Authority contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | <b>Amount</b> |
|----------------------------------|---------------|
| 2016                             | \$ 6,778      |
| 2017                             | 6,778         |
| 2018                             | 6,755         |
| 2019                             | 6,743         |
| 2020                             | 5,834         |
| Thereafter                       | 14,939        |
|                                  | \$ 47,827     |

***Actuarial Assumptions***

The total pension liability in the July 1, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                     |       |
|---------------------------|-------------------------------------|-------|
| Inflation                 |                                     | 2.60% |
| Salary increases          | 3.25%, average, including inflation |       |
| Investment rate of return |                                     | 2.85% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

***Discount Rate***

The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**6. DEFINED BENEFIT PENSION PLANS – CONTINUED**

**HIS Plan – Continued**

***Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate***

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

|   | 1% Decrease<br>(1.85%) | Current<br>Discount<br>Rate<br>(2.85%) | 1% Increase<br>(3.85%) |
|---|------------------------|--|------------------------|
| District's proportionate share of the net pension liability | \$ 279,885             | \$ 243,967                             | \$ 214,156             |

***Pension Plan Fiduciary Net Position***

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

**7. OTHER POSTEMPLOYMENT BENEFITS**

**Plan Contributions, Funding Policy, and Annual OPEB Cost**

South Walton County Mosquito Control District, offers health and life benefits to retirees. These benefits are provided by various insurance companies and are the same benefits that are provided to active employees. The premiums charged to the District are blended.

After a full-time employee has completed twenty (20) years of service with the District, he/she is eligible to retire with 50% of the health and life insurance premiums paid by the District until the employee starts receiving FRS retirement benefits. At this time, the District will pay the premium in full, minus the Health Insurance Subsidy (HIS) received monthly from FRS.

After a full-time employee completes thirty (30) years of service with the District, they will receive FRS benefits at retirement regardless of age. One hundred percent (100%) of the health and life insurance premiums will be paid by the District minus the Health Insurance Subsidy (HIS) received monthly from the FRS.

The District's annual other postemployment benefits (OPEB) cost is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**7. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED**

**Plan Contributions, Funding Policy, and Annual OPEB Cost – Continued**

The District has chosen to implement GASB Statement 45 prospectively. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial 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:

|   |                          |
|---|--------------------------|
| Annual required contribution                | \$ 27,866                |
| Interest on net OPEB obligation             | 3,859                    |
| Adjustment to annual required contribution  | <u>(5,687)</u>           |
| Annual OPEB cost (expense)                  | 26,038                   |
| Estimated net contributions made            | <u>(10,122)</u>          |
| Anticipated increase in net OPEB obligation | 15,916                   |
| Net OPEB obligation – beginning of year     | <u>96,479</u>            |
| Net OPEB obligation – end of year           | <u><u>\$ 112,395</u></u> |

\*These numbers are based on the most recent actuarial valuation report dated October 1, 2015.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net obligation for the current and preceding two years ending September 30 are as follows:

| <u>Year Ending<br/>September 30,</u> | <u>Annual OPEB<br/>Cost</u> | <u>Percentage<br/>Contribution</u> | <u>Net OPEB<br/>Obligation</u> |
|--------------------------------------|-----------------------------|------------------------------------|--------------------------------|
| 2016                                 | \$ 26,038                   | 38.9%                              | \$ 112,395                     |
| 2015                                 | \$ 28,151                   | 34.7%                              | \$ 96,479                      |
| 2014                                 | \$ 26,367                   | 27.7%                              | \$ 78,100                      |

There is no funding for these benefits as they are on a "pay as you go" basis. In the actuarial valuation dated October 1, 2015, the Entry Age Normal (level % of pay) actuarial cost method was used. Select actuarial assumptions are as follows: Funding Interest Rate of 4.0%; Health Care Inflation: Pre-Medicare 8.0% (trending to 5.0% in 2020, then 4.5% thereafter), Post-Medicare 8.0% (trending to 5.0% in 2020, then 4.5% thereafter). Payroll Growth/Inflation Assumption 0.0%; and Amortization of UAAL: Level Percentage of Payroll (Closed Amortization over 30 Years).

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2016**

**8. LONG-TERM LIABILITIES**

**Changes in Long-Term Liabilities**

The following table summarizes changes in long-term liabilities of the District for the year ended September 30, 2016:

|                               | <b>Beginning<br/>Balance</b> | <b>Additions</b> | <b>Reductions</b>  | <b>Ending<br/>Balance</b> |
|-------------------------------|------------------------------|------------------|--------------------|---------------------------|
| Governmental activities       |                              |                  |                    |                           |
| Compensated absences          | \$ 34,945                    | \$ 65,233        | \$ (65,447)        | \$ 34,731                 |
| Other postemployment benefits | 96,479                       | 26,038           | (10,122)           | 112,395                   |
| Total governmental activities | <u>\$ 131,424</u>            | <u>\$ 91,271</u> | <u>\$ (75,569)</u> | <u>\$ 147,126</u>         |

**9. RISK MANAGEMENT**

South Walton County Mosquito Control District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance through commercial carriers to cover these risks.

The District pays the premiums for health, dental, and basic life insurance for all full-time employees and District Commissioners. Eligible employees may extend health and supplemental health insurance coverage to their family members. A portion, 72%, of the premiums is paid by the District. Additional life insurance and dependent dental coverage is also available through the District on a voluntary basis. Dependent life insurance and dental premiums are the full responsibility of the employee.

**Life and Accidental Death and Dismemberment Insurance**

Eligible employees participating in the health plan are automatically enrolled in the group life and accidental death and dismemberment (AD&D) insurance plan. Life insurance coverage for employees is paid by the District. Dependent coverage is available at the employee's expense.

**Supplemental Reimbursement Program**

This program is designed to help pay the cost of needed professional health care services not covered by District insurance policies and is available to all full-time employees, officers, and their dependents. Amounts not used on professional health care service each year accumulate for future use. Upon employee termination no amounts are owed under this program. The District allows \$1,250 per employee unless the employee is receiving a District contribution allowance of \$144. In that case, the contribution is reduced to \$1,106.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**FLORIDA RETIREMENT SYSTEM**  
**LAST TWO YEARS**

|  | <u>2016</u>  | <u>2015</u>  |
|--|--------------|--------------|
| District's proportion of the net pension liability (asset)   | 0.002270559% | 0.002199773% |
| District's proportionate share of the net pension liability (asset)  | \$ 573,318   | \$ 284,130   |
| District's covered-employee payroll  | \$ 655,077   | \$ 656,437   |
| District's proportionate share of the net pension liability<br>(asset) as a percentage of its covered-employee payroll | 87.52%       | 43.28%       |
| Plan fiduciary net position as a percentage of the total<br>pension liability  | 84.88%       | 92.00%       |

\* The amounts presented for each fiscal year were determined as of 6/30.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 HEALTH INSURANCE SUBSIDY  
 LAST TWO YEARS**

|  | <u>2016</u>  | <u>2015</u>  |
|--|--------------|--------------|
| District's proportion of the net pension liability (asset)   | 0.002093310% | 0.002075709% |
| District's proportionate share of the net pension liability (asset)  | \$ 243,967   | \$ 211,690   |
| District's covered-employee payroll  | \$ 655,077   | \$ 656,437   |
| District's proportionate share of the net pension liability<br>(asset) as a percentage of its covered-employee payroll | 37.24%       | 32.25%       |
| Plan fiduciary net position as a percentage of the total<br>pension liability  | 0.97%        | 0.50%        |

\* The amounts presented for each fiscal year were determined as of 6/30.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM  
LAST TWO YEARS**

|  | <u>2016</u>     | <u>2015</u>     |
|--|-----------------|-----------------|
| Contractually required contribution                                  | \$ 55,371       | \$ 53,632       |
| Contributions in relation to the contractually required contribution | <u>(55,371)</u> | <u>(53,632)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered-employee payroll                                  | \$ 655,077      | \$ 656,437      |
| Contributions as a percentage of covered-employee payroll            | 8.45%           | 8.17%           |

\* The amounts presented for each fiscal year were determined as of 6/30.



SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEULE OF CONTRIBUTIONS  
 HEALTH INSURANCE SUBSIDY  
 LAST TWO YEARS

|  | <u>2016</u>     | <u>2015</u>    |
|--|-----------------|----------------|
| Contractually required contribution                                  | \$ 10,730       | \$ 7,935       |
| Contributions in relation to the contractually required contribution | <u>(10,730)</u> | <u>(7,935)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>     | <u>\$ -</u>    |
| District's covered-employee payroll                                  | \$ 655,077      | \$ 656,437     |
| Contributions as a percentage of covered-employee payroll            | 1.64%           | 1.21%          |

\* The amounts presented for each fiscal year were determined as of 6/30.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 Unaudited**

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability<br>(AAL) Entry<br>Age (b) | Unfunded<br>AAL (UAAL)<br>(b-a) | Funded<br>Ratio (a/b) | Covered<br>Payroll (c) | UAAL as a %<br>of Covered<br>Payroll ((b-<br>a)/c) |
|--------------------------------|-------------------------------------|---|---------------------------------|-----------------------|------------------------|--|
| 10/1/2015                      | \$ -                                | \$ 195,287  | \$ 195,287                      | 0%                    | \$ 537,253             | 36.3%  |
| 10/1/2014                      | N/A                                 | N/A   | N/A                             | N/A                   | N/A                    | N/A  |
| 10/1/2013                      | N/A                                 | N/A   | N/A                             | N/A                   | N/A                    | N/A  |
| 10/1/2012                      | \$ -                                | \$ 195,287  | \$ 195,287                      | 0%                    | \$ 537,253             | 36.3%  |

Note: The information presented in this schedule was determined as part of the actuarial valuations at the dates indicated.

Additional information as of the latest actuarial valuation can be found in Note 7 to the financial statements.

See independent auditors' report.

SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
 OTHER SUPPLEMENTARY INFORMATION  
 SCHEDULE OF RECEIPTS AND EXPENDITURES OF FUNDS  
 RELATED TO THE DEEPWATER HORIZON OIL SPILL  
 YEAR ENDED SEPTEMBER 30, 2016

| <u>Source</u>                                       | <u>Amount<br/>Received<br/>in the<br/>2015-2016<br/>Fiscal Year</u> | <u>Amount<br/>Expended<br/>in the<br/>2015-2016<br/>Fiscal Year</u> |
|---|---|---|
| <b>British Petroleum:</b>                           |   |   |
| Final Settlement Economic and Property Damage Claim | \$ 25,000   | \$ 25,000   |

See independent auditors' report.

**Independent Auditors' Report on an Examination of Compliance Requirements in  
Accordance with Chapter 10.550, Rules of the Auditor General**

To the Board of Commissioners  
South Walton County Mosquito Control District

We have examined South Walton County Mosquito Control District's compliance with the following requirements for the year ended September 30, 2016.

- (1) Florida Statute 218.415 in regards to the investments.
- (2) Florida Statute 288.8018 in regards to the Deepwater Horizon Oil Spill receipts and expenditures.

Management is responsible for the South Walton County Mosquito Control District's compliance with those requirements. Our responsibility is to express an opinion on the South Walton County Mosquito Control 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 the South Walton County Mosquito Control 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 the South Walton County Mosquito Control District's compliance with specified requirements.

In our opinion, the South Walton County Mosquito Control District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

*Warren Averett, LLC*  
Destin, Florida  
February 20, 2017

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

To the Board of Commissioners  
South Walton County Mosquito Control District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Walton County Mosquito Control District, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise South Walton County Mosquito Control District's basic financial statements, and have issued our report thereon dated February 20, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Walton County Mosquito Control 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 South Walton County Mosquito Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Walton County Mosquito Control 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 South Walton County Mosquito Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Warren Averett, LLC*

Destin, Florida  
February 20, 2017

## MANAGEMENT LETTER

To the Board of Commissioners  
South Walton County Mosquito Control District

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

We have audited the financial statements of the South Walton County Mosquito Control District (the District) as of and for the year ended September 30, 2016, and have issued our report thereon dated February 20, 2017.

### **Auditors' 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; *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General.

### **Other Reports**

We have issued our Independent Auditors' 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 Accountants' 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 February 20, 2017, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

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

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

**Financial Condition**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we report the results of our determination as to whether or not South Walton County Mosquito Control District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the South Walton County Mosquito Control District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the South Walton County Mosquito Control District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

**Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we report the results of our determination as to whether the annual financial report for the South Walton County Mosquito Control District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

**Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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. In connection with our audit, we did not have any such findings.

**Purpose of this Letter**

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

We greatly appreciate the assistance and cooperation extended to us during our audit.

*Warren Averett, LLC*

Destin, Florida  
February 20, 2017