

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2015**

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Citrus County Mosquito Control District  
Lecanto, Florida

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information Citrus County Mosquito Control District (the "District") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

West Palm Beach  
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Miami  
Phone (305) 331-8768

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Phone (954) 966-4435

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the remaining fund information of the District as of September 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

As described in Notes 1 and 10 to the financial statements, the City changed its methods of accounting and financial reporting for pensions as a result of the adoption of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB No. 68*, both effective October 1, 2014, which resulted in the City restating net position for recognition of the City pension related activity prior to October 1, 2014. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–8 and 35–36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 16, 2016

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Citrus County Mosquito Control District, Lecanto, Florida, (the "District"), provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year resulting in a net position balance of \$2,752,309.
- The change in the District's total net position in comparison with the prior fiscal year was (\$22,755), a decrease. The key components of the District's net position and changes in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2015, the District's governmental funds reported combined ending fund balances of \$1,429,956, an increase of \$64,380 in comparison with the prior fiscal year. A portion of fund balance is nonspendable for inventory and prepaid assets, restricted for mosquito control, assigned to sick and annual leave and the remainder is unassigned and available for spending at the District's discretion.

### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as the introduction to the District's financial statements. The District's basic financial statements are comprised of 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 the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the 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.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by ad valorem taxes. The District does not have any business-type activities. The governmental activities of the District include operation and management functions.

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one fund category: governmental 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 District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements 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 for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with the budget.

### Notes to the Financial Analysis

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets exceeded liabilities at the close of the most recent fiscal year.

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

	2015	2014
Current and other assets	2,688,350	2,227,903
Capital assets, net of depreciation	1,304,007	1,399,180
Total assets	<u>3,992,357</u>	<u>3,627,083</u>
Current liabilities	501,513	89,459
Long-term liabilities	771,742	142,348
Total liabilities	<u>1,273,255</u>	<u>231,807</u>
Net position		
Net investment in capital assets	1,304,007	1,399,180
Restricted	49,764	65,750
Unrestricted	1,398,538	1,930,346
Total Net Position	<u>2,752,309</u>	<u>3,395,276</u>

The largest portion of the District's net position reflects its unrestricted net position used to meet the District's ongoing obligations. An additional portion of the District's net position reflects investment in capital assets (e.g. land, building, equipment and improvements). These assets are used to provide services to residents; consequently, these assets are not available for future spending. The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

The District's net position decreased during the most recent fiscal year. The majority of the decrease represents the extent to which the costs of operations and depreciation expense exceeded ongoing program and general revenues.



GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
State grant	\$ -	\$ 29,456
General revenues:		
Ad valorem taxes	3,348,070	2,912,526
Interest	6,318	8,574
Other revenue	22,500	42,550
Total Revenue	<u>3,376,888</u>	<u>2,993,106</u>
Expenses:		
Personal services	982,134	1,027,555
Personal services benefits	406,181	409,207
Operating Expenditures	209,944	263,899
Travel, utilities and repairs	179,871	234,395
Chemicals	1,368,074	1,414,464
Gasoline, oil and lubricants	73,366	88,342
Supplies and dues	76,537	54,579
Depreciation	103,536	116,434
Total Expenses	<u>3,399,643</u>	<u>3,608,875</u>
Changes in net position	<u>(22,755)</u>	<u>(615,769)</u>
Net position, beginning	<u>3,395,276</u>	<u>4,011,045</u>
Net position, ending	<u>\$ 3,372,521</u>	<u>\$ 3,395,276</u>

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2015 was \$3,399,643. The costs of the District's activities were primarily funded by general revenues and program revenues. As in the prior fiscal year, general revenues are comprised of ad valorem taxes and program revenues are comprised primarily of grant revenue received from the State tire fund program. Revenues remained consistent with the prior year as were expenditures.

## GENERAL FUND BUDGETARY HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget, amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioner. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2015.

The variance between budgeted and actual general fund revenues for the current fiscal year is the result of the non-payment of a portion of the current fiscal year ad valorem assessment by property owners. The actual general fund expenditures for the current fiscal year were lower than budgeted amounts due primarily to anticipated costs which were not incurred in the current fiscal year.

## CAPITAL ASSETS

At September 30, 2015, the District has \$2,809,855 invested in land, construction in progress, land improvements, buildings, office and other major equipment, for its governmental activities. In the government-wide financial statements, depreciation of \$1,505,848 has been taken, which resulted in a net book value of \$1,304,007

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District does not anticipate any major projects or significant changes to its infrastructure maintenance program for the subsequent fiscal year other than the Construction of the new hanger and building for chemical storage. In addition, it is anticipated that the general operations of the District will remain fairly constant. Additionally the District raised its millage rate and is making expenditure cuts to address the shortfall incurred during the current fiscal year.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. If you have questions about this report or need additional financial information, contact the Director, Citrus County Mosquito Control District at 968 N. Lecanto Highway, Lecanto, FL 34461.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT**  
**LECANTO, FLORIDA**  
Statement of Net Position  
September 30, 2015

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 1,854,590
Accounts receivable	709,020
Inventory	114,589
Prepays	10,151
Capital Assets:	
Nondepreciable	762,925
Depreciable, net	<u>541,082</u>
<b>TOTAL ASSETS</b>	<b>3,992,357</b>
<b>DEFERRED OUTFLOWS</b>	<u>221,240</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u><b>4,213,597</b></u>
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	501,513
Non-current liabilities:	
Due within one year	2,939
Due in more than one year	<u>768,803</u>
<b>TOTAL LIABILITIES</b>	<b>1,273,255</b>
<b>DEFERRED INFLOWS</b>	<u>188,033</u>
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	<u><b>1,461,288</b></u>
 <b>NET POSITION</b>	
Net Investment in capital assets	1,304,007
Restricted for mosquito control	49,764
Unrestricted	<u>1,398,538</u>
<b>TOTAL NET POSITION</b>	<u><u><b>\$ 2,752,309</b></u></u>

See notes to basic financial statements.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Statement of Activities

For the Fiscal Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
				Governmental Activities
Primary government:				
Governmental Activities:				
Personal services	\$ 982,134	-		\$ (982,134)
Personal services benefits	406,181	-		(406,181)
Chemicals	1,368,074	-		(1,368,074)
Operating expenditures	209,944	-		(209,944)
Travel, utilities and repairs	179,871	-		(179,871)
Gasoline, oil and lubricants	73,366	-		(73,366)
Supplies and dues	76,537	-		(76,537)
Depreciation	<u>103,536</u>	-		<u>(103,536)</u>
Total governmental activities	<u>3,399,643</u>	-		<u>(3,399,643)</u>
General revenues:				
Ad valorem taxes				3,348,070
Unrestricted investment earnings				6,318
Other				<u>22,500</u>
Total general revenues				<u>3,376,888</u>
Change in net position				<u>(22,755)</u>
Net position - beginning				3,395,276
Prior period adjustments				<u>(620,212)</u>
Net position - beginning - restated				<u>2,775,064</u>
Net position - ending				<u><u>\$ 2,752,309</u></u>

See notes to basic financial statements.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT**

Balance Sheet – Governmental Funds

September 30, 2015

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Governmental Funds</u>
<b>ASSETS</b>			
Cash	\$ 1,804,826	\$ 49,764	\$ 1,854,590
Accrued taxes	709,020	-	709,020
Chemical inventory	111,790	-	111,790
Gasoline inventory	2,799	-	2,799
Prepaid insurance	<u>10,151</u>	<u>-</u>	<u>10,151</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 2,638,586</u></u>	<u><u>\$ 49,764</u></u>	<u><u>\$ 2,688,350</u></u>
<b>LIABILITIES</b>			
Liabilities:			
Accounts payable and accrued expenses	<u>\$ 501,513</u>	<u>\$ -</u>	<u>\$ 501,513</u>
<b>TOTAL LIABILITIES</b>	<u>501,513</u>	<u>-</u>	<u>501,513</u>
<b>DEFERRED INFLOWS</b>			
Unavailable revenue - property taxes	<u>707,117</u>	<u>-</u>	<u>707,117</u>
<b>TOTAL DEFERRED INFLOWS</b>	<u>707,117</u>	<u>-</u>	<u>707,117</u>
<b>FUND BALANCES:</b>			
Non spendable:			
Inventory and prepaid expenditures	124,740	-	124,740
Restricted for:			
Mosquito control	-	49,764	49,764
Unassigned	<u>1,305,216</u>	<u>-</u>	<u>1,305,216</u>
<b>TOTAL FUND BALANCES</b>	<u>1,429,956</u>	<u>49,764</u>	<u>1,479,720</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	<u><u>\$ 2,638,586</u></u>	<u><u>\$ 49,764</u></u>	<u><u>\$ 2,688,350</u></u>

See notes to basic financial statements.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Reconciliation of The Balance Sheet-Governmental Funds  
to the Statement of Net Position  
September 30, 2015

Fund balance - governmental funds		\$ 1,479,720
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in the governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.		
Cost of capital assets	2,809,855	
Accumulated depreciation	<u>(1,505,848)</u>	1,304,007
Assets that are not available to pay for current - period expenditures are unavailable in the fund statements.		
Deferred tax revenues		707,117
Deferred outflows for pension plans		221,240
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Accrued compensated absences		(142,348)
Net pension plan liability		(629,394)
Deferred inflows for pension plans		(188,033)
Net position of governmental activities		<u>\$ 2,752,309</u>

See notes to basic financial statements.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Statement of Revenues, Expenditures and Changes in  
Fund Balances - Governmental Funds  
For the Fiscal Year Ended September 30, 2015

	<u>Major Fund</u>	<u>Non-Major Fund</u>	<u>Total Governmental Fund</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	
<b>REVENUES</b>			
Property taxes	\$ 3,348,070	\$ -	\$ 3,348,070
State grant revenue	-	-	-
Interest income	6,133	185	6,318
Other revenue	-	18,500	18,500
	<u>3,354,203</u>	<u>18,685</u>	<u>3,372,888</u>
<b>EXPENDITURES</b>			
Personal services	982,134	-	982,134
Personal services benefits	430,206	-	430,206
Operating expenditures	209,944	-	209,944
Travel, utilities and repairs	179,871	-	179,871
Chemicals	1,368,074	-	1,368,074
Gasoline, oil and lubricants	73,366	-	73,366
Supplies and dues	46,229	-	46,229
Capital outlay	-	38,671	38,671
	<u>3,289,824</u>	<u>38,671</u>	<u>3,328,495</u>
Excess (deficiency) of revenues over (under) expenditures	64,379	(19,986)	44,393
<b>OTHER FINANCING SOURCES</b>			
Sale of capital assets	-	4,000	4,000
	<u>-</u>	<u>4,000</u>	<u>4,000</u>
Total other financing sources	-	4,000	4,000
Net change in fund balances	64,379	(15,986)	48,393
Fund balance - beginning	1,365,577	65,750	1,431,327
Fund balance - ending	<u>\$ 1,429,956</u>	<u>\$ 49,764</u>	<u>\$ 1,479,720</u>

See notes to basic financial statements.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Reconciliation of Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to The Statement of Activities  
For the Fiscal Year Ended September 30, 2015

Net change in fund balances - governmental fund	\$ 48,393
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position	8,363
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	-
Depreciation on capital assets is not recognized in the governmental fund statements but is reported as an expense in the statement of activities	(103,536)
Pension plan expenses for Governmental Accounting Standards Board Statement number 68 reported in the statement of activities do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	24,025
Compensated absences reported in the statement of activities do not require the use of current financial resources; and, therefore, are not reported as expenditures in governmental funds.	-
Change in net position of governmental activities	<u>\$ (22,755)</u>

See notes to basic financial statements.



**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY**

The Citrus County Mosquito Control District (the “District”) is an independent special district created under the provisions of Florida Statutes Chapter 388. The District was created by order of the Board of County Commissioners of Citrus County by a county ordinance dated November 4, 1952.

The District is governed by the Board of Commissioners (“Board”), which is composed of three members. The Board are elected by the electors within the District. The Board of the District exercise all powers granted to the District pursuant to Chapter 388, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying assessments.
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of the executive director
6. Financing improvements.

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

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

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. 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 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; operating-type special assessments for maintenance and debt service are treated as charges for services and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement* focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and any claims or judgments, are recorded only when payment is due.

**Property Taxes**

Property taxes are ad valorem and levied each November 1 on property as of the previous January 1. The fiscal year for which annual assessments are levied begins on October 1 which a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the District. The amounts remitted to the District are net of applicable discounts or fees.

Property taxes, and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The millage rate levied by the District for fiscal year ended September 30, 2015 was .4478

The District reports the following major governmental fund:

**General Fund**

The general fund is the general operating fund of the District. It is used to account for all financial resources except though required to be accounted for in another fund.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

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

**Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

The District also reports the following non-major governmental fund:

**Special Revenue Fund**

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

**Assets, Liabilities and Net Position**

**Deposits and Investments**

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

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

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

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value. As of September 30, 2015, there were no investments.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

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

**Assets, Liabilities and Net Position (Continued)**

Inventories and Prepaid Items

Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs application to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical costs.

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. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings	39
Land improvements	20
Office equipment	5
Major equipment	5

In governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick leave and vacation leave benefits. The District permits conversion of 50 percent of excess accrued sick leave for employees that have been employed for at least 10 years. Vacation leave may be accumulated up to 500 hours in accordance with Florida Statutes. All sick and vacation leave is accrued when earned in the government-wide financial statements. Liability for accrued compensated absences of the governmental activities is not reported in the balance sheet of the governmental funds and, accordingly, represents a reconciling item between the fund and government-wide presentations. Payments are generally paid out of the general fund.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

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

**Assets, Liabilities and Net Position (Continued)**

Unearned Revenue

Governmental funds reported unearned revenue in connection with resources that have been received, but not yet earned.

Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the District would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the District reports a deferred inflow of resources until such times as the revenue becomes available.

Fund Equity/Net Position

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board. Commitments may be changed or lifted only by the Board taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

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

**Assets, Liabilities and Net Position (Continued)**

Fund Equity/Net Position (Continued)

The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

**Other Disclosures**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

**NOTE 3 – BUDGETARY INFORMATION**

Chapter 5E 13, Florida Administrative Code, Mosquito Control Program Administration, requires that not later than July 15<sup>th</sup>, the District must submit to the Department of Agriculture and Consumer Services, Bureau of Entomology and Pest Control (the “Bureau”), two copies of a tentative work plan and a tentative work plan budget for the fiscal year commencing the following October 1<sup>st</sup>. The Bureau reviews and returns one copy with written approval or recommendations for use in preparation of the District’s certified budget. The annual certified budget is approved by the Bureau. Budget amendments during the fiscal year have been approved by the Bureau. A monthly budget to actual comparison is submitted to the Bureau monthly, no later than the end of the following month. All budget appropriations lapse at the end of the year.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 3 – BUDGETARY INFORMATION (Continued)**

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. Budgets for the general fund and special revenue fund are adopted on a basis consistent with account principles generally accepted in the United States of America. An encumbrance system is not used.

**NOTE 4 – DEPOSITS**

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

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**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets, not being depreciated				
Land	\$ 374,750	-	-	\$ 374,750
Construction in process	388,175	-	-	388,175
Total capital assets, not being depreciated	<u>762,925</u>	<u>-</u>	<u>-</u>	<u>762,925</u>
Capital Assets, being depreciated				
Land Improvements	527,604	-	-	527,604
Buildings	342,519	-	-	342,519
Office Equipment	32,011	-	-	32,011
Major Equipment	1,166,757	8,363	(30,324)	1,144,796
Total capital assets, being depreciated	<u>2,068,891</u>	<u>8,363</u>	<u>(30,324)</u>	<u>2,046,930</u>
Less accumulated depreciation for:				
Land improvements	(324,128)	(26,450)	-	(350,578)
Buildings	(107,377)	(9,277)	-	(116,654)
Office Equipment	(30,644)	(1,367)	-	(32,011)
Major Equipment	(970,488)	(66,441)	30,324	(1,006,605)
Total accumulated depreciation	<u>(1,432,637)</u>	<u>(103,535)</u>	<u>30,324</u>	<u>(1,505,848)</u>
Total capital assets, being depreciated, net	<u>636,254</u>	<u>(95,172)</u>	<u>-</u>	<u>541,082</u>
Governmental activities capital assets, net	<u>\$ 1,399,179</u>	<u>\$ (95,172)</u>	<u>\$ -</u>	<u>\$ 1,304,007</u>

Depreciation expense was charged to depreciation under governmental activities.

**NOTE 6 – COMPENSATED ABSENCES**

The District's compensated absences activity as of September 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Compensated absences	\$ 142,347	\$ -	\$ -	\$ 142,347	\$ 2,939
Governmental activity long-term liabilities	\$ 142,347	\$ -	\$ -	\$ 142,347	\$ 2,939



**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 7 – DELINQUENT PROPERTY TAXES**

As of September 30, 2015, \$707,117 of the property taxes for the current fiscal year was delinquent. The delinquent property taxes were recognized in the government-wide financial statements; this amount was not considered available to finance current year expenditures and has been reported as a deferred inflow of resources in the fund financial statements.

**NOTE 8 – RISK MANAGEMENT**

The District manages risks of loss by purchasing insurance for commercial property and liability, workers' compensations, and automobile insurance. There have been no reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

**NOTE 9 – POST EMPLOYMENT HEALTH AND LIFE INSURANCE BENEFITS**

The District provides the option for retired employees to continue participation in the District's health and life insurance plan, after retirement, as authorized by Chapter 112.0801, Florida Statutes. All retired employees are eligible to participate. If an employee is employed by the District for a period of less than 10 years, all costs for continued participation for the employee and/or his dependents are paid by the retired employee. If an employee is employed by the District for more than 10 years, the cost of continued participation and any portion thereof, for the retired employee only, shall be paid by the District for a period of 12 months after the retirement date of the employee. After the initial 12 months of the retirement period, all costs of continuation for the employee and/or his dependents are paid by the retired employee.

**NOTE 9 – POST EMPLOYMENT HEALTH AND LIFE INSURANCE BENEFITS  
(Continued)**

These costs are recorded as expenditures in the period in which they are paid. There were no benefit expenditures paid on behalf of any employees for the fiscal year ended September 30, 2015.

Governmental Accounting Standards Board ("GASB") Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("OPEB") was effective for the District for periods beginning after December 15, 2008. This Statement requires, among other things, accrual basis measurement and recognition of OPEB costs. The District has determined that the effect of this pronouncement on its financial statements is immaterial.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM**

**Pension Plan**

*General Information*

The District previously elected to participate in the Florida Retirement System (“FRS”). All general employees hired after March 1, 2006 participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, District government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

*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.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

*Benefits Provided*

Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 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. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For 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, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is three percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment.

The annual cost-of-living adjustment is a proportion of three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (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, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively, were as follows: Regular - 7.37% and 7.26%; Special Risk Administrative Support - 42.07% and 32.95%; Special Risk - 19.82% and 22.04%; Senior Management Service - 21.14% and 21.43%; Elected Officers' - 43.24% and 42.27%; and DROP participants - 12.28% and 18.75%. These employer contribution rates include 1.20% and 1.26% HIS Plan subsidy for the periods October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015, respectively.

The District's contributions, including employee contributions, to the Pension Plan totaled \$62,610 for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the District reported a liability of \$331,690 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's proportionate share was 0.002568 percent, which was an increase (decrease) of 0.000577 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the District share of the recognized pension expense was \$23,714. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 35,017	\$ 7,867
Change in assumptions	22,015	-
Net difference between projected and actual earnings on pension plan investments	-	79,202
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	74,554	73,047
District pension plan contributions subsequent to the measurement date	<u>62,610</u>	<u>-</u>
	<u>\$ 194,196</u>	<u>\$ 160,116</u>

The deferred outflows of resources related to the Pension Plan, totaling \$1,078,356 resulting from District 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, 2016. 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:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$(26,239)
2017	(26,239)
2018	(26,239)
2019	39,105
2020	7,594
Thereafter	1,981

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

*Actuarial Assumptions*

The total pension liability in the June 30, 2015 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	7.65%, net of 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, 2015, 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.11%	3.10%	1.65%
Intermediate-Term Bonds	18.00%	4.18%	4.05%	5.15%
High Yield Bonds	3.00%	6.79%	6.25%	10.95%
Broad U.S. Equities	26.50%	8.51%	6.95%	18.90%
Developed Foreign Entities	21.20%	8.66%	6.85%	20.40%
Emerging Market Equities	5.30%	11.58%	7.60%	31.15%
Private Equity	6.00%	11.80%	8.11%	30.00%
Hedge Funds / Absolute Return	7.00%	5.81%	5.35%	10.00%
Real Estate Property	<u>12.00%</u>	7.11%	6.35%	13.00%
Total	<u>100.00%</u>			
Assumed Inflation - Mean		2.60%		2.00%

(1) As outlined in the pension plan's investment policy

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. 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 7.65%, 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 (6.65%) or one percentage point higher (8.65%) than the current rate:

	1% Decrease -6.65%	Current Discount Rate -7.65%	1% Decrease -8.65%
District's proportionate share of the net pension liability	\$288,332	\$331,690	\$375,048

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.

Payables to the Pension Plan

At September 30, 2015, the District reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2015.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

**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, 2015, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions*

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2015, the HIS contribution for the period October 1, 2014 through June 30, 2015 and from July 1, 2015 through September 30, 2015 was 1.20% and 1.26%, respectively. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$61,162 for the fiscal year ended September 30, 2015.

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

At September 30, 2015, the District's reported a liability of \$297,704 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the 2013-14 fiscal year contributions of all participating members. At June 30, 2015, the District's



**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

proportionate share was .002919 percent, which was an increase (decrease) of .000282 percent from its proportionate share measured as of June 30, 2014.

For the fiscal year ended September 30, 2015, the District recognized pension expense of \$22,178. In addition the District reported deferred outflows of resources and deferred in flows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ -
Change in assumptions	23,422	-
Net difference between projected and actual earnings on pension plan investments	161	-
Changes in proportion and differences between District pension plan contributions and proportionate share of contributions	-	27,917
District pension plan contributions subsequent to the measurement date	<u>3,461</u>	<u>-</u>
	<u>\$ 27,044</u>	<u>\$ 27,917</u>

The deferred outflows of resources related to the HIS Plan, totaling \$306,594 resulting from District 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, 2016. 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:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2016	\$ 4,079
2017	4,079
2018	4,079
2019	4,046
2020	4,030
Thereafter	3,270

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

Actuarial Assumptions

The total pension liability in the July 1, 2015, 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
Municipal bond rate	4.29 %

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

The actuarial assumptions used in the July 1, 2015, 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 4.29%. 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.

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 4.29%, 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 (3.29%) or one percentage point higher (5.29%) than the current rate:

	1% Decrease	Current Discount Rate	1% Decrease
	-6.65%	-7.65%	-8.65%
District's proportionate share of the net pension liability	\$258,789	\$297,704	\$336,619

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.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to the Financial Statements  
For the Fiscal Year Ended September 30, 2015

**NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)**

*Payables to the Pension Plan*

At September 30, 2015, the District reported a payable in the amount of \$0.00 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2015.

**NOTE 11 – SUBSEQUENT PRONOUNCEMENTS**

The District is currently evaluating the effect (if any) that these pronouncements will have on its financial statements:

GASB Statement No. 67 - *Financial Reporting For Pension Plans—An Amendment Of GASB Statement No. 25*, revises existing standards of financial reporting for most pension plans. This Statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 3,534,718	\$ 3,534,718	\$ 3,348,070	\$ (186,648)
Grants			-	
Interest income	-	-	6,318	6,318
Miscellaneous income	-	-	18,500	18,500
<b>Total revenues</b>	<u>3,534,718</u>	<u>3,534,718</u>	<u>3,372,888</u>	<u>(161,830)</u>
<b>EXPENDITURES</b>				
Personal services	1,036,108	1,036,108	982,134	53,974
Personal services benefits	487,000	487,000	430,206	56,794
Operating expenditures	206,677	206,677	209,944	(3,267)
Travel, utilities and repairs	448,456	448,456	179,871	268,585
Chemicals	1,337,165	1,337,165	1,368,074	(30,909)
Gasoline, oil and lubricants	100,000	100,000	73,366	26,634
Supplies and dues	107,000	107,000	46,229	60,771
Contingency	400,000	400,000	-	400,000
Capital outlay	64,000	64,000	38,671	25,329
<b>Total expenditures</b>	<u>4,186,406</u>	<u>4,186,406</u>	<u>3,328,495</u>	<u>857,911</u>
Excess (deficiency) of revenues over (under) expenditures	(651,688)	(651,688)	44,393	(607,295)
<b>OTHER FINANCING SOURCES (USES)</b>				
Other sources	944,832	944,832	4,000	948,832
<b>Total other financing sources (uses)</b>	<u>944,832</u>	<u>944,832</u>	<u>4,000</u>	<u>948,832</u>
<b>Net change in fund balance</b>	<u>\$ 293,144</u>	<u>\$ 293,144</u>	48,393	<u>\$ 341,537</u>
Fund balance - beginning			1,431,327	
Fund balance - ending			<u>\$ 1,479,720</u>	

See notes to the budgetary comparison schedule.

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Notes to Required Supplementary Information

The District is required to establish a budgetary system and an improved Annual Budget for the general fund. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budget approximates a basis consistent with accounting principles generally accepted in the United States of America (generally accepted appropriating principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. The general fund budget was amended to increase appropriations by \$5,000. The increase in appropriations is primarily due to the additional costs incurred on the construction of a new hanger for the helicopter and a chemical storage facility. Actual general fund expenditures did not exceed budgeted appropriations for the fiscal year ended September 30, 2015.

The variance between budgeted and actual general revenue fund revenues for the current fiscal year is the result of the non-payment of a portion of the current fiscal year ad valorem tax assessments by property owners. The actual general fund expenditures were lower than budgeted amounts due primarily to anticipated costs, (particularly those related to construction) which were not incurred in the current fiscal year.

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

To the Board of Commissioners  
Citrus County Mosquito Control District  
Lecanto, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the remaining fund information of Citrus County Mosquito Control District (the “District”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated June 16, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 16, 2016

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE AUDITOR  
GENERAL FOR THE STATE OF FLORIDA**

Honorable Commissioners of Citrus County Mosquito Control District Lecanto, Florida

**Report on the Financial Statements**

We have audited the financial statements of Citrus County Mosquito Control District, Lecanto Florida, (the “District”) as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 16, 2016.

**Auditor’s Responsibility**

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

**Other Reports and Schedule**

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated June 16, 2016, 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. Corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. (See note 1).



## **Financial Condition**

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

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

## **Annual Financial Report**

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2015, 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, 2015. 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 Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*HCT Certified Public Accountants & Consultants, LLC*

Hollywood, Florida

June 16, 2016

**CITRUS COUNTY MOSQUITO CONTROL DISTRICT  
LECANTO, FLORIDA**

Management Findings and Corrective Actions  
For the Fiscal Year Ended September 30, 2015

**1. PRIOR YEAR FINDINGS AND CORRECTIVE ACTIONS**

**None.**

**2. CURRENT YEAR FINDINGS AND CORRECTIVE ACTIONS**

**None.**