

**SOUTH WALTON COUNTY MOSQUITO CONTROL
DISTRICT**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
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SEPTEMBER 30, 2021**

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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 and general fund of the South Walton County Mosquito Control District (the District), as of and for the year ended September 30, 2021, 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

The District's 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 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of South Walton County Mosquito Control District as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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 and required supplementary information, as listed in 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, 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 the 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.

 James Moore & Co., P.L.

Daytona Beach, Florida
June 24, 2022

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021**

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, 2021. We encourage readers to consider this information in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The following are financial highlights for fiscal year 2021:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$9,866,919 (net position) and represents an increase of \$2,859,634 from the prior year. Of this amount, \$1,160,159 represents investments in capital assets (e.g., land, building, machinery and equipment) and \$8,706,760 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 \$4,816,012 and total expenses of \$1,956,378, resulting in a change in net position of \$2,859,634.
- Total revenues increased by \$286,989 (or 6.33%) compared to the prior year, primarily as the result of an increase in the property values.

OVERVIEW OF THE 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 location of the government-wide financial statements can be found in the table of contents.

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.

Government-Wide Financial Statements - Continued

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

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(CONTINUED)**

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 location of the basic governmental fund financial statements can be found in the table of contents.

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 one governmental fund, the General Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison statement is provided to demonstrate compliance with the adopted budget.

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 13 of this report are the notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(CONTINUED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a condensed summary of net position of the District's financial position and activity for 2021 and 2020:

STATEMENT OF NET POSITION

	<u>2021</u>	<u>2020</u>
ASSETS		
Current and other assets	\$ 9,813,786	\$ 7,223,616
Capital assets	1,160,159	1,109,290
Total assets	<u>10,973,945</u>	<u>8,332,906</u>
DEFERRED OUTFLOWS		
	<u>232,554</u>	<u>286,605</u>
LIABILITIES		
Current and other liabilities	27,356	89,581
Noncurrent liabilities	731,470	1,321,019
Total liabilities	<u>758,826</u>	<u>1,410,600</u>
DEFERRED INFLOWS		
	<u>580,754</u>	<u>291,230</u>
NET POSITION		
Net investment in capital assets	1,160,159	1,109,290
Unrestricted	8,706,760	5,808,391
Total net position	<u>\$ 9,866,919</u>	<u>\$ 6,917,681</u>

STATEMENT OF ACTIVITIES

	<u>2021</u>	<u>2020</u>
REVENUES		
Taxes	\$ 4,807,131	\$ 4,336,547
Investment earnings	8,727	45,483
Other	154	10,112
Total revenues	<u>4,816,012</u>	<u>4,392,142</u>
EXPENSES		
Human services	1,956,378	2,063,681
Change in net position	2,859,634	2,328,461
Net position, beginning, as restated	7,007,285	4,589,220
Net position, ending	<u>\$ 9,866,919</u>	<u>\$ 6,917,681</u>

*Certain 2021 beginning of year net position amounts have been restated. 2020 amounts are shown as presented in the prior year financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2021
(CONTINUED)**

BUDGETARY HIGHLIGHTS

The District's budget is made up of governmental funding sources from the General Fund. General Fund revenues are generated through assessments of ad valorem taxes upon the property owners within the district.

The General Fund is affected each year by budget surpluses that are not exactly known when the original budget is adopted by the Board of Commissioners and approved by the Florida Department of Agriculture and Consumer Services (FDACS). Subsequent to the end of each fiscal year, when the actual budget surplus is calculated, budget amendments are approved to reflect the known amounts. For fiscal year 2021, there were no budget amendments approved.

During fiscal year 2021, final budgeted appropriations in the General Fund exceeded actual total expenditures by \$334,292 (or 16.3%). This variance is primarily related to unused contingency reserves. Appropriations in the fiscal year 2022 budget are \$5,373,036, which represents a decrease in appropriations over fiscal year 2021, primarily as a result of a delay in capital projects planned by the District.

ECONOMIC FACTORS AND FUTURE FINANCIAL BUDGETS AND RATES

The State of Florida, by constitution, does not have a state individual income tax; 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 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.

The primary source of revenue for the District is property taxes (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 2022. The assessed millage rate was 0.2400 for fiscal year 2021, and the District elected to keep its millage rate at 0.2400 for fiscal year 2022. The District also budgeted a General Fund surplus from 2021 of \$2,356,371.

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 the 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, 774 North County Highway 393, Santa Rosa Beach, Florida 32459. The District's website address is www.swcmcd.org. Inquiries may also be sent via email to the Director at director@swcmcd.org.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 6,179,782
Investments	3,596,823
Receivables, net	157
Due from other governments	37,024
Capital assets:	
Non-depreciable	210,380
Depreciable, net	949,779
Total assets	<u><u>\$ 10,973,945</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	<u><u>\$ 232,554</u></u>
 LIABILITIES	
Accounts payable	\$ 24,898
Accrued expenses	2,458
Noncurrent liabilities:	
Due within one year:	
Compensated absences	34,261
Net OPEB liability	297,754
Net pension liability	399,455
Total liabilities	<u><u>\$ 758,826</u></u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	<u><u>\$ 580,754</u></u>
 NET POSITION	
Net investment in capital assets	\$ 1,160,159
Unrestricted	8,706,760
Total net position	<u><u>\$ 9,866,919</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUND
SEPTEMBER 30, 2021**

	General
ASSETS	
Cash and cash equivalents	\$ 6,179,782
Investments	3,596,823
Accounts receivable	157
Due from other governments	37,024
Total assets	\$ 9,813,786
LIABILITIES	
Accounts payable	\$ 24,898
Accrued expenditures	2,458
Total liabilities	27,356
FUND BALANCES	
Unassigned	9,786,430
Total liabilities and fund balances	\$ 9,813,786

The accompanying notes to financial statements are an integral part of this statement.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

Fund balance - governmental fund		\$ 9,786,430
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund		
Total governmental capital assets	2,496,241	
Less: accumulated depreciation	<u>(1,336,082)</u>	1,160,159
On the governmental fund statement, a net pension liability is not recorded until an amount is due and payable for payment of those benefits. On the Statement of Net Position, the District's net pension liability of the FRS plan is reported as a noncurrent liability. Additionally, deferred outflows and deferred inflows related to pensions are also reported.		
Net pension liability	(399,455)	
Deferred outflows related to pensions	232,554	
Deferred inflows related to pensions	<u>(580,754)</u>	(747,655)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These long-term liabilities consist of the following:		
Total OPEB liability		(297,754)
Compensated absences		(34,261)
Net position of governmental activities		<u>\$ 9,866,919</u>

The accompanying notes to financial statements are an integral part of this statement.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General
Revenues	
Taxes	\$ 4,807,131
Miscellaneous	180,412
Total revenues	4,987,543
Expenditures	
Current:	
Human services:	
Personnel services	1,146,891
Operating expenses	772,630
Capital outlay	227,021
Total expenditures	2,146,542
Excess (deficiency) of revenues over expenditures	2,841,001
Other financing sources (uses)	
Proceeds from sale of capital assets	64,852
Net change in fund balance	2,905,853
Fund balance, beginning of year, as restated	6,880,577
Fund balance, end of year	\$ 9,786,430

The accompanying notes to financial statements are an integral part of this statement.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balance - governmental fund		\$ 2,905,853
Differences in amounts reported for governmental activities in the statement of activities are:		
Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Capital outlay expenditures	227,021	
Depreciation expense	<u>(168,019)</u>	59,002
In the statement of activities, only the gain/loss on sale/disposal of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold/disposed.		
		(8,133)
Unavailable revenues in government funds are recognized when received, however the revenue is recognized in the statement of activities when it was earned		
Payments received from insurance claim		(171,531)
Under the modified accrual basis of accounting used in the governmental fund, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. These adjustments are as follows:		
Change in net pension liability and deferred inflows/outflows related to pensions	76,456	
Change in net OPEB obligation	(7,936)	
Change in compensated absences liability	<u>5,923</u>	74,443
Change in net position of governmental activities		<u><u>\$ 2,859,634</u></u>

The accompanying notes to financial statements are an integral part of this statement.

SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

(1) Summary of Significant Accounting Policies:

The financial statements of the South Walton County Mosquito Control District (the District), have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted body for promulgating governmental accounting and financial reporting principles and the District has adopted the GASB Codification. The following is a summary of the District's significant accounting policies:

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

The accompanying financial statements present the financial position and results of operations of the applicable fund governed by the Commission of the District, the reporting entity of government for which the District Commission is considered to be financially accountable. In evaluating the District as a reporting entity, management has addressed all potential component units that may or may not fall within the District's oversight and control, and thus, be included in the District's financial statements. No such entities or component units have been identified.

(b) **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. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide statement of net position, the governmental activities are reflected, on a full accrual, economic resource basis, which incorporates long term assets and receivables as well as long term debt and obligations.

The government-wide statement of activities reflects both the gross and net costs per functional category (general government, human services, etc.), which are otherwise being supported by general revenues (property taxes, investment revenues, etc.). The statement of activities reduces gross expenses (including depreciation) by the related program revenues, charges for services, and other income. The program revenues must be directly associated with the function or a business-type activity.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, investment revenue, etc.). This government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements emphasize the major funds in either the governmental or business-type categories.

The District has no business-type activities.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

The governmental fund's major fund statements in the fund financial statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which this fund is normally budgeted. This presentation is deemed most appropriate to demonstrate legal compliance and demonstrate how the District's actual experience conforms to the budgeted fiscal plan. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented on the page following the Governmental Fund – Balance Sheet and the Governmental Fund – Statement of Revenues, Expenditures, and Changes in Fund Balance, which briefly explains the adjustment necessary to transform the fund based financial statements into the governmental column of the government-wide presentation.

(c) **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 recognized as revenues in the year for which they are levied.

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 generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and pensions are recorded only when payment is due.

Taxes, investment revenue, and other revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

(d) **Financial statement presentation**—The financial transactions of the District are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows, liabilities, deferred inflows, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The GASB Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

The District reports the following major governmental fund:

The **General Fund** accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the District other than proprietary fund activities are financed through revenues received by the General Fund.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Budgets and budgetary accounting**—The Board of Commissioners of the District adopts an annual operating budget for the General Fund, which is prepared on a modified accrual basis and can be amended by the Board throughout the year. At the fund level, actual expenditures cannot exceed the budgeted amounts; however, with proper approval by the Board, budgetary transfers between line items can be made. The accompanying budgeted financial statements for the General Fund reflect the final budget authorization amounts, including all amendments.

(f) **Property tax calendar**—Property tax revenues are recognized when levied, to the extent that they result in current receivables. Details of the property tax calendar are presented below:

Lien date	January 1
Levy date	November 1
Due date	November 1
Delinquent date	April 1

Discounts of 1% for each month taxes are paid prior to March 2021 are granted.

(g) **Deposits and investments**—The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are recorded at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

(h) **Receivables and payables**—Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

All trade and property tax receivables are reported net of an allowance for uncollectible accounts, which is based upon management's analysis of historical trends.

(i) **Capital assets**—Capital assets are defined by the District as assets with an initial individual cost of \$500 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost, if purchased or constructed. Contributed assets, including donations are recorded at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are only capitalized if they meet the dollar threshold above for capitalization. Maintenance and repairs of capital assets are charged to operating expenses.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

Depreciation is reported for the primary government using the straight-line method calculated on a service-life basis to amortize the cost of the asset over their estimated economic useful lives, which are as follows:

Assets	Years
Buildings	5 – 50 years
Improvements other than buildings	20 – 50 years
Vehicles	5 years
Equipment	5 – 20 years

(j) **Compensated absences**—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.

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.

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.

(k) **Long-term obligations**—In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

(l) **Deferred outflows/inflows of resources**—In addition to assets, the statement of financial position will, if required, report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (7).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Currently, the only item in this category consisted of deferred amounts related to pension, as discussed further in Note (7).

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(1) **Summary of Significant Accounting Policies:** (Continued)

(m) **Fund equity**—In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Those classifications are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories and prepaid amounts.

Restricted – includes amounts that can be spent only by the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.

Committed – Fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by resolution of the Board of Commissioners are reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the District removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned – Fund balance amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance, except for stabilization arrangements. Assignments can be made by the Board of Commissioners or the District Administrator.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

For spendable resources, it is the District's policy to use its resources in the following order as needed to fund expenses: restricted, committed, assigned, unrestricted.

(n) **Net position flow assumption**—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine amounts reported as restricted and unrestricted net position, it is the District's policy to consider restricted net position to have been used before unrestricted net position is applied.

(o) **Use of estimates**—Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates assumed in preparing the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(2) Reconciliation of Government-Wide and Fund Financial Statement:

(a) **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**—Following the governmental fund balance sheet is a reconciliation between fund balance – governmental fund and net position – governmental activities as reported in the government-wide statement of net position. A detailed explanation of these differences is provided in this reconciliation.

(b) **Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities**— Following the governmental fund statement of revenues, expenditures, and changes in fund balance, there is a reconciliation between net changes in fund balance - governmental fund and changes in net position of governmental activities as reported in the government-wide statement of activities. A detailed explanation of these differences is provided in this reconciliation.

(3) Deposits and Investments:

As of September 30, 2021, all District deposits were covered by private bank acquired insurance, Securities Investor Protection Corporation (SIPC) insurance, private broker/dealer acquired insurance, Federal Depository Insurance Corporation (FDIC) insurance, and/or the State of Florida collateral pool established under the Florida Security for Public Deposits Act (the Act). The Act established guidelines for qualification and participation by banks and savings associations, procedures for administration of the collateral requirements and characteristics of eligible collateral. Under the Act, the qualified depository must pledge at least 50% of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance. Additional collateral, up to 125% may be required if deemed necessary.

Obligations pledged to secure deposits must be delivered to the State Treasurer, or with the approval of the State Treasurer to a bank, savings association, or trust company provided a power of attorney is delivered to the Treasurer. Under the Act, the District is authorized to deposit funds only in Qualified Public Depositories.

The District’s investment policies are governed by Chapter 280 and 218, Florida Statutes. For all investments authorized by statute the District applies the “Prudent Person” standard when developing investment strategies. The basic allowable investment instruments are as follows:

The Local Government Surplus Trust Funds or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.

Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Interest bearing time deposits or savings accounts in qualified public depositories as defined in Chapter 280, Florida Statutes.

Direct obligations of the United States Treasury.

The District measures and records its investments, assets whose use is limited, and restricted assets using fair value measurement guidelines, which recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(3) Deposits and Investments: (Continued)

The District is invested in the Florida Local Government Investment Trust (FLGIT)'s Day to Day Fund and Florida Cooperative Liquid Assets Securities System (FLCLASS), both of which are an authorized investment under Section 218.415, Florida Statutes. Both investment vehicles meet the requirements to be measured at amortized cost, which includes accrued income and is a method of calculating an investment's value by adjusting its acquisition costs for amortization of discount or premium over the period from purchase to maturity. Thus, the value in the fund approximates fair value and is not subject to the fair value hierarchy.

Interest Rate Risk: Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District uses the weighted average maturity (WAM) method to disclose its interest rate risk as presented below.

Credit Risk: Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to meet its obligations. The District is required to disclose the credit quality ratings for investments in debt securities, as well as investments in external investment pools, money market funds and other pooled investments of fixed-income securities. Investments may be aggregated by rating categories within the disclosure. Ratings are set by nationally recognized statistical rating organization (i.e. Fitch, S&P) as presented below.

As of September 30, 2021, the District's governmental investment portfolio is composed of the following investments:

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity</u>	<u>Credit Rating (Fitch)</u>	<u>Fair Value Hierarchy Classification</u>
FL Government Investment Trust	\$ 1,542,813	79 days	AAAf	Level 1
Florida Cooperative Liquid Assets Securities System	2,054,010	47 days	AAAm	Level 1
Total Portfolio	<u>\$ 3,596,823</u>			

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(4) Capital Assets:

Capital asset activity for the fiscal year ended September 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 500	\$ -	\$ -	\$ 500
Construction in Progress	159,813	50,067	-	209,880
Total capital assets not being depreciated	160,313	-	-	210,380
Capital assets being depreciated				
Buildings	399,879	-	-	399,879
Building improvements	142,423	-	-	142,423
Furniture and equipment	1,785,026	176,954	(218,421)	1,743,559
Total capital assets being depreciated	2,327,328	176,954	(218,421)	2,285,861
Less: accumulated depreciation	(1,378,351)	(168,019)	210,288	(1,336,082)
Total capital assets being depreciated, net	948,977	8,935	(8,133)	949,779
Governmental activities capital assets, net	<u>\$ 1,109,290</u>	<u>\$ 59,002</u>	<u>\$ (8,133)</u>	<u>\$ 1,160,159</u>

Depreciation expense of \$168,019 was charged to the human services function of governmental activities for the year ended September 30, 2021.

(5) Long-term Liabilities:

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 40,184	\$ 77,938	\$ (83,861)	\$ 34,261	\$ 34,261

(6) Other Postemployment Benefits (OPEB):

Plan Description—The District provides certain continuing health care and life insurance benefits for its retired employees pursuant to Section 112.0801, Florida Statutes, the District is required to permit participation in the Plan to retirees and their eligible dependents at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. Eligible individuals include all regular employees of the District who retire from active service under one of the pension plans sponsored by the District. Under certain conditions, eligible individuals also include spouses and dependent children. The Plan does not issue a publicly available financial report.

Funding Policy—The contribution requirements of plan members and the District are established by state statutes and may be amended by the state legislature. The required contribution is based on projected pay-as-you-go financing requirements and is subject to constant revision. The District has opted to not fund the total OPEB obligation or the resulting unfunded actuarial accrued liability on an annual basis. The District utilizes the General Fund to liquidate the liability for the OPEB obligation from previous years.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(6) Other Postemployment Benefits (OPEB): (Continued)

Benefits Provided—The Other Post Employment Benefit Plan is a single-employer benefit plan administered by the District. Retirees are charged whatever the insurance company charges for the type of coverage elected, however, the premiums charged by the insurance company are based on a blending of the experience among younger active employees and older retired employees. The older retirees actually have a higher cost which means the District is actually subsidizing the cost of the retiree coverage because it pays all or a significant portion of the premium on behalf of the active employee, known as the “implicit rate subsidy.”

Plan Membership—At September 30, 2020, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	18
Covered Spouses	0
Retirees, Beneficiaries, and Disabled	2
	20
	20

Total OPEB Liability—The District’s total OPEB liability of \$297,754 was measured as of September 30, 2021, and was determined by an actuarial valuation as of September 30, 2020.

Actuarial Assumptions and Other Inputs—The total OPEB liability in the most recent actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.50%
Discount rate	2.43%
Healthcare cost trend rate	7.5%
Ultimate rate reached in 2075	4.0%

The District does not have a dedicated Trust to pay retiree healthcare benefits. The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

For the fiscal year ended September 30, 2021, changes in the total OPEB liability were as follows:

Balance at September 30, 2020	\$ 289,818
Changes for a year:	
Service cost	20,305
Interest	6,559
Differences between expected and actual experience	-
Changes of assumptions	(11,646)
Benefit payments – implicit rate subsidy	(7,282)
Net changes	7,936
Balance at September 30, 2021	\$ 297,754

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(6) Other Postemployment Benefits (OPEB): (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the District calculated using the discount rate of 2.43%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 340,793	\$ 297,754	\$ 262,040

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate:

The following presents the total OPEB liability of the District as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (3.00%-6.00%) or 1% higher (5.00%-8.00%) than the current healthcare cost trend rates (4.00%-7.00%):

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 252,751	\$ 297,754	\$ 352,588

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2021, the District recognized OPEB expense of \$17,068. The District utilized the alternative measurement method for its valuation, therefore no deferred outflows of resources or deferred inflows of resources related to OPEB are reported.

(7) Florida Retirement System:

Plan Description and Administration

The District participates in the Florida Retirement System (FRS), a multiple-employer, cost sharing defined public employee retirement system which covers all of the District's full-time employees. The System is administered by the State of Florida, Department of Administration, Division of Retirement to provide retirement and survivor benefits to participating public employees. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

In addition, all regular employees of the entity are eligible to enroll as members of the Retiree Health Insurance Subsidy (HIS) Program. The HIS is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. Eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to section 112.363, Florida Statutes. To be eligible to receive a HIS benefit, a retiree under one of the state-administered retirement systems must provide proof of eligible health insurance coverage, which can include Medicare.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(7) Florida Retirement System: (Continued)

Benefits Provided and Employees Covered

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. Members of both plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments. Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months.

During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Employees may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular, DROP, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

Financial Statements

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services, Bureau of Financial Reporting Statewide Financial Reporting Section by mail at 200 E. Gaines Street, Tallahassee, Florida 32399-0364; by telephone at (850) 413-5511; or at the Department's Web site (www.myfloridacfo.com). An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from:

Florida Department of Management Services
Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000
850-488-5706 or toll free at 877-377-1737

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(7) **Florida Retirement System:** (Continued)

Contributions

The entity participates in certain classes of FRS membership. Each class has descriptions and employer contribution rates in effect during the year ended September 30, 2021, as follows (contribution rates are in agreement with the actuarially determined rates):

<u>FRS Membership Plan & Class</u>	<u>Through June 30, 2021</u>	<u>After June 30, 2021</u>
Regular Class	10.00%	10.82%
Special Risk Class	24.45%	25.89%
Senior Management Class	27.29%	29.01%
DROP	16.98%	18.34%

Current-year employer HIS contributions were made at a rate of 1.66% of covered payroll, which are included in the above rates.

For the plan year ended June 30, 2021, actual contributions made for employees participating in FRS and HIS were as follows:

District Contributions – FRS	\$ 70,642
District Contributions – HIS	12,429
Employee Contributions – FRS	22,463

Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows of Resources Related to Pensions

At September 30, 2021, the entity reported a liability related to FRS and HIS as follows:

<u>Plan</u>	<u>Net Pension Liability</u>
FRS	\$ 140,074
HIS	259,381
Total	<u>\$ 399,455</u>

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, as actuarially determined. At June 30, 2021 and June 30, 2020, the District's proportionate share of the FRS and HIS net pension liabilities were as follows:

<u>Plan</u>	<u>2021</u>	<u>2020</u>
FRS	0.001854341%	0.001712062%
HIS	0.002114547%	0.002039054%

For the plan year ended June 30, 2021, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$ (8,909)
HIS	20,449
Total	<u>\$ 11,540</u>

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(7) **Florida Retirement System:** (Continued)

Deferred outflows/inflows related to pensions:

At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 24,009	\$ -	\$ 8,680	\$ (109)
Changes of assumptions	95,486	-	20,382	(10,687)
Net different between projected and actual investment earnings	-	(488,684)	270	-
Change in proportionate share	38,051	(66,007)	18,978	(15,267)
Contributions subsequent to measurement date	22,819	-	3,519	-
	<u>\$ 180,725</u>	<u>\$ (554,691)</u>	<u>\$ 51,829</u>	<u>\$ (26,063)</u>

The above amounts for deferred outflows of resources for contributions related to pensions resulting from entity contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended September 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions being amortized for a period of greater than one year will be recognized in pension expense in succeeding years as follows:

	FRS	HIS	Total
2022	\$ (76,502)	\$ 6,083	\$ (70,419)
2023	(85,953)	2,183	(83,770)
2024	(107,410)	4,742	(102,668)
2025	(133,178)	5,871	(127,307)
2026	6,258	2,673	8,933
Thereafter	-	695	693
Total	<u>\$ (396,785)</u>	<u>\$ 22,247</u>	<u>\$ (374,538)</u>

Actuarial assumptions:

The actuarial assumptions for both defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS was completed in 2019 for the period July 1, 2013, through June 30, 2018. Because HIS is funded on a pay-as-you-go basis, no experience study has been completed.

The total pension liability for each of the defined benefit plans was determined by an actuarial valuation, using the entry age normal actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.80%. This rate did not change from the prior year rate. The 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 calculating the total pension liability is equal to the long-term expected rate of return. Because HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was used to determine the total pension for the program. This rate decreased from the prior year rate, which was 2.21%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2018 details.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(7) **Florida Retirement System:** (Continued)

Long-term expected rate of return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in October 2021, the FRS Actuarial Assumptions conference reviewed long-term assumptions developed by both Milliman's capital market assumptions team and by a capital market assumptions team from Aon Hewitt Investment Consulting, which consults to the Florida State Board of Administration. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the long-term target asset allocation. 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. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Expected Rate of Return</u>
Cash	1.0%	2.1%
Fixed income	20.0%	3.8%
Global equities	54.2%	8.2%
Real estate	10.3%	7.1%
Private equity	10.8%	11.7%
Strategic investments	3.7%	5.7%
Total	<u>100.0%</u>	

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the proportionate shares of the FRS and HIS net pension liability of the District calculated using the current discount rates, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Plan</u>	<u>Current Discount Rate</u>	<u>NPL with 1% Decrease</u>	<u>NPL at Current Discount Rate</u>	<u>NPL with 1% Increase</u>
FRS	6.80%	\$ 626,422	\$ 140,074	\$ (266,458)
HIS	2.16%	299,870	259,381	226,210

(8) **Commitments and Contingencies:**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures, which may be disallowed by the granter, cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

In June 2020, the District's commissioners approved a proposal for the construction of a new headquarters building with a total estimated cost of construction of approximately \$4,000,000. An agreement for design and construction administration of \$535,270 has been entered, of which \$325,390 has yet to be paid. No agreement for the construction phase has been entered into for this project as of the date of this report.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

(9) Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (“GASB”) has issued several pronouncements that have effective dates that may impact future financial statements. Listed below are pronouncements with required implementation dates effective for subsequent fiscal years that have not yet been implemented. Management has not currently determined what, if any, impact implementation of the following will have on the District’s financial statements:

- (a) GASB issued Statement No. 87, *Leases*, in June 2017. GASB 87 increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions in GASB 87 are effective for periods beginning after June 15, 2021.
- (b) GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA.

(10) Restatement of Beginning Equity:

Subsequent to issuance of the September 30, 2020, financial statements, management elected to change the accounting method for inventory to the purchases method. This resulted in the following changes: overstatement of inventory due change in accounting method from the prior period. The net effect of these adjustments on beginning fund balance and net position were as follows:

	Fund Balance	Net Position
	General Fund	Governmental Activities
Net position / fund balance – 9/30/20, originally reported	\$ 6,962,504	\$ 7,089,212
Inventory	(81,927)	(81,927)
Net position / fund balance – 9/30/20, as restated	\$ 6,880,577	\$ 7,007,285

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 4,693,296	\$ 4,693,296	\$ 4,807,131	\$ 113,835
Miscellaneous	33,500	33,500	180,412	146,912
Total revenues	<u>4,726,796</u>	<u>4,726,796</u>	<u>4,987,543</u>	<u>260,747</u>
Expenditures				
Current:				
Human services:				
Personnel services	1,508,400	1,508,400	1,146,891	361,509
Operating expenses	877,025	877,025	772,630	104,395
Capital outlay	-	-	227,021	(227,021)
Total expenditures	<u>2,385,425</u>	<u>2,385,425</u>	<u>2,146,542</u>	<u>238,883</u>
Excess (deficiency) of revenues over expenditures	<u>2,341,371</u>	<u>2,341,371</u>	<u>2,841,001</u>	<u>499,630</u>
Other financing sources (uses)				
Proceeds from sale of capital assets	15,000	15,000	64,852	49,852
Net change in fund balance	<u>2,356,371</u>	<u>2,356,371</u>	<u>2,905,853</u>	<u>549,482</u>
Fund balance, beginning of year, as restated	6,880,577	6,880,577	6,880,577	-
Fund balance, end of year	<u>\$ 9,236,948</u>	<u>\$ 9,236,948</u>	<u>\$ 9,786,430</u>	<u>\$ 549,482</u>

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	September 30,			
	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 20,305	\$ 11,329	\$ 9,976	\$ 10,673
Interest	6,559	8,890	9,712	8,965
Difference between expected and actual experience	-	(35,768)	-	-
Changes in assumptions	(11,646)	79,303	15,671	(13,790)
Benefit payments	(7,282)	(21,607)	(19,914)	(18,354)
Net change in total OPEB liability	7,936	42,147	15,445	(12,506)
Total OPEB liability - beginning	289,818	247,671	232,226	244,732
Total OPEB liability - ending	<u>297,754</u>	<u>289,818</u>	<u>247,671</u>	<u>232,226</u>
Covered payroll	747,495	729,263	792,663	773,330
Total OPEB liability as a percentage of covered employee payroll	39.83%	39.74%	31.25%	30.03%

Notes to Schedule:

Valuation date:	9/30/2020	9/30/2019	9/30/2017	9/30/2017
Measurement date:	9/30/2021	9/30/2019	9/30/2018	9/30/2017

Changes of assumptions. Changes of assumptions and other changes reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2.43%	2.14%	3.58%	4.18%
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*10 years of data will be presented as it becomes available

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST 10 FISCAL YEARS
(UNAUDITED)**

	As of the Plan Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)							
Proportion of the net pension liability	0.001854341%	0.001712062%	0.002033503%	0.002026413%	0.002135574%	0.002270559%	0.002199773%
Proportionate share of the net pension liability	\$ 140,074	\$ 742,052	\$ 700,310	\$ 610,366	\$ 631,689	\$ 573,318	\$ 284,130
Covered payroll	748,755	691,541	823,766	786,419	697,566	655,077	656,437
Proportionate share of the net pension liability as a percentage of covered payroll	18.71%	107.30%	85.01%	77.61%	90.56%	87.52%	43.28%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
Health Insurance Subsidy Program (HIS)							
Proportion of the net pension liability	0.002114547%	0.002039054%	0.002205829%	0.002030008%	0.002093310%	0.002093310%	0.002075709%
Proportionate share of the net pension liability	\$ 259,381	\$ 248,965	\$ 246,810	\$ 214,858	\$ 215,280	\$ 243,967	\$ 211,690
Covered payroll	748,755	691,541	823,766	786,419	697,566	655,077	656,437
Proportionate share of the net pension liability as a percentage of covered payroll	34.64%	36.00%	29.96%	27.32%	30.86%	37.24%	32.25%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS
(UNAUDITED)**

	For the Fiscal Year Ended September 30,						
	2021	2020	2019	2018	2017	2016	2015
Florida Retirement System (FRS)							
Contractually required contribution	\$ 75,315	\$ 56,884	\$ 63,053	\$ 57,751	\$ 55,594	\$ 55,371	\$ 53,632
Contributions in relation to the contractually required contribution	75,315	56,884	63,053	57,751	55,594	55,371	53,632
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 762,664	\$ 691,541	\$ 823,766	\$ 786,419	\$ 697,566	\$ 655,077	\$ 656,437
Contributions as a percentage of covered payroll	9.88%	8.23%	7.65%	7.34%	7.97%	8.45%	8.17%
Health Insurance Subsidy Program (HIS)							
Contractually required contribution	\$ 12,660	\$ 11,750	\$ 12,249	\$ 11,009	\$ 10,655	\$ 10,730	\$ 7,935
Contributions in relation to the contractually required contribution	12,660	11,750	12,249	11,009	10,655	10,730	7,935
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 762,664	\$ 691,541	\$ 823,766	\$ 786,419	\$ 697,566	\$ 655,077	\$ 656,437
Contributions as a percentage of covered payroll	1.66%	1.70%	1.49%	1.40%	1.53%	1.64%	1.21%

Note 1: GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, information is presented for only those years for which information is available.

**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 auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the South Walton County Mosquito Control District (the District) as of and for the year ended September 30, 2021, 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 24, 2022.

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) as a basis for designing 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described below as items 2021-001 and 2021-002 to be material weaknesses.

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. We consider the deficiency described below as item 2021-003 to be a significant deficiency

2021-001: Preparation of Financial Statements and Audit Adjustments

Criteria: 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 (“GAAP”).

Condition: Adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP.

Cause: Management relied on auditors to propose entries that had not been recorded at the time of the audit.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that the process for identifying accounting transactions be reviewed and updated.

2021-002: Journal Entry Policy

Criteria: Management did not have a policy in place for the creation or review of manual journal entries into the accounting system.

Condition: Manual journal entries should be only made into the accounting system under certain conditions and there should be a policy surrounding the creation and review of such entries.

Cause: Management performed manual journal entries in the accounting system and there was no review of the entries entered into the system.

Effect: Journal entries could be entered into the accounting system leading to a material misstatement of the financial statements or to cover up misappropriation.

Recommendation: We recommend that management and the commission create a process surrounding the use of manual journal entries in the accounting system.

2021-003: Bank Reconciliations

Criteria: Management is responsible for the preparation and reconciliation of the bank balance to the accounting records.

Condition: Adjustments were required to agree the bank reconciliations to the underlying accounting records.

Cause: Management included voided and missing checks in the outstanding items on the bank reconciliation.

Effect: Incorrect recording of accounting records could lead to a material misstatement on the financial statements.

Recommendation: We recommend that the process for reconciling the bank balance to the general ledger be reviewed and corrected.

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 financial statements. 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*.

Management's Response to Findings

The District's response to the findings identified in our audit is outlined as listed in the table of contents. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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.

A handwritten signature in black ink that reads "James Moore & Co., P.L." The signature is written in a cursive style with a large initial 'J'.

Daytona Beach, Florida
June 24, 2022

**INDEPENDENT AUDITORS' MANAGEMENT LETTER REQUIRED
BY CHAPTER 10.550, RULES OF THE STATE OF FLORIDA
OFFICE OF THE AUDITOR GENERAL**

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 fiscal year ended September 30, 2021, and have issued our report thereon dated, June 24, 2022.

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; and Chapter 10.550, Rules of the Florida Auditor General.

Other Reporting Requirements

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 Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2022, 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. No comments remain uncorrected from the second preceding audit report. The following addresses the status of findings and recommendations made in the preceding annual financial audit report:

2020-001 Prior Year Audit Adjustments: Corrective action not taken. Consolidated into repeat comment 2021-001.

2020-002 Accounts Payable: Corrective action not taken. Consolidated into repeat comment 2021-001.

2020-003 Payroll Liabilities and Expenses: Corrective action not taken. Consolidated into repeat comment 2021-001.

2020-004 Credit Card Reconciliation: Corrective action not taken. Rolled into repeat comment 2021-001.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and 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.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had no such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units; therefore, we did not note any such component units that failed to provide the necessary information, nor is any specific special district information required to be reported.

Specific Special District Information – South Walton County Mosquito Control District

The following items have been provided to us to comply with state reporting requirements and have not been audited by us. We did not audit the following information within this section, nor were we required to perform any procedures to verify the accuracy or the completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this data.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, Rules of the Auditor General, the District reported the following unaudited data:

- a) The total number of district employees compensated in the last pay period of the district's fiscal year: 21.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: 3.
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$778,605.

- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$ 23,318.
- e) Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as:
 - a. Construction of new administration building with an approximate cost of \$5 million. The project is still in the architectural phase and bid has not been awarded to a contractor yet.
- f) A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as follows: Original budget \$11,058,384. Amendments \$421,131. Final budget \$11,479,515

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the District reported the following unaudited data:

- a) The millage rate or rates imposed by the district: .24.
- b) The total amount of ad valorem taxes collected by or on behalf of the district: \$4,802,502.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds: No such outstanding bonds noted.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note 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, and applicable management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.



Daytona Beach, Florida
June 24, 2022



INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT

To the Board of Commissioners,
South Walton County Mosquito Control District

We have examined the South Walton County Mosquito Control District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied with Section 218.415, Florida Statutes, *Local Government Investment Policies*, for the year ended September 30, 2021, in all material respects. An examination involves performing procedures to obtain evidence about the District's compliance with those requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of risks of material noncompliance with those requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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, 2021.

A handwritten signature in black ink that reads "James Moore & Co., P.L." with a stylized flourish at the end.

Daytona Beach, Florida
June 24, 2022



South Walton County Mosquito Control District

Director
Darrin Dunwald

Commissioners
Seat 1 – Doug Liles
Seat 2 – Donna Johns
Seat 3 – Kristine Faulk

MANAGEMENT'S RESPONSE TO FINDINGS

2021-001: Preparation of Financial Statements and Audit Adjustments

We agree with the auditors' comment, and the following action will be taken to improve the finding. Once adjusting entries are received from the auditor, the Office Manager will enter all adjusting journal entries. Director will review all audit adjustments and sign/date all adjustments completed. Journal entries will be reviewed/approved by the Board of Commissioners. The signed adjustment will be maintained with the General Journal transactions folder for review by auditors.

2021-002: Journal Entry Policy

We agree with the auditors' comment, and the following action will be taken to improve the finding. We will establish a Manual Journal Entry procedure approved by the Board of Commissioners. The procedure will include verification of entries by the Director and noted by signature and date of each review.

2021-003: Bank Reconciliations

We agree with the auditors' comment, and the following action will be taken to improve the finding. All bank statements were reconciled to QuickBooks monthly after March 2021. They included several pending older items that needed to be corrected. The pending items will be corrected and approved by the Director. We will provide a detailed list of these items and present it to the Board of Commissioner for their review/approval.