

**Anastasia Mosquito Control District
of St. Johns County
Annual Financial Report
For the Year Ended September 30, 2015**

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Independent Auditors' Report



INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Commissioners
Anastasia Mosquito Control District of St. Johns County
St. Augustine, FL

We have audited the accompanying financial statements of the governmental activity, of Anastasia Mosquito Control District of St. Johns County, as of and for the year ended September 30, 2015, 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, design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained on *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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Anastasia Mosquito Control District of St. Johns County, as of September 30, 2015, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Change in Accounting Principle

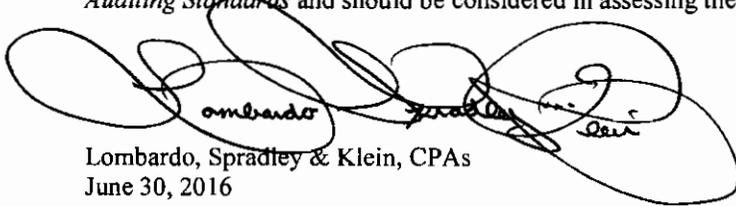
As discussed in Note 7 and Note 12 to the financial statements, in 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and Financial Reporting for Pensions. The effect of these standards have also been applied to the financial statements as of and for the year ended September 30, 2015. See Note 12 for the effect of GASB 68 on beginning net position. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and the required supplementary information on pages 3 through 7 and 27 through 32, be presented to supplement the basic financial statements. Such information, although not 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 managements 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 30, 2016 on our consideration of Anastasia Mosquito Control District of St. Johns County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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* and should be considered in assessing the results of our audit.



Lombardo, Spradley & Klein, CPAs
June 30, 2016

Management Discussion and Analysis

**Anastasia Mosquito Control District of St. Johns County
Management Discussion and Analysis
For the Year Ended September 30, 2015**

Our discussion and analysis of the Anastasia Mosquito Control District of St. Johns County's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2015. Please read it in conjunction with the District's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The District implemented GASB 68, *Accounting and Financial Reporting for Pensions*, this fiscal year, which resulted in a restatement of the prior year's fund balance, a net pension liability, deferred inflows, and deferred outflows which are described in the notes to the financial statements.

At the conclusion of the district's fiscal year, September 30, 2015, the district had assets totaling \$10,090,194, deferred outflows of \$202,880, liabilities of \$1,385,272, deferred inflows of \$131,366, and net position totaled \$8,776,436 (Statement of Net Position).

The District's expenses were \$2,430,822 while revenues totaled \$4,451,011 (\$4,417,297 derived from property taxes), with a resultant increase in net position of \$2,020,189 (Statement of Activities).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position (page 8) and the Statement of Activities (page 9) provide information about the activities of the District and present a longer-term view of the District's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The Fund Financial Statements begin on page 10. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliations on pages 11 and 13 that convert this data to the economic resources measurement focus and the accrual basis of accounting for use in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 provides the authoritative guidance on the governmental financial reporting model.

THE FINANCIAL STATEMENTS

The Statement of Net Position and the Statement of Activities

Government-wide Financial Statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all the resources available for that purpose, and whether it can continue to meet its objectives in the foreseeable future. For purposes of these statements, only governmental type activities are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial 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.

Notes to the Financial Statements

The Notes to the Financial Statements provide information that is essential to understanding the financial information presented in the Government-wide Financial Statements and the Fund Financial Statements. The notes can be found beginning on page 14.

Required Supplementary Information

Generally accepted accounting principles (GAAP) call for certain required supplemental information to accompany the audited basic financial statements and the accompanying footnotes.

**Anastasia Mosquito Control District of St. Johns County
Management Discussion and Analysis
For the Year Ended September 30, 2015**

CONDENSED FINANCIAL INFORMATION

Condensed Statement of Net Position as of September 30,

	2015	2014
Current and Other assets	\$ 6,397,292	\$ 5,614,866
Capital assets, net	3,692,902	2,086,266
Total assets	10,090,194	7,701,132
Deferred Outflows of Resources:		
Deferred Outflows related to pensions	202,880	-
Total Deferred Outflows of Resources	202,880	-
Current liabilities	568,351	199,841
Non- current liabilities	816,921	83,669
Total liabilities	1,385,272	283,510
Deferred Inflows of Resources:		
Deferred Inflows related to pensions	131,366	-
Total Deferred Inflows of Resources	131,366	-
Net assets:		
Invested in capital assets	3,692,902	2,086,266
Restricted	216,354	371,950
Unrestricted	4,867,180	4,959,406
Total net position, restated	\$ 8,776,436	\$ 7,417,622

Condensed Statement of Changes in Net Assets for Fiscal Year Ended September 30,

	2015	2014
Revenues:		
Property Taxes	4,417,297	2,228,206
Interest Income	14,648	5,487
Intergovernmental	-	29,456
Unrealized Gain/(Loss) on Investments	-	(3,734)
Grants (DEP)	10,876	17,092
Other	8,190	371,812
Total general revenues	4,451,011	2,648,319
Expenses- Mosquito Control		
Personal services	\$ 1,169,430	\$ 1,128,648
Personal services benefits	527,472	529,191
Operating expenses	627,946	582,023
Depreciation expenses	105,974	112,686
Total Expenses	2,430,822	2,352,548
Change in net position	2,020,189	295,771
Beginning net position, restated	6,756,247	7,121,851
Ending net position	\$ 8,776,436	\$ 7,417,622

General Revenues

Property taxes increased by \$2,189,091, or 98.25% from \$2,228,206 to \$4,417,297. This was due to the District’s effort to move forward with its endeavor to construct the long awaited Facility on State Road 16. Encouraged by the continued increase in property values and apparent support from the community, the governing board increased the millage rate for the budget year ending September 30, 2015 from .1312 to .2450 to help finance the facility. Notably, the District reduced the millage back to .1773 for the fiscal year ending September 30, 2016.

Interest income increased by \$9,161, or 166.9% for Fiscal Year ending September 30, 2016 for two reasons. Primarily, the State Board of Administration (SBA) investment account paid \$6,422 retroactive interest on the District’s portion of the Fund B, which had been frozen since 2007. Additionally, a portion of the Unexpended Funds, reserved for the aforementioned facility project were housed in the State Board of Administration (SBA) investment account, receiving about .22% return throughout the year, increased from the .16% in the prior year.

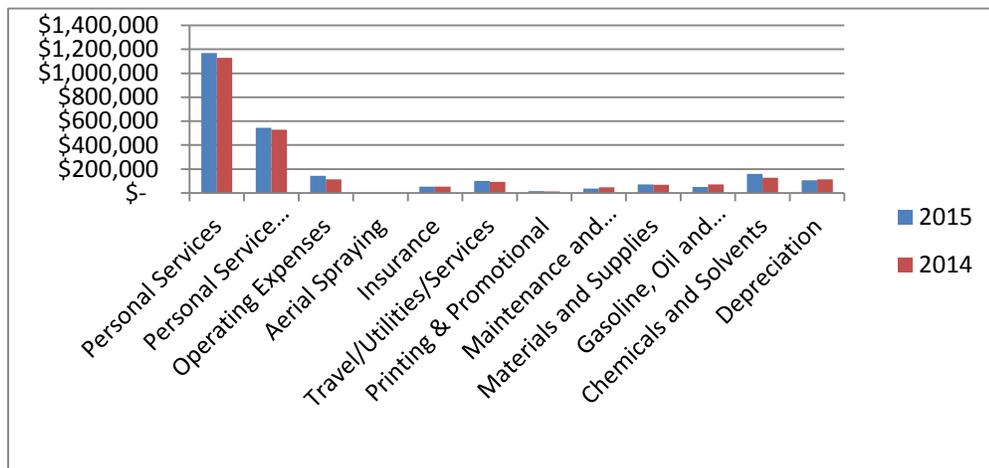
Program Expenses

Program expenses were \$78,274 (3.3%) more in fiscal year ended September 30, 2015 as compared to fiscal year ended September 30, 2014. Some highlights are as follows:

Aerial spraying costs were at \$0 for the third consecutive year. The 2015 weather conditions, exhibited a higher amount of rainfall, increasing the concentration of “hot spots”. Chemicals and solvents saw an increase of \$32,069 or 14.6% increase this year as compared to prior year due to the weather conditions.

Personal Services increased by \$40,782 compared to the prior year, due to hiring of more seasonal, temporary interns in a successful effort to expand the District’s applied research program. Despite Health Care having an increase of \$14,119 due to the 6.2% increase in Health Premiums in the current year, overall benefits decreased by \$1,719. This can be attributed to the inverse relationship temporary, seasonal staff have on benefits. Six month or less temporary employees are not entitled to health or retirement benefits, which comprises a major portion of employee benefit expenditures.

The following chart compares 2014 and 2015 program expenses:



**Anastasia Mosquito Control District of St. Johns County
Management Discussion and Analysis
For the Year Ended September 30, 2015**

An Analysis of the District's Overall Financial Position and Results of Operations

As of September 30, 2015, the District's cash and investments totaled \$5,989,610 representing 59.4% of total assets.

Net position on September 30, 2015 was \$8,776,436, an increase of \$2,020,189 over the preceding year, principally due to an increase in revenue.

An Analysis of Balances in the Governmental Fund (The General Fund)

The governmental fund for the District is its only fund – the General Fund. The fund balance increased by \$413,916 for the year ended September 30, 2015. The increased fund balance was primarily attributable to an increase in property taxes due to Tax Revenues received for funding of the new facility.

The State of Florida provides, under the provision of Chapter 388 Florida Statutes, state aid to assist the District in providing mosquito control services. As of September 30, 2015, \$216,354 of the fund balance is restricted for the purposes outlined in Chapter 388 Florida Statutes.

An Analysis of Significant Variations in the Budget

The District's budget is shown on the Statement of Revenue, Expenditures and Changes in Fund Balance-Budget (Budgetary-Basis) and Actual-General Fund (see Table of Contents). There were significant variations between the final budget amounts and actual budget results, a summary of the significant variations and reasons for the variations follows:

Personal Services and Benefits

Budget \$1,975,372, actual \$1,696,540, variation \$278,832 under. Several employees worked less than the budgeted year amount for their position. This was due to later start dates, and/ or early termination dates. Included were two higher dollar positions, the Biologist, and Entomologist, employed approximately, only 15-20% of the year. Additionally, two Mosquito Control Technicians did not finish the year, one right after passage and start of Budget year. Approximately, only \$2,200 of the Reserves for Promotions for of \$15,000 was spent, due to the District's conservative nature in giving raises, beyond yearly COLA, unless, significant valid reason (i.e. job title promotion, substantial increase in duties). FICA, FRS Retirement, and Health Insurance benefits were directly correlated to the aforementioned, and reduced accordingly.

Operating Expenses

Budget \$363,472, actual \$142,573, variation \$220,899 under. Reductions in commissions and administration fees by the Property Appraiser were realized. Efficient ground control operations by Mosquito Technicians contained mosquito breeding to a manageable level in which \$0 of the \$200,000 budgeted for Aerial Operations were used. Additionally, Legal Fees budgeted was \$24,000, actual \$13,328, variation \$10,672 under. This was due to an atypically low amount of policy legislation, as well as a reduced amount of significant contract revisions and review.

Gasoline, Oil and Lubricants

Budget \$89,000, actual \$49,871, variation \$39,129 under. The budgeted amount calculated was conservatively high due to current market place volatility of gas prices. The actual average price of gas for the year was \$2.56, significant reduction from prior year, per gallon average of \$3.22 and the actual gallons used was close to 20,000.

Chemicals

Budget \$238,000; actual \$151,906, variation \$86,094 under. Better timing on usage, coupled with efficacy of applied research, led to conservation of chemicals.

Capital Outlay

Budget \$4,149,800; actual \$1,713,634, variation \$2,436,166 under. Majority of under-expended difference can be attributed to incompleteness of the new Facility to be completed in the current fiscal year ending September 30, 2016.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of September 30, 2015 reflect an investment of \$3,692,902, net of accumulated depreciation. Capital outlays of \$1,713,634 during the fiscal year included the following purchases:

· Analytical Balancer	\$	1,526
· Computers (3)	\$	3,821
· Pickup Trucks 4 x 4 ½ Ton (2)	\$	44,380
· SUV Truck	\$	27,649
· Hand Foggers (2)	\$	2,034
· WIP- Database Software/Hardware	\$	21,000
· Garage Door, Electric	\$	1,000
· Poster Maker/ Image Printer	\$	3,799
· A/C Compressor/ Blower	\$	2,170
· DC IV Probes, Calibration Device	\$	3,788
· Fog Unit, Lab	\$	7,500
· Transmission, Replacement	\$	2,254
· Construction In Progress	\$	1,587,476
· Air Compressor	\$	5,237

The District also disposed of \$26,953 (\$1,024 net book value) of equipment.

The District has moved forward with the capital outlay project of a new facility on the State Road 16 property at an estimated cost of \$4.5 million which includes 10% for contingencies, modifications and potential change orders.

The District has no outstanding debt obligation.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET RATES

The District's principal source of income is property tax revenue generated from property assessments within the District. Property taxes provided 99.24% of the District's total revenues. To assist with funding of the new facility, the Board increased the millage rate for the budget year ending September 30, 2015 from .1312 to .2450.

The District anticipates continuing growth and development within the District. Optimistically, property valuations have continually shown an increase in the last several years. The District has decreased the fiscal year ending September 30, 2016 millage rate down from .2450 to .1773

Request for information

The District's general purpose external financial statements (the basic financial statements and required supplementary information) are designed to provide financial overview of the district's finances. Requests for additional information or questions concerning the financial information contained in this report should be addressed to the Director of the Anastasia Mosquito Control District of St Johns County, 500 Old Beach Road, St. Augustine, FL 32080.

Basic Financial Statements

Government-wide Financial Statements

Anastasia Mosquito Control District of St. Johns County

Statement of Net Position

September 30, 2015

	Governmental Activities
	<u> </u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 1,557,030
Investments	4,432,580
Due from Other Governments	39,397
Prepaid Items	93,698
Inventory	274,587
Total Current Assets	<u>6,397,292</u>
Capital Assets:	
Land	1,013,545
Construction in Progress	1,906,318
Buildings & Improvements	\$ 992,814
Less: Accumulated Depreciation	<u>471,519</u>
	521,295
Vehicles & Equipment	1,633,991
Less: Accumulated Depreciation	<u>1,382,247</u>
Total Capital Assets	<u>3,692,902</u>
Total Assets	<u>10,090,194</u>
Deferred Outflows of Resources:	
Deferred Outflows Related to Pensions	202,880
Total Deferred Outflows of Resources	<u>202,880</u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	404,187
Accrued Payroll and Benefits	40,761
Retainage Payable	109,903
Compensated Absences	13,500
Total Current Liabilities	<u>568,351</u>
Noncurrent Liabilities less Current Portion:	
Compensated Absences	99,870
Net Pension Liability	717,051
Total Noncurrent Liabilities	<u>816,921</u>
Total Liabilities	<u>1,385,272</u>
Deferred Inflows of Resources:	
Deferred Inflows Related to Pensions	131,366
Total Deferred Inflows of Resources	<u>131,366</u>
NET POSITION	
Net Investment in Capital Assets	3,692,902
Restricted - State I Funds	216,354
Unrestricted	<u>4,867,180</u>
Total Net Position	<u>\$ 8,776,436</u>

See accompanying notes to financial statements.

Anastasia Mosquito Control District of St. Johns County

Statement of Activities

Year Ended September 30, 2015

Human Services - Mosquito Control:	
Personal Services	\$ 1,169,430
Personal Service Benefits	527,472
Operating Expenses	142,573
Insurance	52,436
Travel/Utilities/Services	100,588
Printing & Promotional	16,524
Maintenance and Repairs	36,949
Materials and Supplies	70,587
Gasoline, Oil and Lubricants	49,871
Chemicals and Solvents	158,418
Depreciation	<u>105,974</u>
Total Program Expenses	<u>2,430,822</u>
General Revenues:	
Property Taxes	4,417,297
Interest Income	14,648
Grants (DEP)	10,876
Other	6,882
Gain/ (Loss) from Disposition of Assets	<u>1,308</u>
Total General Revenues	<u>4,451,011</u>
Increase in Net Position	2,020,189
Net Position Beginning of Year, Restated	<u>6,756,247</u>
Net Position End of Year	<u>\$ 8,776,436</u>

See accompanying notes to financial statements.

Fund Financial Statements

Anastasia Mosquito Control District of St. Johns County

Balance Sheet
Governmental Fund - General Fund
September 30, 2015

ASSETS

Cash and Cash Equivalents	\$ 1,557,030
Investments	4,432,580
Due from Other Governments	39,397
Prepaid Items	93,698
Inventory	274,587
Total Assets	<u>\$ 6,397,292</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts Payable	\$ 404,187
Accrued Payroll and Benefits	40,761
Retainage Payable	109,903
Total Liabilities	<u>554,851</u>

Fund Balances:

Nonspendable for Inventory and Prepaids	368,285
Assigned for Future Capital Outlay/Contingencies	5,001,461
Unassigned	472,696
Total Fund Balances	<u>5,842,441</u>
Total Liabilities and Fund Balances	<u>\$ 6,397,292</u>

See accompanying notes to financial statements.

Anastasia Mosquito Control District of St. Johns County

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets September 30, 2015

Total Fund Balances-Governmental Fund		\$ 5,842,441
Amounts reported in the Statement of Net Assets are different because of the following:		
1.	Capital assets used in governmental activities are not financial resources and therefore not reported in the fund as assets:	
	Land	1,013,545
	Construction in progress	1,906,318
	Buildings & improvements	\$ 992,814
	Less: accumulated depreciation	<u>471,519</u> 521,295
	Equipment	1,633,991
	Less: accumulated depreciation	<u>1,382,247</u> 251,744
2.	Compensated absences not due and payable in the fund.	(113,370)
3.	Governmental funds report contributions to defined benefit pension plans as expenditures. However, in the Statement of Activities, the amount contributed reduces future net liability. Also included in pension expense in the Statement of Activities are amounts amortized for related deferred inflows and outflows.	<u>(645,537)</u>
Net Assets of Governmental Activities		<u><u>\$ 8,776,436</u></u>

See accompanying notes to financial statements.

Anastasia Mosquito Control District of St. Johns County

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - General Fund
Year Ended September 30, 2015

Revenues:	
Property Taxes	\$ 4,417,297
Interest Income	14,648
Grants	10,876
Proceeds from Sale of Property and Equipment	2,333
Other	<u>6,882</u>
Total Revenues	<u>4,452,036</u>
Expenditures:	
Personal Services	1,153,230
Personal Service Benefits	543,310
Operating Expenses	142,573
Insurance	52,436
Travel/Utilities/Services	100,588
Printing and Promotional	16,524
Maintenance and Repairs	36,949
Materials and Supplies	70,587
Gasoline, Oil and Lubricants	49,871
Chemicals and Solvents	158,418
Capital Outlay	<u>1,713,634</u>
Total Expenditures	<u>4,038,120</u>
Excess of Expenditures Over Revenues - Net Change in Fund Balance	413,916
Fund Balance Beginning of Year	<u>5,428,525</u>
Fund Balance End of Year	<u>\$ 5,842,441</u>

See accompanying notes to financial statements.

Anastasia Mosquito Control District of St. Johns County

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
 Governmental Fund - General Fund with the Statement of Activities
 September 30, 2015

Net Change in Fund Balance - General Fund	\$	413,916
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental Fund (General Fund) reports capital outlays as expenditures. The Statement of Activities reports capital outlays as assets subject to depreciation over their estimated useful lives and recognizes depreciation expense:		
Capital Outlay	\$ 1,713,634	
Depreciation Expense	<u>(105,974)</u>	1,607,660
2. Proceeds from the sale of equipment is the revenue in the governmental funds, but is adjusted for the basis of the equipment sold in the statement of net assets		
		(1,024)
3. Some expenses reported on the Statement of Activities are not fund expenditures normally liquidated with current financial resources:		
Compensated Absences		(16,201)
Pension Expense		<u>15,838</u>
Increase in Net Position - Statement of Activities	\$	<u><u>2,020,189</u></u>

See accompanying notes to financial statements.

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Anastasia Mosquito Control District of St. Johns County, (herein after referred to as “The District”), was created, as an "independent special district" on December 7, 1948, pursuant to the results of a special election held in accordance with Chapter 388, Florida Statutes. The Anastasia Mosquito Control District of St. Johns County was created to achieve and maintain such levels of arthropod control as will protect human health and safety and foster the quality of life of the people, promote the economic development of the state, and facilitate the enjoyment of its natural attractions by reducing the number of pestiferous and disease-carrying arthropods.

The District’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the District are discussed below.

A. Reporting Entity

The financial statements of the District consist only of the statements of Anastasia Mosquito Control District of St. Johns County. The District has no oversight responsibilities for any other governmental entity since no other entities are considered to be controlled by or dependent upon the District. The District is a special-purpose independent governmental agency engaged in a single governmental program – mosquito control.

B. Basis of Accounting/Measurement Focus

In Accordance with Governmental Accounting Standards Board (GASB) *Statement No. 34 – Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, the basic financial statements include both the government-wide and fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. Government-wide financial statements report information about the District as a whole similar to information for a private-sector business. The statement of net position presents assets and liabilities with the net difference reported as net position. The net position reflects the financial position of the District as of the last day of the fiscal year. The statement of activities reports expenses and supporting sources of revenue during the fiscal year. This statement is similar to a statement of profit or loss in the private sector.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, similar to information reported for a private-sector business. Accordingly, all of the District’s assets, including depreciable capital assets, deferred outflows, liabilities, and deferred Inflows are included in the Statement of Net Position. The Statement of Activities presents changes in net assets during the fiscal year. Since the District is a special-purpose independent governmental agency engaged in a single governmental program – mosquito control- the expenses shown on the Statement of Activities are for that function alone.

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting/Measurement Focus (Continued)

Government-Wide Financial Statements (Continued)

Under the accrual basis of accounting, revenues are recorded when earned. Expenses are recognized when incurred.

Governmental Fund Financial Statements

Fund financial statements are provided for governmental funds.

The operations of the fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental fund types. The measurement focus is upon determination of changes in financial position, rather than upon income determination. The following are the District's governmental fund types:

General Fund – The General Fund is the general operating fund of the District. It is used to account for all financial resources.

All governmental funds are accounted for on a "spending" or "current financial resources" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported undesignated fund balance (net current assets) is considered a measure of "available spendable or appropriable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. Instead, they are reported as liabilities in the statement of position. Capital assets are recorded as expenditures in the general fund. In the statement of activities, they are reported as assets subject to depreciation.

The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenues are available if collected within sixty days of year end.

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting/Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include accumulated vacation and sick leave pay.

A reconciliation is provided that lists the differences between the net assets presented in the Government-wide Financial Statements and the net assets presented in the Governmental Fund Financial Statements.

C. Budget Policy and Control

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

-A tentative work plan and budget for the District is presented to the Board of Commissioners. On or before the 15th day of July of each year, the tentative work plan and budget are submitted to the Department of Agriculture and Consumer Services (DACS), Division of Inspection, Bureau of Entomology and Pest Control, for their review and approval.

-Not later than September 15 of each year, the District submits the certified budget to the Bureau of Entomology and Pest Control, DACS, for approval.

-Prior to October 1, the budget is legally enacted through passage of a resolution.

-Budget amendments are approved by the Board of Commissioners and submitted to the Bureau of Entomology and Pest Control, DACS, for approval. During the fiscal year, there were numerous budget amendments to maintain budgetary/management control.

-The budgeted revenue and expenditures shown in these financial statements includes all budget amendments approved by the District's Board of Commissioners and the Bureau of Entomology and Pest Control (DACS).

-The level of classification detail at which expenditures may not legally exceed appropriations is within budgetary accounts by fund.

-Appropriations lapse at the end of each year. An appropriation for capital or other programs shall be re-budgeted on an annual basis until the purpose for which it was made has been accomplished or abandoned.

-The budget for the General Fund that was either adopted or amended during the year by the Board of Commissioners was prepared on the same basis of accounting as used for financial reporting purposes, with the exception of inventory and other immaterial items. Under the budgetary basis, the District accounts for inventory of chemicals and fuels by the purchase method, whereby these items are recorded as expenditures when purchased.

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets

Cash and cash equivalents

Cash and cash equivalents are cash held in demand deposits at local banks.

Investments

Investments consist of excess funds deposited with the Local Government Surplus Funds Trust Fund administered by the State Board of Administration of Florida (SBA). Funds invested with the SBA are not required to be categorized since the investments are not evidenced by securities that exist in physical or book entry form. Funds invested with the SBA are considered to be cash equivalents. See Note 3B for further explanation.

Due from other governments

Due from other governments represents amounts due from state and local governmental entities.

Inventory

Inventory is valued at the lower of cost or market based on the first-in-first-out method (FIFO). Inventory is recorded under the consumption method. Cost is recorded as an expenditure/expense at the time inventory is used. The inventory balance, as reported in the fund financial statements, is offset by a fund balance reserve account in the General Fund to indicate it is not available for appropriation and not an expendable available financial resource of the General Fund.

Capital Assets

In the government-wide financial statements, capital assets include land, buildings, building improvements, and equipment. According to the District's capitalization policy, capital assets are capitalized and depreciated if they have a life of more than one year and cost \$1,000 or more. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the government-wide financial statements, depreciation is recorded on capital assets using the straight-line method and the following useful lives:

Buildings	20-40 years
Building improvements	10-40 years
Equipment	5-20 years

Fixed assets purchased in the governmental fund are recorded as expenditures at the time of purchase.

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets (Continued)

Compensated Absences

A liability for unused vacation and sick time for employees is calculated and reported in the government-wide financial statements. A liability for unused sick leave is accrued only to the extent that the leave will result in cash payments upon termination. A liability for these amounts is reported in governmental funds only if they have matured, due to employee retirement or resignation.

Fund Equity

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable fund balance – amounts that are not in spendable form (such as prepaid expenses and advances due from other funds) or are required to be maintained intact.

Assigned fund balance – amounts the District intends to use for specific purpose. Intent can be expressed by the Board of Commissioners or as delegated to the District Director.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Such fund balance classifications are established to demonstrate the current unavailability for certain assets to pay current expenditures and budgetary fund segregation for future planning and contingencies. The following is a description of the nonspendable and assigned fund balances used by the District:

Nonspendable - inventory and prepaids (\$368,285) – Amounts set aside for chemical, fuel and tire inventories and prepaid insurance.

Assigned for future capital outlay/contingencies (\$5,001,461) – Amounts assigned for future capital outlay, payment of annual/sick leave, and contingencies.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers unrestricted funds to have been spent first. When an expenditure is incurred for which assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of unassigned funds, and then assigned funds, as needed, unless the Board has provided otherwise in its assignment actions.

Deferred Outflows of Resources/Deferred Inflows of Resources

In addition to assets and liabilities, the District reports the financial statement elements of deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until that applicable time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that applicable time.

The District reports one item that qualifies as deferred outflows of resources on its government-wide statement of net-position, deferred inflows for pensions. The deferred outflows for pensions is an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The deferred outflows for pensions will be recognized as pension expense or a reduction of the net pension liability in future reporting years.

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 1. – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Net Assets (Continued)

Deferred Outflows of Resources/Deferred Inflows of Resources (Continued)

The District reports one item that qualifies as deferred inflows of resources on its government wide statement of net position, deferred inflows for pensions. The deferred inflows for pensions is an aggregate of items related to pensions as calculated under the same principles as deferred inflows for pensions, and will be recognized as a reduction to pension expense in future reporting years.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain assets, liabilities, revenues, expenditures/expenses and note disclosures. Actual results could differ from those estimates.

NOTE 2. – PROPERTY TAXES

All real and tangible personal property taxes are due and payable November 1 of each year, or as soon thereafter as the assessment roll is certified by the St. Johns County Property Appraiser (levy date). St. Johns County mails a notice of the taxes due to each property owner on the assessment roll. The County collects the taxes for the District. Unpaid real and tangible personal property taxes due November 1 become delinquent April 1 of the following year. Collection dates are from November 1 to June 1 of the following year. Taxes may be paid upon receipt of such notice from the County, with discounts at the rate of four percent (4%) if paid in of November; three percent (3%) if paid in December; two percent (2%) if paid in January; and one percent (1%) if paid in February.

Taxes paid March are without discount. On or before June 1 (lien date) of the year following the year in which taxes were assessed, tax certificates are sold on all real estate parcels with outstanding real property taxes.

The District makes an annual levy on property for general governmental services. Revenue recognized during this fiscal year amounted to \$4,417,297.

NOTE 3. – CASH DEPOSITS AND INVESTMENTS

A. Deposits

At September 30, 2015, the reconciled book cash balances with financial institutions amounted to \$1,557,030. Bank balances were \$1,629,099 as of September 30, 2015, and were entirely covered by federal depository insurance and held in qualified public depositories pursuant to Florida Security for Public Deposits Act. Under the Act, the District's deposits in qualified public depositories are totally insured. All of the cash deposits of the District are placed with qualified financial institutions.

B. Investments

State statutes govern the District's investment policies. The District is authorized by its Commission and Florida Statutes to invest available funds in the SBA's Local Government Surplus Funds Trust Fund. The District invests excess cash in the SBA as described in Note 1. The SBA has established the Florida Prime whereby participants own a share of the respective pools and not the underlying securities.

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

B. Investments (Continued)

Florida Prime – The Florida Prime (formerly known as Pool or Fund A) meets the requirements of and is classified as a “2a-7 like” pool. The SBA is not a registrant with, nor regulated by, the Securities and Exchange Commission or any other regulatory agency; however, the Florida Prime has adopted operating procedures consistent with the requirements for a 2a-7 like pool and the fair value of the position in the pool is equal to the value of the pool's shares. Such investments are stated at amortized cost in the accompanying financial statements. The Florida Prime is rated by Standard and Poors and is currently rated AAAM. The weighted average days to maturity (WAM) at September 30, 2015 is 29 days. Next interest rate reset dates are used in the calculation of the WAM.

Florida Prime has not participated in a securities lending program in the year ended September 30, 2015. The SBA provides separate financial statements for the Florida Prime as of and for the period ending June 30. It does not issue financial statements as of and for the period ending September 30.

NOTE 4. – DUE FROM OTHER GOVERNMENTS

As of September 30, 2015, the District had receivables due from other governmental entities in the amount of \$39,397 as follows:

St. John’s County Tax Collector	\$ 35,384
St. John’s County Property Appraiser	<u>4,013</u>
	<u>\$ 39,397</u>

NOTE 5. – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Non-depreciable Assets:				
Land	<u>\$1,013,545</u>	-	-	<u>\$1,013,545</u>
Construction in Progress	<u>297,842</u>	<u>1,608,476</u>	-	<u>1,906,318</u>
Depreciable Assets:				
Buildings & Improvements	992,814	-	-	992,814
Equipment	<u>1,555,786</u>	<u>105,158</u>	<u>26,953</u>	<u>1,633,991</u>
Total Depreciable Assets	<u>2,548,600</u>	<u>105,158</u>	<u>26,953</u>	<u>2,626,805</u>
Accumulated Depreciation:				
Buildings & Improvements	448,767	22,752	-	471,519
Equipment	<u>1,324,954</u>	<u>83,222</u>	<u>25,929</u>	<u>1,382,247</u>
Total Accumulated Depreciation	<u>1,773,721</u>	<u>105,974</u>	<u>25,929</u>	<u>1,853,766</u>
Capital Assets, net	<u>\$2,086,266</u>	<u>\$1,607,660</u>	<u>\$1,024</u>	<u>\$3,692,902</u>

Current-period depreciation expense charged to the Statement of Activities amounted to \$105,974.

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 6. – DEFERRED COMPENSATION

The District offers its employees a deferred compensation plan that permits them to defer a portion of their current salary until future years. Contributions to the plan are administered by a third party administrator. In compliance with Internal Revenue Service Code Section 457(g), the plan assets are in custodial accounts for the exclusive benefit of the plan’s participants and beneficiaries. Since the plan is in compliance with Internal Revenue Service Code Section 457, the District is not required to report (and does not report) the assets or liabilities in the financial statements. The District provides neither administrative services nor investment advice to the plan; and therefore, no fiduciary relationship exists between the District and the plan

NOTE 7. – LEASE OBLIGATIONS

The District leased a building from the Town of Hastings for use as a substation, The District’s lease for current year from October 1- September 30, typically, renewed annually at a monthly rent of \$1,180. Rental Expense for the year ended September 30, 2015 was \$14,160. However, due to construction of the new centralized facility, the District has opted not to renew the lease, and it ended and the substation was closed on October 31, 2015.

NOTE 8. – ECONOMIC DEPENDENCY

The District is dependent on real and personal property taxes levied on St. Johns County residents to support its operational costs. A significant portion of the District’s available assets are invested in the Local Government Surplus Funds Trust Fund.

NOTE 9. – CHANGES IN LONG TERM LIABILITIES

During the year ended September 30, 2015, the following changes occurred in the District’s long term liabilities:

	<u>Compensated Absences & Benefits</u>
Balance September 30, 2014	\$ 97,169
Increases	99,870
(Decreases)	<u>(83,669)</u>
Balance September 30, 2015	<u>\$ 113,370</u>
Portion of long-term liabilities Due in one year	<u>\$ 13,500</u>

NOTE 10. - PENSION PLAN

Florida Retirement System and Health Insurance Subsidy

In accordance with Florida law, the District participates in the Florida Retirement System (FRS), a cost-sharing, multiple-employer defined benefit public employee retirement system. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The FRS was created by Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan, and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members, effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan (INV).

The FRS and HIS (Health Insurance Subsidy Program) are administered by the Florida Department of Management Services, Division of Retirement. 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 Florida Retirement System Rules, Chapter 60S, Florida Administrative Code. The Florida legislature has the authority to establish and amend retirement legislation and related bills of significance to members to the FRS and HIS plans (including benefit terms and contribution rates). Passed bills are presented to the Governor of Florida and approved before they may be enacted into law.

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.

All permanent full-time, regular part-time employees and seasonal positions are eligible to participate in the plan. The retirement age and other retirement benefits & options are stated in the Summary Plan Description by the FRS.

Contributions

The funding methods and the determination of benefits payable are provided for in various acts of the State Legislature. These acts provided that employers, such as the District, were required to contribute 7.37% from October 1, 2014 to June 30, 2015 and 7.26% from July 1, 2015 to September 30, 2015 for regular employees; 43.24% from October 1, 2014 to June 30, 2015 and 42.27% from July 1, 2015 to September 30, 2015 for elected officials; 12.28% from October 2014 to June 30, 2015 and 12.88% from July 1, 2015 to September 30, 2015 for employees under DROP program; and 3.39% from October 1, 2014 to June 30, 2015 and 4.31% from July 1, 2015 to September 30, 2015 for retirees. The District's contributions include 1.26% for post-retirement health insurance subsidy through June 30, 2015 and 1.66% for July 1, 2015 to September 30, 2015.

As of July 1, 2011, employees are required to contribute 3% to the Florida Retirement System, except for those participating in the DROP Program and retirees.

The District contributed the following amounts for those employees covered under the Florida Retirement System and Health Insurance Subsidy:

<u>Year Ended</u> <u>September 30,</u>	<u>District's</u> <u>Contribution</u>	<u>Percent of</u> <u>Covered Payroll</u>
2015	\$ 100,080	10.14%
2014	\$ 85,861	8.58%
2013	\$ 66,075	6.73%
2012	\$ 53,152	5.42%
2011	\$ 96,808	9.58%
2010	\$ 122,058	10.54%
2009	\$ 121,329	10.46%

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 10. - PENSION PLAN (Continued)

The payroll for the District’s employees covered by the plan for the year ended September 30, 2015 was \$ 987,329; the District’s total payroll was \$1,153,230.

Actuarial Methods and Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan 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 Pension Plan was completed in 2014 for the period July 1, 2008, through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. 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 Pension Plan investments is 7.65%. 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 the HIS program uses a pay-as-you-go funding structure, a municipal bond rate of 3.80% was used to determine its total pension liability. In October 2015, the Actuarial Assumptions Conference adopted the Bond Buyer General Obligation 20-Bond Municipal Bond Index as the applicable municipal bond index. As of June 30, 2015, the municipal rate used by the HIS decreased from 4.29% to 3.80%.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.1%	1.7%
Fixed Income	18.0%	4.8%	4.7%	4.7%
Global Equity	53.0%	8.5%	7.2%	17.7%
Private Equity	6.0%	11.9%	8.2%	30.0%
Strategic Investments	12.0%	6.7%	6.1%	11.4%
Real Estate (property)	10.0%	6.8%	6.2%	12.0%
Total	100.0%			

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 10. - PENSION PLAN (Continued)

Sensitivity of the Net Pension 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%-FRS and 3.80%-HIS, 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%-FRS; 2.80%-HIS) or one percentage point higher (8.65%-FRS; 4.80%-HIS) than the current rate:

	1% Decrease (6.65%/2.8%)	Current Discount Rate (7.65%/3.80%)	1% Increase (7.65%)
District's Net Pension Liability- FRS	\$ 993,159	\$ 383,278	\$ (124,244)
District's Net Pension Liability- HIS	\$ 380,318	\$ 333,772	\$ 294,960

Net Pension Liability, Deferred Outflows/ Inflows of Resources, and Pension Expense

1. Proportionate Share of FRS and HIS Plans

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.

The following table presents information of the District's proportionate share of the FRS and HIS based on information provided by the Florida Division of Retirement:

	FRS	HIS	Total
Proportionate Share of Net Pension Liability at June 30, 2015	\$ 383,278	\$ 333,772	\$ 717,050
Proportion at June 30, 2015	0.002967385%	0.003272779%	
Proportion at June 30, 2014	0.003123171%	0.003378116%	
Change in proportion during current year	-0.000155786%	-0.000105337%	

At September 30, 2015, the District reported a net pension liability of \$717,051 for its proportionate share of the collective net pension liability of the FRS and HIS.

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 10. - PENSION PLAN (Continued)

2. Pension Expense and Deferred Outflows/ Inflows of Resources to Pensions

For the year ended September 30, 2015, the District recognized pension expense of \$23,137 related to the FRS and \$44,487 related to HIS. At September 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows and (Inflows)

	FRS	HIS	Total
Differences between expected and actual experience	\$ 40,463		\$ 40,463
Differences between expected and actual experience	(9,090)		(9,090)
Change in assumptions	25,439	26,259	51,698
Net difference between projected and actual investment	(91,520)	181	(91,339)
Changes in District Proportion	90,053		90,053
Changes in District Proportion	(20,446)	(10,310)	(30,756)
Contributions subsequent to measurement date	16,219	4,266	20,485
Total Deferred Outflows	<u>\$ 172,174</u>	<u>\$ 30,076</u>	<u>\$ 202,880</u>
Total Deferred Inflows	<u>\$ (121,056)</u>	<u>\$ (10,310)</u>	<u>\$ (131,366)</u>

Deferred outflows of resources of \$16,219 for FRS and \$4,266 for HIS are reported by the District for employer contributions subsequent to the measurement date and will be recognized as a reduction of the net position 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>Year ended Spetember 30:</u>	<u>FRS</u>	<u>HIS</u>
2016	\$(5,538)	\$ 4,222
2017	(5,538)	4,222
2018	(5,538)	4,222
2019	24,969	4,161
2020	20,828	(113)
Thereafter	5,716	(584)

NOTE 11. - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Anastasia Mosquito Control District of St. Johns County
Notes to Financial Statements
For the Year Ended September 30, 2015

NOTE 12. – PRIOR YEARS RESTATEMENT

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB 68 changes treatment of defined benefit pension plan accounting by employers whereby the District is now required to record the net pension liability (asset) and related deferred inflows and outflows of resources for the defined benefit pension plan on its financial statements. The requirements of GASB 68 are effective for fiscal year 2015. The implementation of GASB 68 resulted in effectively recording the net pension liability (asset) and deferred inflows and outflows of resources as of September 30, 2014.

This resulted in the restatement of the beginning unrestricted net position in the government-wide statements.

Net Position, 9/30/2014	\$7,417,622
Net Pension Liability- FRS, 9/30/14	(190,559)
Net Pension Liability- FRS HIS, 9/30/14	(315,862)
Combined Deferred Inflow/ Outflows, 9/30/14	<u>(154,954)</u>
Net Position, restated, 9/30/2014	<u>\$6,756,247</u>

NOTE 13. – COMMITMENTS

On 9/24/14 the Board approved and budgeted the building of a new facility that commenced on 10/16/14, the date of the signed contract. The contract with the builder, Harrell Construction Company is in the amount of \$4,046,955. Work in Progress, completed as of this Fiscal year, amounted to \$1,587,476. Since the full amount of the facility was levied and received in fiscal year ending September 30, 2015, the remainder has been retained in reserves and re-budgeted in the current fiscal year, ending September 30, 2016. Projected completion of the facility is March of 2016.

Required Supplementary Information

Anastasia Mosquito Control District of St. Johns County

Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability
Florida Retirement System
Last Two Fiscal Years

	2015	2014
District's proportion of the net pension liability (asset)	.002967385%	.003123171%
District's proportionate share of the net pension liability (asset)	\$ 383,278	\$ 190,559
District's covered-employee payroll	\$ 987,329	\$ 981,383
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.82%	19.42%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	96.09%

Anastasia Mosquito Control District of St. Johns County

Required Supplementary Information
Schedule of the District's Contributions
Florida Retirement System
Last Two Fiscal Years

	2015	2014
Contractually required contribution	\$ 98,737	\$ 84,674
Contributions in relation to the contractually required contribution	\$ (98,737)	\$ (84,674)
Contribution deficiency (excess)	\$ -	\$ -
District's covered employee payroll	\$ 987,329	\$ 981,383
Contributions as a percentage of covered-employee payroll	10.0%	8.63%

Anastasia Mosquito Control District of St. Johns County

Required Supplementary Information
Schedule of the District's Proportionate Share of Net Pension Liability
Health Insurance Subsidy Program (HIS)
Last Two Fiscal Years

	2015	2014
District's proportion of the net pension liability (asset)	.003272779%	.0033378116%
District's proportionate share of the net pension liability (asset)	\$ 333,772	\$ 315,862
District's covered-employee payroll	\$ 987,329	\$ 981,383
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	33.81%	32.19%
Plan fiduciary net position as a percentage of the total pension liability	0.50%	0.50%

Anastasia Mosquito Control District of St. Johns County

Required Supplementary Information
Schedule of the District's Contributions
Health Insurance Subsidy Program (HIS)
Last Two Fiscal Years

	2015	2014
Contractually required contribution	\$ 1,343	\$ 1,187
Contributions in relation to the contractually required contribution	\$ (1,343)	\$ (1,187)
Contribution deficiency (excess)	\$ -	\$ -
District's covered employee payroll	\$ 987,329	\$ 981,383
Contributions as a percentage of covered-employee payroll	1.36%	1.21%

Anastasia Mosquito Control District of St. Johns County

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund - General Fund
Year Ended September 30, 2015

Required Supplementary Information

	Budgeted Amounts			Variance Over/ (Under)
	Original	Final	Actual	
Revenues:				
Property Taxes	\$ 4,348,832	\$ 4,348,832	\$ 4,417,297	\$ 68,465
Interest Income	10,000	10,000	14,648	4,648
Grants	-	10,876	10,876	-
Intergovernmental	-	-	-	-
Other	15,000	15,000	6,882	(8,118)
Total Revenues	<u>4,373,832</u>	<u>4,384,708</u>	<u>4,449,704</u>	<u>64,996</u>
Expenditures:				
Personal Services	1,267,602	1,276,016	1,153,230	(122,786)
Personal Service Benefits	698,447	699,356	543,310	(156,046)
Operating Expenses	363,472	363,472	142,573	(220,899)
Insurance	54,066	54,066	52,436	(1,630)
Travel/Utilities/Services	101,058	104,758	100,588	(4,170)
Printing and Promotional	18,325	19,825	16,524	(3,301)
Maintenance and Repairs	64,500	64,500	36,949	(46,568)
Materials and Supplies	70,965	83,517	70,587	(18,413)
Gasoline, Oil and Lubricants	89,000	89,000	49,871	(39,129)
Chemicals and Solvents	* 238,000	238,000	151,906	(86,094)
Capital Outlay	4,166,000	4,149,800	1,713,634	(2,436,166)
Total Expenditures	<u>7,131,435</u>	<u>7,142,310</u>	<u>4,031,608</u>	<u>(3,135,202)</u>
Excess (deficiency) of Revenues over Expenditures	(2,757,603)	(2,757,602)	418,096	-
Fund Balance Beginning of Year	\$ 2,643,561	\$ 2,703,399	5,179,023	-
Fund Balance End of Year	<u>\$ (114,042)</u>	<u>\$ (54,203)</u>	<u>\$ 5,597,119</u>	<u>\$ -</u>

** See notes to Required Supplementary Information
 Note 1 - Budgetary - GAAP Reporting Reconciliation

Anastasia Mosquito Control District of St. Johns County
Notes to Supplementary Information
For the Year Ended September 30, 2015

NOTE 1. – BUDGETARY-GAAP REPORTING RECONCILIATION

The Statement of Revenue, Expenditures, and Changes in Fund Balance--Budget (Budgetary Basis) and Actual--General Fund, as shown in the required supplementary information, presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles (GAAP), a reconciliation of resultant basis, timing, perspective, and entity differences in the excess of revenue over expenditures for the year ended September 30, 2015 is presented below:

	<u>General Fund</u>
Excess of expenditures over revenues (budgetary basis)	\$ 418,095
To adjust expenditures for reserve for inventory and prepaid items	<u>(4,179)</u>
Excess of Revenue over Expenditures (GAAP basis)	<u>\$ 413,916</u>



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

To the Honorable Board of Commissioners
Anastasia Mosquito Control District of St. Johns County
St. Augustine, FL

We have audited, 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, the financial statements of the governmental activities of Anastasia Mosquito Control District of St. Johns County, 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 and have issued our report thereon dated June 30, 2016.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Anastasia Mosquito Control District of St. Johns County'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. 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 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

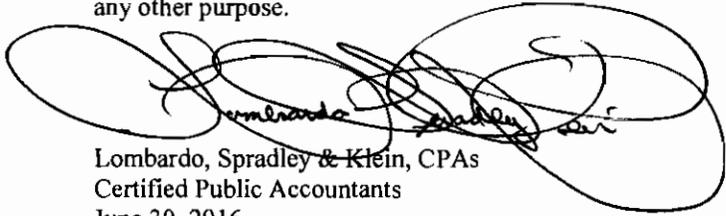
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Anastasia Mosquito Control District of St. Johns County's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

To the Honorable Board of Commissioners
Anastasia Mosquito Control District of St. Johns County
June 30, 2016
Page 2

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 Districts' internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A large, stylized handwritten signature in black ink, appearing to read "Lombardo, Spradley & Klein, CPAs". The signature is written over a large, irregular scribble.

Lombardo, Spradley & Klein, CPAs
Certified Public Accountants
June 30, 2016

Lombardo Spradley Klein

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES 218.415 - INVESTMENTS OF PUBLIC FUNDS

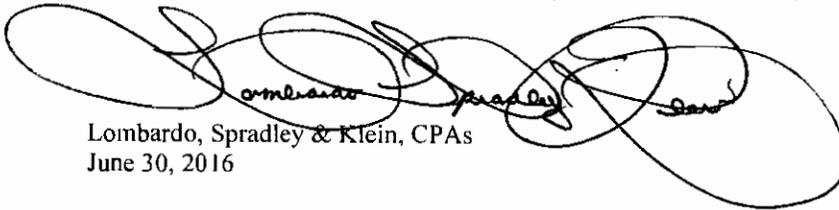
To the Honorable Board of Commissioners
Anastasia Mosquito Control District of St. Johns County

We have examined the Anastasia Mosquito Control District of St. Johns County's (the District) compliance with Section 218.415, Florida Statutes during the fiscal year ended September 30, 2015. 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 and, accordingly, included examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Anastasia Mosquito Control District of St. Johns County complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2015.

This report is intended solely for the information and use of the Florida Auditor General, the Board of Directors of the Anastasia Mosquito Control District of St. Johns County, and management, and is not intended to be and should not be used by anyone other than these specified parties.



Lombardo, Spradley & Klein, CPAs
June 30, 2016



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

To the Honorable Board of Commissioners
Anastasia Mosquito Control District of St. Johns County
Palm Coast, FL

Report on the Financial Statements

We have audited the financial statements of the governmental activities of Anastasia Mosquito Control District of St. Johns County, as of and for the year ended September 30, 2015, and have issued our report thereon dated June 30, 2016.

Auditor's Responsibility

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.

Other Reports and Schedules

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 30, 2015, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditor's report.

Findings and Recommendations

None

Compliance

None

Other Comments

None

Status of Prior Year Findings – Significant Deficiencies

None

Other Matters Required By the Rules of the Auditor General

In accordance with the Rules of the Auditor General of the State of Florida, the following is noted:

Annual Financial Report

1. The annual financial report for the Anastasia Mosquito Control District of St. Johns County, Florida for the fiscal year ended September 30, 2015, filed with the 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.

Financial Condition

2. The auditors applied financial condition assessment procedures per Auditor General Rule 10.556 (8). 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.

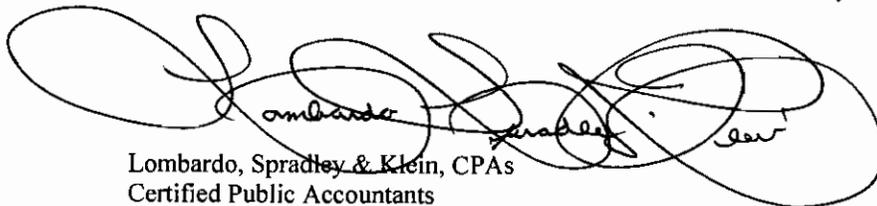
3. Based on our audit procedures performed, we determined that the District did not meet any of the conditions described in Florida Statutes Section 218.503(1).

Compliance-Investment of Public Funds

4. Anastasia Mosquito Control District of St. Johns County has complied with Section 218.415, Florida Statutes with regards to the investment of public funds.

Purpose of This Letter

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



Lombardo, Spradley & Klein, CPAs
Certified Public Accountants

June 30, 2016