

**SOUTH WALTON COUNTY MOSQUITO CONTROL  
DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2024**

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
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SEPTEMBER 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

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

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

#### ***Opinions***

We have audited the 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of September 30, 2024, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

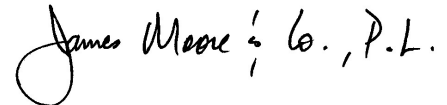
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 is the responsibility of management and, 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, 2035, 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 solely 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 effectiveness of the District's 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.

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" and a stylized "M".

Tallahassee, Florida  
June 24, 2035

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024**

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, 2024. 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 2024:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$20,001,910 (net position) and represents an increase of \$4,048,002 from the prior year. Of this amount, \$5,292,962 represents investments in capital assets (e.g., land, building, machinery and equipment) and \$14,708,948 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 \$7,920,032 and total expenses of \$3,872,030, resulting in a change in net position of \$4,048,002.
- Total revenues increased by \$1,106,950 (or 16.25%) 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 serves 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, 2024  
(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 14 of this report are the notes to the financial statements.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024  
(CONTINUED)**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following is a condensed summary of net position of the District's financial position and activity for 2024 and 2023:

**STATEMENT OF NET POSITION**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current and other assets	\$ 16,741,374	\$ 15,215,393
Capital assets	5,292,962	2,181,006
Total assets	22,034,336	17,396,399
<b>DEFERRED OUTFLOWS</b>		
	446,422	298,296
<b>LIABILITIES</b>		
Current and other liabilities	796,446	225,692
Noncurrent liabilities	1,557,501	1,445,338
Total liabilities	2,353,947	1,671,030
<b>DEFERRED INFLOWS</b>		
	124,901	69,757
<b>NET POSITION</b>		
Net investment in capital assets	5,292,962	2,181,006
Unrestricted	14,708,948	13,772,902
Total net position	\$ 20,001,910	\$ 15,953,908

**STATEMENT OF ACTIVITIES**

	<b>2024</b>	<b>2023</b>
<b>REVENUES</b>		
Taxes	\$ 7,012,024	\$ 6,161,544
Investment earnings	915,535	591,273
Gain (loss) on disposal of capital assets	(9,992)	18,217
Other	2,465	42,048
Total revenues	7,920,032	6,813,082
<b>EXPENSES</b>		
Human services	3,872,030	3,549,585
Change in net position	4,048,002	3,263,497
Net position, beginning, as restated	15,953,908	12,690,411
Net position, ending	\$ 20,001,910	\$ 15,953,908

Consistent with activity in recent fiscal years, the District's millage rate has been set in anticipation of needed capital additions for its administrative offices, therefore, expenses increased only marginally compared to tax revenues and its cash position also increased.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2024  
(CONTINUED)**

**CAPITAL ASSETS AND DEBT**

The District's capital assets are largely made up of equipment and its administrative office. During the fiscal year the District disposed of assets with a depreciable basis of \$52,910 and acquired certain furniture and equipment with a cost basis of \$463,478. The District has no outstanding debt.

**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 2024, there were approximately (\$40,871) of approved budget amendments.

During fiscal year 2024, final budgeted appropriations in the General Fund exceeded actual total expenditures by \$7,462,536 (or 107%). This variance is primarily related to unused contingency reserves. Appropriations in the fiscal year 2025 budget are \$14,427,203, which represents a slight decrease in appropriations from fiscal year 2024, primarily as a result of 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 2025. The assessed millage rate was 0.2100 for fiscal year 2024, and the District elected to increase its millage rate to 0.2245 for fiscal year 2025. The District also budgeted a utilization of General Fund reserve in 2024 of approximately \$1.6 million.

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](http://www.swcmcd.org). Inquiries may also be sent via email to the Director at [director@swcmcd.org](mailto:director@swcmcd.org).

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2024**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 16,357,858
Investments	292,188
Receivables, net	157
Due from other governments	91,171
Capital assets:	
Non-depreciable	3,252,700
Depreciable, net	2,040,262
Total assets	\$ 22,034,336
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	\$ 446,422
<b>LIABILITIES</b>	
Accounts payable	\$ 693,276
Accrued liabilities	45,845
Noncurrent liabilities:	
Due within one year:	
Compensated absences	57,325
OPEB liability	270,479
Net pension liability	1,287,022
Total liabilities	\$ 2,353,947
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	\$ 124,901
<b>NET POSITION</b>	
Net investment in capital assets	\$ 5,292,962
Unrestricted	14,708,948
Total net position	\$ 20,001,910

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

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
Governmental activities: Human services	<u>\$ 3,872,030</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,872,030)</u>
General revenues:					
Property taxes					7,012,024
Investment earnings (loss)					915,535
Gain on disposal of capital assets					(9,992)
Miscellaneous					2,465
Total general revenues					<u>7,920,032</u>
Change in net position					4,048,002
Net position - beginning					15,953,908
Net position - ending					<u>\$ 20,001,910</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, 2024**

	<b>General</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 16,357,858
Investments	292,188
Accounts receivable	157
Due from other governments	91,171
Total assets	\$ 16,741,374
<b>LIABILITIES</b>	
Accounts payable	\$ 693,328
Accrued liabilities	45,793
Total liabilities	739,121
<b>FUND BALANCES</b>	
Assigned to:	
Subsequent year's budget	1,630,000
Unassigned	14,372,253
Total fund balances	16,002,253
<b>Total liabilities and fund balances</b>	<b>\$ 16,741,374</b>

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, 2024**

<b>Fund balance - governmental fund</b>		\$ 16,002,253
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	7,055,208	
Less: accumulated depreciation	<u>(1,762,246)</u>	5,292,962
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	(1,287,022)	
Deferred outflows related to pensions	446,422	
Deferred inflows related to pensions	<u>(124,901)</u>	(965,501)
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		(270,479)
Compensated absences		(57,325)
<b>Net position of governmental activities</b>		<u><u>\$ 20,001,910</u></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, 2024**

	<b>General</b>
<b>Revenues</b>	
Taxes	\$ 7,012,024
Miscellaneous	918,000
Total revenues	7,930,024
<b>Expenditures</b>	
Current:	
Human services:	
Personnel services	2,003,541
Operating expenses	1,561,161
Capital outlay	3,436,608
Total expenditures	7,001,310
<b>Excess (deficiency) of revenues over expenditures</b>	928,714
<b>Other financing sources (uses)</b>	
Proceeds from sale of capital assets	36,745
<b>Net change in fund balance</b>	965,459
<b>Fund balance, beginning of year</b>	15,036,794
<b>Fund balance, end of year</b>	\$ 16,002,253

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, 2024**

<b>Net change in fund balance - governmental fund</b>		\$ 965,459
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	3,436,608	
Depreciation expense	<u>(277,915)</u>	3,158,693
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.		
		(46,737)
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	(21,462)	
Change in total OPEB liability	2,281	
Change in compensated absences liability	<u>(10,232)</u>	(29,413)
<b>Change in net position of governmental activities</b>		<u><u>\$ 4,048,002</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, 2024**

**(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, 2024**

(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 are financed through revenues received by the General Fund.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

(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 2024 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 \$5,000 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, 2024**

(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 assets that applies to a future period 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 assets or fund balance that applies to future periods 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, 2024**

(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* – Restricted fund balance classification 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, 2024**

**(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, 2024, 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.*

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**(3) Deposits and Investments:** (Continued)

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.

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, 2024, 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>
Florida Government Investment Trust	\$ 291,648	50 days	AAAf/S1	N/A
Florida Cooperative Liquid Assets Securities System	540	46 days	AAAm	N/A
Total Portfolio	<u>\$ 292,188</u>			

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**(4) Capital Assets:**

Capital asset activity for the fiscal year ended September 30, 2024, is as follows:

<b>Governmental activities:</b>	<b>Balance 9/30/2023</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 9/30/2024</b>
Capital assets not being depreciated:				
Land	\$ 500	\$ -	\$ -	\$ 500
Construction in progress	279,070	2,973,130	-	3,252,200
Total assets not being depreciated	<u>279,570</u>	<u>2,973,130</u>	<u>-</u>	<u>3,252,700</u>
Capital assets being depreciated:				
Buildings and Improvements	563,102	-	-	563,102
Equipment	2,828,838	463,478	(52,910)	3,239,406
Total assets being depreciated	<u>3,391,940</u>	<u>463,478</u>	<u>(52,910)</u>	<u>3,802,508</u>
Less accumulated depreciation for:				
Buildings and Improvements	288,083	15,986	-	304,069
Machinery and Equipment	1,202,421	261,929	(6,173)	1,458,177
Less: accumulated depreciation	<u>1,490,504</u>	<u>277,915</u>	<u>(6,173)</u>	<u>1,762,246</u>
Total capital assets being depreciated, net	4,882,444	741,393	(59,083)	5,564,754
Governmental activities capital assets, net	<u>\$ 5,162,014</u>	<u>\$ 3,714,523</u>	<u>\$ (59,083)</u>	<u>\$ 8,817,454</u>

Depreciation expense of \$277,915 was charged to the human services function of governmental activities for the year ended September 30, 2024.

**(5) Long-term Liabilities:**

Long-term liability activity for the year ended September 30, 2024, was as follows:

<b>Governmental activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 47,093	\$ 103,807	\$ (93,575)	\$ 57,325	\$ 57,325

**(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, 2024**

**(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, 2024, the date of the latest actuarial valuation, plan participation consisted of the following:

Active Employees	22
Covered Spouses	0
Retirees, Beneficiaries, and Disabled	2
	24
	24

**Total OPEB Liability**—The District’s total OPEB liability of \$270,479 was measured as of September 30, 2024.

**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	4.06%
Healthcare cost trend rate	6.75%
Ultimate rate reached in 2075	4.00%

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, 2024, changes in the total OPEB liability were as follows:

Balance at <b>September 30, 2023</b>	<u>\$ 272,760</u>
Changes for a year:	
Service cost	26,569
Interest	14,412
Differences between expected and actual experience	(38,518)
Changes of assumptions	2,103
Benefit payments – implicit rate subsidy	<u>(6,847)</u>
Net changes	<u>(2,281)</u>
Balance at September 30, 2024	<u><u>\$ 270,479</u></u>

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

**(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 4.06%, 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:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 305,320	\$ 270,479	\$ 241,721

*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%-5.75%) or 1% higher (5.00%-7.75%) than the current healthcare cost trend rates (4.00%-6.75%):

	<b>1% Decrease</b>	<b>Current Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 236,456	\$ 270,479	\$ 311,921

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

For the year ended September 30, 2024, the District recognized OPEB expense of \$7,816. 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 \$7.50. The minimum payment is \$45 and the maximum payment is \$225 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, 2024**

(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](http://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, 2024**

(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, 2024, as follows (contribution rates are in agreement with the actuarially determined rates):

<b>FRS Membership Plan &amp; Class</b>	<b>Through June 30, 2024</b>	<b>After June 30, 2024</b>
Regular Class	13.57%	13.63%
Special Risk Class	32.67%	32.79%
Senior Management Class	34.52%	34.52%
DROP	21.13%	21.13%

Current-year employer HIS contributions were made at a rate of 2.00% of covered payroll through June 30, 2023, and 2.00% thereafter, which are included in the above rates.

For the plan year ended June 30, 2024, actual contributions made for employees participating in FRS and HIS were as follows:

District Contributions – FRS	\$	130,534
District Contributions – HIS		22,308
Employee Contributions – FRS		33,463

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

At September 30, 2024, the entity reported a liability related to FRS and HIS as follows:

<b>Plan</b>	<b>Net Pension Liability</b>
FRS	\$ 891,750
HIS	395,272
Total	\$ 1,287,022

The net pension liability was measured as of June 30, 2024, 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, 2024 and June 30, 2023, the District's proportionate share of the FRS and HIS net pension liabilities were as follows:

<b>Plan</b>	<b>2024</b>	<b>2023</b>
FRS	0.002305174%	0.001983023%
HIS	0.002634977%	0.002407898%

For the plan year ended June 30, 2024, pension expense was recognized related to the FRS and HIS plans as follows:

FRS	\$	154,298
HIS		28,732
Total	\$	183,030

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

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

*Deferred outflows/inflows related to pensions:*

At September 30, 2024, 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	\$ 90,091	\$ -	\$ 3,817	\$ (759)
Changes of assumptions	122,222	-	6,995	(46,795)
Net difference between projected and actual investment earnings	-	(59,270)	-	(143)
Change in proportionate share	118,418	(12,492)	58,619	(5,442)
Contributions subsequent to measurement date	39,959	-	6,301	-
Total	<u>\$ 370,690</u>	<u>\$ (71,762)</u>	<u>\$ 75,732</u>	<u>\$ (53,139)</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, 2025. 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
2025	\$ 8,029	\$ 6,683	\$ 14,712
2026	178,919	3,210	182,129
2027	36,482	523	37,005
2028	21,648	2,408	24,056
2029	13,891	2,815	16,706
Thereafter	-	653	653
	<u>\$ 258,969</u>	<u>\$ 16,292</u>	<u>\$ 275,261</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 3.50%. Both the discount rate and the long-term expected rate of return used for FRS investments is 6.70%. This rate remained consistent with the prior year rate of 6.70%. 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 3.93% was used to determine the total pension for the program. This rate increased from the prior year rate, which was 3.65%. Mortality assumptions for both plans were based on the PUB-2010 base table varies by member category and sex, projected generationally with Scale MP-2021 details.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2024**

(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 2023, 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%	3.3%
Fixed income	29.0%	5.7%
Global equities	45.0%	8.6%
Real estate	12.0%	8.1%
Private equity	11.0%	12.4%
Strategic investments	2.0%	6.6%
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	6.70%	\$ 1,568,556	\$ 891,750	\$ 324,780
HIS	3.93%	449,967	395,272	349,867

(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.

**SOUTH WALTON COUNTY MOSQUITO CONTROL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2024**

**(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:

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB Statement No. 101 amends the existing guidance related to the calculation and disclosures surrounding the liability for compensated absences. The provisions for GASB 101 are effective for fiscal years beginning after December 15, 2023.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The objective of GASB 102 is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The effective date for implementation is fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

GASB issued Statement No. 103, *Financial Reporting Model Improvements*, in April 2024. The objective of GASB 103 improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The effective date for implementation is fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, in September 2024. GASB Statement No. 104 requires governments to disclose separate information about specific types of capital assets and establishes criteria for identifying and reporting capital assets held for sale. The objective of GASB 104 is to enhance transparency and improve the usefulness of financial statements for stakeholders by providing more detailed information on these assets. The provisions are effective for fiscal years beginning after June 15, 2025.

**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, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 7,139,687	\$ 7,139,687	\$ 7,012,024	\$ (127,663)
Miscellaneous	202,500	202,500	918,000	715,500
Total revenues	<u>7,342,187</u>	<u>7,342,187</u>	<u>7,930,024</u>	<u>587,837</u>
<b>Expenditures</b>				
Current:				
Human services:				
Personnel services	2,451,780	2,431,780	2,003,541	428,239
Operating expenses	2,724,794	2,703,923	1,561,161	1,142,762
Capital outlay	9,291,500	9,291,500	3,436,608	5,854,892
Total expenditures	<u>14,468,074</u>	<u>14,427,203</u>	<u>7,001,310</u>	<u>7,425,893</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(7,125,887)</u>	<u>(7,085,016)</u>	<u>928,714</u>	<u>8,013,730</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	90,000	90,000	36,745	(53,255)
<b>Net change in fund balance</b>	<u>(7,035,887)</u>	<u>(6,995,016)</u>	<u>965,459</u>	<u>7,960,475</u>
<b>Fund balance, beginning of year</b>	15,036,794	15,036,794	15,036,794	-
<b>Fund balance, end of year</b>	<u>\$ 8,000,907</u>	<u>\$ 8,041,778</u>	<u>\$ 16,002,253</u>	<u>\$ 7,960,475</u>

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

<b>Total OPEB Liability</b>	<b>For the Fiscal Year Ended September 30,</b>						
	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 26,569	\$ 26,302	\$ 19,756	\$ 20,305	\$ 11,329	\$ 9,976	\$ 10,673
Interest	14,412	12,704	7,621	6,559	8,890	9,712	8,965
Difference between expected and actual experience	(38,518)	-	(8,529)	-	(35,768)	-	-
Changes in assumptions	2,103	(3,034)	(65,638)	(11,646)	79,303	15,671	(13,790)
Benefit payments	(6,847)	(6,384)	(7,792)	(7,282)	(21,607)	(19,914)	(18,354)
Net change in total OPEB liability	(2,281)	29,588	(54,582)	7,936	42,147	15,445	(12,506)
Total OPEB liability - beginning	272,760	243,172	297,754	289,818	247,671	232,226	244,732
Total OPEB liability - ending	<u>270,479</u>	<u>272,760</u>	<u>243,172</u>	<u>297,754</u>	<u>289,818</u>	<u>247,671</u>	<u>232,226</u>
Covered payroll	1,251,632	951,559	928,350	747,495	729,263	792,663	773,330
Total OPEB liability as a percentage of covered employee payroll	21.61%	28.66%	26.19%	39.83%	39.74%	31.25%	30.03%

Notes to Schedule:

Valuation date:	9/30/2024	9/30/2022	9/30/2022	9/30/2020	9/30/2020	9/30/2018	9/30/2018
Measurement date:	9/30/2024	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018

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:

4.06%	4.87%	4.77%	2.43%	2.14%	3.58%	4.18%
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*Benefit Payments:*

The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal years above. Expected net benefit payments produced by the valuation model for the same period are shown in the table above. The Plan does not meet the requirements for an OPEB plan administered through a trust.

\*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,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>										
Proportion of the net pension liability	0.002305174%	0.001983023%	0.001872010%	0.001854341%	0.001712062%	0.002033503%	0.002026413%	0.002135574%	0.002270559%	0.002199773%
Proportionate share of the net pension liability	\$ 891,750	\$ 790,172	\$ 696,538	\$ 140,074	\$ 742,052	\$ 700,310	\$ 610,366	\$ 631,689	\$ 573,318	\$ 284,130
Covered payroll	1,115,425	954,191	815,894	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	79.95%	82.81%	85.37%	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	83.70%	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%
<b>Health Insurance Subsidy Program (HIS)</b>										
Proportion of the net pension liability	0.002634977%	0.002407898%	0.002238339%	0.002114547%	0.002039054%	0.002205829%	0.002030008%	0.002093310%	0.002093310%	0.002075709%
Proportionate share of the net pension liability	\$ 395,272	\$ 382,406	\$ 237,076	\$ 259,381	\$ 248,965	\$ 246,810	\$ 214,858	\$ 215,280	\$ 243,967	\$ 211,690
Covered payroll	1,115,425	954,191	815,894	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	35.44%	40.08%	29.06%	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	4.80%	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

	For the Fiscal Year Ended September 30,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Florida Retirement System (FRS)</b>										
Contractually required contribution	\$ 138,352	\$ 103,922	\$ 80,678	\$ 75,315	\$ 56,884	\$ 63,053	\$ 57,751	\$ 55,594	\$ 55,371	\$ 53,632
Contributions in relation to the contractually required contribution	138,352	103,922	80,678	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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,160,750	\$ 1,002,517	\$ 825,320	\$ 762,664	\$ 691,541	\$ 823,766	\$ 786,419	\$ 697,566	\$ 655,077	\$ 656,437
Contributions as a percentage of covered payroll	11.92%	10.37%	9.78%	9.88%	8.23%	7.65%	7.34%	7.97%	8.45%	8.17%
<b>Health Insurance Subsidy Program (HIS)</b>										
Contractually required contribution	\$ 23,215	\$ 17,559	\$ 13,700	\$ 12,660	\$ 11,750	\$ 12,249	\$ 11,009	\$ 10,655	\$ 10,730	\$ 7,935
Contributions in relation to the contractually required contribution	23,215	17,559	13,700	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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,160,750	\$ 1,002,517	\$ 825,320	\$ 762,664	\$ 691,541	\$ 823,766	\$ 786,419	\$ 697,566	\$ 655,077	\$ 656,437
Contributions as a percentage of covered payroll	2.00%	1.75%	1.66%	1.66%	1.70%	1.49%	1.40%	1.53%	1.64%	1.21%

**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, 2024, 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, 2025.

***Report on 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph 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. We consider the deficiency described below as item 2024-001 to be a material weakness.

## **2024-001: Preparation of Financial Statements and Audit Adjustments**

Professional standards promulgated by the American Institute of Certified Public Accountants provide a system of internal control over financial reporting should allow the District to prepare financial statements, including note disclosures, in accordance with generally accepted accounting principles (GAAP). While auditors can assist with the preparation of financial statements and related footnotes, the financial statements are the responsibility of management. A control deficiency exists in instances where the District is not positioned to draft financial statements and all required disclosures. For subsequent audits, management may wish to take an active role in the drafting of the financial statements and related disclosures. Additionally, adjustments were required to be made to the accounting records subsequent to the start of the audit process to be in accordance with GAAP. We recommend that management reconcile all accounts during the year end closing procedures to ensure that misstatements do not exist within the accounting records.

### ***Report on Compliance and Other Matters***

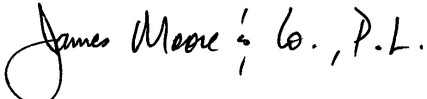
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the letter titled Management's Response to the Auditors' Comments, 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 the response.

### **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.



Tallahassee, Florida  
June 24, 2035

**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, 2024, and have issued our report thereon dated, June 24, 2035.

**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 Financial Statements Performed in Accordance with Government Auditing Standards; and Chapter 10.550, Rules of the Auditor General; and Independent Accountants' 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, 2035, 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. Comment 2024-001 remains uncorrected from the second preceding audit report. The following summarizes the status of prior year findings and recommendations.

**2023-001 Preparation of Financial Statements and Audit Adjustments:** Corrective action not taken. See repeat comment 2024-001.

**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 to identify 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: 24
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year: -0-
- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency: \$1,190,814
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency: \$180
- 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 a gross maximum price of approximately \$8.1 million. The total expenditures through September 30, 2024 are \$6,060,766.

- 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:	\$	17,398,074
Amendments:		40,871
Final budget:		17,357,203

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:

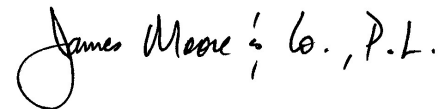
- a) The millage rate or rates imposed by the district: 0.21.
- b) The total amount of ad valorem taxes collected by or on behalf of the district: \$6,988,760.
- c) The total amount of outstanding bonds issued by the district and the terms of such bonds: None.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to address noncompliance with provisions of contracts or grant agreements, or fraud, waste, or abuse, that has occurred, or is likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not 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.



Tallahassee, Florida  
June 24, 2025

**INDEPENDENT ACCOUNTANTS' EXAMINATION REPORT**

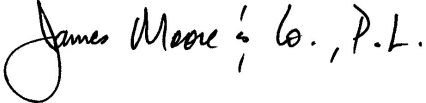
To the Board of Commissioners,  
South Walton County Mosquito Control District

We have examined the South Walton County Mosquito Control District's (the District) compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies* (the Statute), for the year ended September 30, 2024. Management is responsible for the District's compliance with those requirements. Our responsibility is to obtain reasonable assurance by evaluating against the aforementioned statutes and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation based on our examination.

Our examination was conducted in accordance with the attestation standards for a direct examination engagement established by the AICPA. Those standards require that we obtain reasonable assurance by evaluating against the aforementioned statutes during the year ended September 30, 2024 and performing other procedures to obtain sufficient appropriate evidence to express an opinion that conveys the results of our evaluation of District's compliance during the year ended September 30, 2024. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks that were not in accordance with those requirements in all material respects, 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.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to the engagement.

In our opinion, for the year ended September 30, 2024, the District complied with the Statute in all material respects.



Tallahassee, Florida  
June 24, 2035



# South Walton County Mosquito Control District

Director  
Darrin Dunwald

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

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## MANAGEMENT'S RESPONSE TO FINDINGS

### **2024-001: Preparation of Financial Statements and Audit Adjustments**

We acknowledge the audit findings regarding the District's internal control over financial reporting and appreciate the recommendations provided.

#### **Financial Statement Preparation**

The District recognizes that management is responsible for preparing financial statements and accompanying note disclosures in accordance with generally accepted accounting principles (GAAP). Historically, the District has relied on external auditors to assist in compiling these statements. We understand that this approach represents a control deficiency under professional standards set forth by the American Institute of Certified Public Accountants (AICPA), which emphasize the importance of an internal system capable of independently generating GAAP-compliant financial statements.

To address this, management is actively evaluating enhancements to our internal processes to strengthen our ability to prepare financial statements independently. As part of this effort, we are exploring options including:

- Increasing staff training in GAAP requirements and financial reporting.
- Implementing tools that facilitate GAAP-compliant disclosures.
- Designating a finance team member to take the lead in the drafting process, under review by the finance manager.

Our goal is to play a more direct and informed role in the drafting of future financial statements and disclosures, thereby reducing reliance on auditor assistance and closing this identified gap in internal control.

#### **Year-End Adjustments and Account Reconciliations**

We also acknowledge the auditor's observation that certain adjustments were required during the audit process to bring the financial records into compliance with GAAP. We are committed to preventing the recurrence of such post-audit adjustments by improving our year-end closing procedures. To that end, the District will:

- Implement a comprehensive year-end closing checklist that includes detailed reconciliation procedures for all key accounts.
- Establish stricter internal timelines to complete reconciliations prior to the commencement of audit fieldwork.
- Conduct pre-audit internal reviews to identify and resolve potential misstatements early.

These improvements are designed to ensure that our accounting records are accurate and complete as of the fiscal year-end, thereby enhancing audit readiness and maintaining the integrity of our financial reporting.

#### **Conclusion**

We appreciate the auditors' constructive feedback and are committed to strengthening the District's financial reporting controls. These actions will support compliance with professional standards, increase the efficiency of future audits, and promote transparency and accountability in our financial operations.