

**CENTRAL COUNTY WATER CONTROL DISTRICT**

**BASIC FINANCIAL STATEMENTS  
TOGETHER WITH REPORTS OF  
INDEPENDENT AUDITOR**

**YEAR ENDED  
September 30, 2017**

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American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
Central County Water Control District  
475 S. Cabbage Palm Street  
Clewiston, FL 33440

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of Central County Water Control District (the "District") as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Florida Retirement Systems Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2017. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2017 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Central County Water Control District's government-wide financial statements, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Central County Water Control District as of September 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages I - VII, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, 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 required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Required Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central County Water Control District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Section 218.415, Florida Statutes***

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated January 9, 2018, on our consideration of Central County Water Control District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Central County Water Control District's compliance with Section 218.415, Florida Statutes.

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

In accordance with Government Auditing Standards, we have also issued our report dated January 9, 2018, 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, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central County Water Control District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
January 9, 2018

**MANAGEMENT'S DISCUSSION  
AND ANALYSIS  
(MD&A)**

# CENTRAL COUNTY WATER CONTROL DISTRICT

## Management's Discussion and Analysis

For the year ending September 30, 2017

### Management's Discussion and Analysis

This discussion and analysis of the Central County Water Control District (the "District") financial statements is intended to give a considered overview of the District's financial activities for the fiscal year ended September 30, 2017. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. It is our intent to assist the reader in identifying and understanding significant changes in the District's financial position.

### Financial Highlights

- At the close of fiscal year 2017, the District's assets exceeded its liabilities, resulting in net position of \$10,109,039.
- The District had \$2,476,679 of unrestricted net position that can be used to meet the District's ongoing obligations at September 30, 2017.
- For the year ended September 30, 2017, the District's net position balance increased by \$174,333.
- Operationally, on a fund basis, the District's revenues exceeded expenditures by \$193,159 for the year ended September 30, 2017.
- Total governmental revenues increased \$521,992 or 33 percent for the year ended September 30, 2017 in comparison to the prior year.
- Total governmental expenses increased \$108,054 or 6 percent for the year ended September 30, 2017 in comparison to the prior year.
- The District's net investment in capital assets decreased by \$9,607 or 1 percent during the year ended September 30, 2017.
- As a result of GASB Statement #68, the District is required to record its proportionate share of the actuarially determined FRS's net pension liability at September 30, 2017 and 2016. The District recorded a net pension liability of \$351,671 and \$380,602 at September 30, 2017 and 2016, respectively.

## **Government-wide Financial Statements**

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 4 and 5) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The Statement of Net Position (Page 4) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (property, buildings and equipment) are included in this Statement and are reported net of their accumulated depreciation.

The Statement of Activities (Page 5) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both Statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

## **Governmental Fund Financial Statements**

The accounts of the District are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements (found on pages 6 and 8) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

## **Notes to the Financial Statements**

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 10. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year.

The following is a condensed summary comparison of net position for the primary government for fiscal year 2017, 2016 and 2015:

	2017	2016	2015
	<u>Amounts</u>	<u>Amounts</u>	<u>Amounts</u>
<b>Assets:</b>			
Current and other assets	\$ 2,962,648	\$ 2,662,100	\$ 3,645,218
Capital assets, net	<u>9,633,965</u>	<u>9,780,377</u>	<u>9,364,138</u>
Total Assets	<u>12,596,613</u>	<u>12,442,477</u>	<u>13,009,356</u>
Deferred outflows of resources - pensions	<u>124,377</u>	<u>168,374</u>	<u>43,111</u>
<b>Liabilities:</b>			
Current liabilities	334,133	222,230	301,223
Non-current liabilities	<u>2,210,760</u>	<u>2,381,010</u>	<u>2,523,414</u>
Total Liabilities	<u>2,544,893</u>	<u>2,603,240</u>	<u>2,824,637</u>
Deferred inflows of resources - pensions	<u>67,058</u>	<u>72,905</u>	<u>53,519</u>
<b>Net Position:</b>			
Net investment in capital assets	7,632,360	7,641,967	7,102,869
Restricted	-	-	1,196,899
Unrestricted	<u>2,476,679</u>	<u>2,292,739</u>	<u>1,874,543</u>
Total Net Position	<u>\$ 10,109,039</u>	<u>\$ 9,934,706</u>	<u>\$ 10,174,311</u>

At September 30, 2017, current and other assets represent 24 percent of total assets. Current assets are comprised of unrestricted cash balances of \$2,878,092, restricted cash of \$39,146, receivables of \$0, due from other governments of \$25,028, inventory of \$10,216, and other assets of \$10,166. The balances of unrestricted cash represent amounts that are available for spending at the District's discretion. Restricted cash balances are for the Interlocal Agreement Fund.

At September 30, 2017, the capital assets of \$15,065,937 are comprised of land, buildings, improvements, equipment, furniture, and vehicles, and are shown net of accumulated depreciation of \$5,431,972.

The unrestricted net position balance at September 30, 2017 of \$2,476,679 represents an increase of \$183,940 or a 2 percent decrease from the prior fiscal year. The District's Board budgeted for an increase in unrestricted net assets.

In regard to the General Fund operations of the District, maintenance tax based on benefits provided. For fiscal years 2017 and 2016, the maintenance tax levies were \$220 and \$220 per acre, respectively.

The following is a Summary of Revenues, Expenses and Changes in Net Position:

Comparison Summary of Revenues, Expenses and  
Changes in Net Position for the Years ended  
September 30

	2017 Amounts	2016 Amounts	2015 Amounts
<b>Revenues:</b>			
Maintenance taxes	\$ 1,910,222	\$ 1,536,134	\$ 1,597,410
Operating grant	-	-	300,000
Interest	184,572	45,931	6,978
Gain (loss) on disposition	-	-	-
Miscellaneous (including rent and sale of spoil)	25,114	15,851	-
Total Revenues	<u>2,119,908</u>	<u>1,597,916</u>	<u>1,904,388</u>
<b>Expenditures:</b>			
General Government	446,029	418,157	277,960
Total General Government	<u>446,029</u>	<u>418,157</u>	<u>277,960</u>
Water Control and Roads	747,445	1,142,462	1,098,842
Interest and fiscal charges	75,521	4,693	84,788
Total Field Operations	<u>822,966</u>	<u>1,147,155</u>	<u>1,183,630</u>
Recreation	676,580	272,209	285,245
Total Expenses	<u>1,945,575</u>	<u>1,837,521</u>	<u>1,746,835</u>
Increase (decrease) in net position	174,333	(239,605)	157,553
Net position - Beginning, Prior to Reinstatement	9,934,706	10,174,311	10,303,812
Prior Period Adjustment - GASB 68	-	-	(287,054)
Net Position, Beginning, After Restatement	<u>9,934,706</u>	<u>10,174,311</u>	<u>10,016,758</u>
Net Position - Ending	<u>\$ 10,109,039</u>	<u>\$ 9,934,706</u>	<u>\$ 10,174,311</u>

**Capital Assets**

Non-depreciable capital assets include land and construction in progress. Depreciable assets include buildings, improvements other than buildings, office equipment, machinery & equipment and vehicles.

The following is a schedule of the District's capital assets:

	Capital Assets September 30		
	2017	2016	2015
Capital Assets not being depreciated:			
Land	\$ 3,488	\$ 3,488	\$ 34,969
Construction in progress	<u>-</u>	<u>-</u>	<u>2,435,418</u>
Total Capital Assets not being depreciated	<u>3,488</u>	<u>3,488</u>	<u>2,470,387</u>
Capital Assets being depreciated:			
Buildings and building improvements	413,634	413,634	394,609
Other improvements	12,489,916	12,489,916	8,985,180
Machinery & equipment	<u>2,158,899</u>	<u>1,855,071</u>	<u>2,058,656</u>
Total Capital Assets being depreciated	<u>15,062,449</u>	<u>14,758,621</u>	<u>11,438,445</u>
Less: Accumulated Depreciation	<u>(5,431,972)</u>	<u>(4,981,732)</u>	<u>(4,544,694)</u>
Capital Assets, being depreciated, net	<u>9,630,477</u>	<u>9,776,889</u>	<u>6,893,751</u>
Capital Assets, Net	<u>\$ 9,633,965</u>	<u>\$ 9,780,377</u>	<u>\$ 9,364,138</u>

During the years ended September 30, 2017 and 2016, the District purchased capital assets of \$303,828 and \$853,277, respectively. The most significant items purchased in 2017 were \$270,000 pump station and \$27,000 power unit for the pump station. The most significant being the \$2,000,000 dike project in 2016.

#### Long Term Obligations

The District had the following long term obligations at September 30, 2017:

	2017	2016	2015
Capital Leases	\$ 134,547	\$ 198,749	\$ 261,269
Bonds Payable	1,867,058	1,939,661	2,000,000
Net Pension Liability	<u>251,671</u>	<u>380,602</u>	<u>262,145</u>
	<u>\$ 2,253,276</u>	<u>\$ 2,519,012</u>	<u>\$ 2,523,414</u>

The District issued a \$2,000,000 bond issue in 2015 to fund the dike project. In 2015, the District also leased a wheeled excavator and loader. In 2015, the District implemented GASB 68 and, therefore, began recording its proportionate share of its net pension liability.

**Budgetary Highlights**

For the fiscal year ended September 30, 2017, revenues exceeded expenditures by \$193,159. The decrease in fund balance was budgeted to complete the dike project.

**Economic Factors and Next Year's Budgets and Other Events**

For the year ended September 30, 2018 the District adopted an assessment of \$220 per acre, consistent with the year ended September 30, 2017.

**Request for Information**

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to:

Denise Miller, Chairperson  
475 Cabbage Palm Street, Clewiston, FL 33440  
863-983-5797

**CENTRAL COUNTY WATER CONTROL DISTRICT  
STATEMENT OF NET POSITION  
September 30, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 2,878,092
Cash and cash equivalents - restricted	39,146
Accounts receivable	-
Due from other governments	25,028
Inventory	10,216
Prepaid expenses and other	10,166
Total current assets	<u>2,962,648</u>
Non-current assets:	
Capital assets:	
Non-depreciable land	3,488
Depreciable buildings, equipment and machinery (net of \$5,431,972 accumulated depreciation)	<u>9,630,477</u>
Total non-current assets	<u>9,633,965</u>
<b>TOTAL ASSETS</b>	<u>12,596,613</u>
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</b>	<u>124,377</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	88,364
Contract payable	103,253
Current portion of long-term obligations	142,516
Total current liabilities	<u>334,133</u>
Non-current liabilities:	
Non-current portion of long-term obligations	<u>2,210,760</u>
<b>TOTAL LIABILITIES</b>	<u>2,544,893</u>
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	<u>67,058</u>
<b>NET POSITION</b>	
Net investment in capital assets	7,632,360
Restricted	-
Unrestricted	2,476,679
<b>TOTAL NET POSITION</b>	<u><u>\$ 10,109,039</u></u>

The accompanying notes are an integral part of this statement.

**CENTRAL COUNTY WATER CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2017**

	<u>Total Governmental Activities</u>
<b>EXPENSES</b>	
Governmental Activities	
General Government	
Administration	
Personnel services	\$ 153,283
Operating expenses	<u>292,746</u>
Total General Government	<u>446,029</u>
Water Control & Roads	
Personnel services	357,984
Operating expenses	385,341
Depreciation	<u>4,120</u>
Total Water Control & Roads	<u>747,445</u>
Recreation	
Personnel services	168,972
Operating expenses	61,488
Depreciation	<u>446,120</u>
Total Recreation	<u>676,580</u>
Interest and fiscal charges	<u>75,521</u>
Total Governmental Activities	<u>1,945,575</u>
 <b>GENERAL REVENUES</b>	
Maintenance taxes	1,910,222
Interest income	184,572
Miscellaneous income	<u>25,114</u>
TOTAL GENERAL REVENUES	<u>2,119,908</u>
 INCREASE IN NET POSITION	 174,333
 NET POSITION - Beginning of the year	 <u>9,934,706</u>
 NET POSITION - End of the year	 <u>\$ 10,109,039</u>

The accompanying notes are an integral part of this statement.

**CENTRAL COUNTY WATER CONTROL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2017**

	General Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,878,092	\$ 2,878,092
Restricted cash and cash equivalents	39,146	39,146
Accounts receivable	-	-
Due from other governments	25,028	25,028
Inventory	10,216	10,216
Prepaid expenses and other	<u>10,166</u>	<u>10,166</u>
TOTAL ASSETS	<u>\$ 2,962,648</u>	<u>\$ 2,962,648</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 88,364	\$ 88,364
Contract payable	103,253	103,253
Due to other governments	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>191,617</u>	<u>191,617</u>
 <b>FUND BALANCE</b>		
General Fund:		
Non-spendable	20,382	20,382
Restricted	-	-
Assigned - emergency/disaster reserve	-	-
Unassigned	<u>2,750,649</u>	<u>2,750,649</u>
TOTAL FUND BALANCE	<u>2,771,031</u>	<u>2,771,031</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,962,648</u>	<u>\$ 2,962,648</u>

The accompanying notes are an integral part of this statement.

**CENTRAL COUNTY WATER CONTROL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS -  
TO THE STATEMENT OF NET POSITION  
September 30, 2017**

	<u>Amount</u>	
Total fund balance for governmental funds	\$ 2,771,031	
<p>Amounts reported for governmental activities in the  Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources  and, therefore, are not reported in the governmental funds.</p>		
<p>Capital assets not being depreciated:</p>		
Land and rights of way	<u>3,488</u>	3,488
<p>Capital assets being depreciated:</p>		
Building, equipment and machinery	15,062,449	
Less accumulated depreciation	<u>(5,431,972)</u>	9,630,477
<p>Deferred outflows and deferred inflows related to pensions  are applied to future periods and, therefore, are not reported in  the governmental funds.</p>		
Deferred outflows related to pensions	124,377	
Deferred inflows related to pensions	<u>(67,058)</u>	57,319
<p>Long-term liabilities are not due and payable in the current period  and, therefore, are not reported in the governmental funds.</p>		
Net pension liability - pension (FRS)	(224,034)	
Net pension liability - HIS	(127,637)	
Bonds payable	(1,867,058)	
Capital lease payable - excavator	(71,606)	
Capital lease payable - loader	<u>(62,941)</u>	<u>(2,353,276)</u>
Total net position of governmental activities	<u>\$ 10,109,039</u>	

The accompanying notes are an integral part of this statement.

**CENTRAL COUNTY WATER CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year Ended September 30, 2017**

	General Fund	Total Governmental Funds
<b>REVENUES</b>		
Maintenance taxes	\$ 1,910,222	\$ 1,910,222
Interest	184,572	184,572
Miscellaneous	25,114	25,114
TOTAL REVENUES	2,119,908	2,119,908
<b>EXPENDITURES</b>		
Current		
General government		
Administration		
Personnel services	153,283	153,283
Operating expenditures	292,746	292,746
	446,029	446,029
Physical environment		
Water control & roads		
Personnel services	348,765	348,765
Operating expenditures	385,341	385,341
	734,106	734,106
Physical environment		
Recreation		
Personnel services	168,972	168,972
Operating expenditures	61,488	61,488
	230,460	230,460
Capital outlay	303,828	303,828
Debt service		
Principal retired	136,805	136,805
Interest charges	75,521	75,521
TOTAL EXPENDITURES	1,926,749	1,926,749
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	193,159	193,159
<b>OTHER FINANCING SOURCES</b>		
Proceeds from disposition of capital assets	-	-
TOTAL OTHER FINANCING SOURCES	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	193,159	193,159
<b>FUND BALANCE - BEGINNING</b>	2,577,872	2,577,872
<b>FUND BALANCE - ENDING</b>	\$ 2,771,031	\$ 2,771,031

The accompanying notes are an integral part of this statement.

**CENTRAL COUNTY WATER CONTROL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES**

**Year Ended September 30, 2017**

	<u>Amount</u>	
Net change (excess of revenues and other financing sources over (under) expenditures) in fund balance - total governmental funds	\$ 193,159	
The increase in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Plus: Expenditures for capital assets	303,828	
Less: Proceeds from disposition of capital assets	-	
Plus: Gain on disposition of capital assets	-	
Less: Current year depreciation	<u>(450,240)</u>	
		(146,412)
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.		
Bond principal payments	72,603	
Capital lease principal payments	<u>64,202</u>	
		136,805
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) decrease in net pension liability - pension (FRS)	(1,131)	
(Increase) decrease in net pension liability - pension (HIS)	30,062	
Increase (decrease) in deferred outflows	(43,997)	
(Increase) decrease in deferred inflows	5,847	
(Increase) decrease in accrued interest payable	<u>-</u>	
		<u>(9,219)</u>
Change (increase) in net position of governmental activities	<u>\$ 174,333</u>	

The accompanying notes are an integral part of this statement.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and nature of activities**

Central County Water Control District (the "District") is an independent special district and was created on May 21, 1970 under Laws of Florida Chapter 70-702 by a Special Act of the Florida Legislature under the provisions of Florida Statute, Chapter 298. Laws of Florida Chapter 90-413, Special Acts of Florida Legislature, amended Laws of Florida Chapter 70-702 to allow Central County Water Control District to construct, acquire by donation or purchase recreational facilities and areas for the benefit of the District residents. The District's establishing legislation was codified, re-enacted, amended and repealed by the Laws of Florida Chapter 2000-415. Laws of Florida Chapter 2007-315 changed the method in which District Board Members are elected. Laws of Florida Chapter 2013-263 changed the District's boundaries. The District was established for the purposed of reclaiming, draining, and irrigating the land within the District. The District is located in Hendry County which is in south central Florida. The District includes approximately 7,900 taxable acres.

The District is governed by the Board of Supervisors ("Board"), which is composed of five (5) members. Three (3) members are elected by the owners of the property within the District and two (2) members are elected by popular vote. The Board serves four (4) year staggered terms. The Board of Supervisors of the District exercise all powers granted to the District pursuant to Florida Statutes.

The Board has the responsibility, among other items, for:

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Summary of significant accounting policies**

The following is a summary of the significant accounting policies used in the preparation of these basic financial statements.

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**Reporting entity**

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34". These Statements require the basic financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included. Therefore, there are no component units included and/or required to be included in the District's basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the District is in a better or worse financial position than the prior year. The effect of all interfund activity between governmental funds has been removed from the government-wide financial statements.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Government-wide Financial Statements, continued**

exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions."

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements, rather than as expenditures.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital improvements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Program revenues are considered to be revenues generated by services performed and/or by fees charged, such as permits allowing drainage into the District systems.

**Fund Financial Statements**

The District adheres to GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fund Financial Statements, continued**

appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental funds are presented after the government-wide financial statements. The governmental fund financial statements display information about major funds individually and nonmajor funds in aggregate for governmental funds.

**Governmental Funds**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34). The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All governmental funds of the District are considered major funds.

**Measurement Focus and Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Measurement Focus and Basis of Accounting, continued**

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. Maintenance taxes and non-ad valorem taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual are assessments, taxes, interest on investments, and intergovernmental revenues. Assessments and taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on the long-term debt, if any, is recognized when due, and (2) expenditures are generally not divided between years by the recording of prepaid expenditures.

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

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Non-current Government Assets/Liabilities**

GASB 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as notes and bonds payable and capital leases, to be reported in the governmental activities column in the government-wide Statement of Net Position.

**Major Funds**

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District.

**Budgetary Information**

The District has elected to report budgetary comparison of major funds as required supplementary information (RSI).

**Inventory**

Inventory consists of multiple types of fuel at year end. The inventories are valued at cost, which approximates market. The method used to determine the value of the inventory is the FIFO (first in-first out) method.

**Capital Assets**

Capital assets, which include land, buildings, equipment, and machinery, are reported in the government-wide Statement of Net Position.

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) capital assets consist of certain improvements other than buildings, including roads, water control structures, weirs, culverts, and excavations, are capitalized. The District has not included the cost of land and the cost of land

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Capital Assets, continued**

under and surrounding its canals or the infrastructure type assets into the "land" category of capital assets. Since the District continually maintains its canals and drainage systems, it has elected not to depreciate such systems. No debt-related interest expense is capitalized as part of capital assets in accordance with GASB 34.

Maintenance, repairs, and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized when the related expenditure is incurred.

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as expenditures in the government-wide statements, but rather are capitalized and depreciated.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	10-40
Equipment and Machinery	5-40

**Budgets and Budgetary Accounting**

The District has adopted an annual budget for the General Fund.

The District follows these procedures in establishing budgetary data for the General Fund.

1. During the spring of each year, the General Manager and/or Treasurer submits to the Board of Supervisors a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer/landowner comments.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Budgets and Budgetary Accounting, continued**

3. The budget is adopted by approval of the Board of Supervisors.
4. Budget amounts, as shown in these basic financial statements, are as originally adopted or as amended by the Board of Supervisors.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.
8. The Board of Supervisors approved one budget amendment during the fiscal year ended September 30, 2017.

**Compensated Absences**

The District's employees accumulate sick and annual leave based on the number of years of continuous service. Upon termination of employment, however, employees cannot receive payment of accumulated sick or annual leave. Therefore, no such liability is recorded in these financial statements. An employee, however, may cash out 104 hours less 20 hours of sick time annually on December 31. The estimated cost of this time is accrued and recorded within these financial statements.

**Encumbrances**

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because, at present, it is not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

**Due From Other Governments**

No allowance for losses on uncollectible accounts has been recorded since the District considered all amounts to be fully collectible.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fund Equity**

The Board has not adopted a formal fund balance policy. However, the informal policy calls for unassigned fund balance in the general fund ranging from 25% - 50% of budgeted expenditures. In the governmental fund financial statements, restriction of fund balance indicates amounts that are limited for a specific purpose, are not appropriate for expenditure, or are legally segregated for a specific future use. Assignments of fund balance represent tentative management plans. Such assignments can be changed and/or amended by Board action. Unassigned fund balance indicates funds that are available for current expenditure.

**Pensions**

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employees contributions) are recognized when due and payable in accordance with the benefit terms.

The District's retirement plans and related amounts are described in a subsequent note.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount on pensions is reported in the government-wide Statement of Net Position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Deferred Outflows/Inflows of Resources, continued**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amount on pensions is reported only in the government-wide Statement of Net Position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings which are amortized over five to seven years.

**Management Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the District to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund equity, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

Subsequent events have been evaluated through January 9, 2018, which is the date the financial statements were available to be issued.

**CENTRAL COUNTY WATER CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2017**

**NOTE B - CASH AND CASH EQUIVALENTS**

At September 30, 2017, cash and cash equivalents were \$2,917,238 which was comprised of unrestricted cash of \$2,878,092 including petty cash of \$25 and \$39,146 cash restricted for debt service.

**Deposits**

The District's deposit policy allows deposits to be held in demand deposit or money market accounts. All District depositories are banks or savings institutions designated as qualified depositories by the State Treasurer.

At September 30, 2017, the carrying amount of the District's deposits were \$2,917,213. The bank balances were \$3,016,435. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Statute, Chapter 280, Public Depository Security Act of the State of Florida.

**CENTRAL COUNTY WATER CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE C - CAPITAL ASSETS ACTIVITY**

The following is a summary of changes in capital assets activity for the year ended September 30, 2017:

	Balance October 1 2016	Increases/ Additions	Decreases/ Retirements	Adjustments/ Reclassifications	Balance September 30 2017
Capital Assets Not					
Being Depreciated:					
Land	\$ 3,488	\$ -	\$ -	\$ -	\$ 3,488
CIP	-	-	-	-	-
Total Capital Assets Not					
Being Depreciated	<u>3,488</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,488</u>
Capital Assets					
Being Depreciated:					
Buildings	413,634	-	-	-	413,634
Other improvements	12,489,916	-	-	-	12,489,916
Equipment & Machinery	<u>1,855,071</u>	<u>303,828</u>	<u>-</u>	<u>-</u>	<u>2,158,899</u>
Total Capital Assets					
Being Depreciated	<u>14,758,621</u>	<u>303,828</u>	<u>-</u>	<u>-</u>	<u>15,062,449</u>
Less Accumulated Depreciation:					
Buildings	(130,229)	(11,995)	-	-	(142,224)
Other improvements	(3,845,396)	(307,326)	-	-	(4,152,722)
Equipment & Machinery	<u>(1,006,107)</u>	<u>(130,919)</u>	<u>-</u>	<u>-</u>	<u>(1,137,026)</u>
Total Accumulated Depreciation	<u>(4,981,732)</u>	<u>(450,240)</u>	<u>-</u>	<u>-</u>	<u>(5,431,972)</u>
Total Capital Assets Being					
Depreciated, Net	<u>9,776,889</u>	<u>(146,412)</u>	<u>-</u>	<u>-</u>	<u>9,630,477</u>
Capital Assets, Net	<u>\$ 9,780,377</u>	<u>\$ (146,412)</u>	<u>\$ -</u>	<u>\$ -</u>	9,633,965
				Less: Related Debt	<u>(2,001,605)</u>
				Net Investment in Capital Assets	<u>\$ 7,632,360</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2017:

	<u>Amount</u>
General Government - Water Control and Roads	\$ 446,120
General Government - Recreation	<u>4,120</u>
Total Depreciation Expense	<u>\$ 450,240</u>

The cost and related accumulated depreciation of capital assets under capital lease at September 30, 2017 was \$331,627 and \$73,3231, respectively. Depreciation expense on those capital assets was \$33,163 for the year ended September 30, 2017.

**CENTRAL COUNTY WATER CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2017**

**NOTE D - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance October 1 2016	Additions	Retirements And Adjustments	Balance September 30 2017	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 222,903	\$ 1,131	\$ -	\$ 224,034	\$ -
Net Pension Liability - HIS	157,699	-	(30,062)	127,637	-
Total Pension Liability	380,602	1,131	(30,062)	351,671	-
Bonds payable:					
Series 2015	1,939,661	-	(72,603)	1,867,058	76,250
Capital lease- excavator	105,775	-	(34,169)	71,606	35,267
Capital lease- loader	92,974	-	(30,033)	62,941	30,999
	<u>\$ 2,519,012</u>	<u>\$ 1,131</u>	<u>\$ (166,867)</u>	<u>\$ 2,353,276</u>	<u>\$ 142,516</u>

Long-term liabilities consists of the following at September 30, 2017:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 224,034
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	127,637
\$2,000,000 special assessment revenue bonds payable, Series 2015. Principal and interest payable semi annually on January 15 and July 15. Interest accrues at a fixed rate of 3.56% through May 26, 2025 and thereafter, at 2.28% plus .67% (10 year swap rate reported in Federal Reserve Daily report). Final payment due July 15, 2035.	1,867,058
\$176,493 capital lease payable in five (5) annual payments to a financial institution in the amount of \$37,445, including interest at 3.0% collateralized by Wheeled Excavator. Principal and interest payments began July 1, 2015, with the final payment due July 1, 2020.	71,606
\$155,134 capital lease payable in five (5) annual payments to financial institution in the amount of \$32,913, including interest at 3.00% collateralized by a loader. Principal and interest payments began August 1, 2015, with the final payment due August 1, 2020.	<u>62,941</u>
Total Long-Term Liabilities	<u>\$ 2,353,276</u>

**NOTE D - LONG-TERM LIABILITIES, CONTINUED**

**Capital Lease**

The District entered into lease agreements for financing the acquisition of an excavator and a loader both at an annual interest rate of 3% during year ended September 30, 2015. The lease agreements are considered capital leases for accounting purposes.

The future minimum capital lease payments as of September 30, 2017 are:

<u>Years ending September 30</u>	<u>Amounts</u>
2018	70,358
2019	<u>70,358</u>
Total minimum lease payments	140,716
Less: amount representing interest	<u>(6,169)</u>
Present value of minimum lease payments	<u>\$ 134,547</u>

Lease related interest expense for the year ended September 30, 2017 was \$6,048.

**Bonds Payable**

On May 27, 2015, the District issued \$2 million Special Assessment Revenue Bonds, Series 2015 due July 15, 2035, with a fixed interest rate of 3.56% through May 26, 2025, and thereafter a fixed rate of interest determined by the following formula:  $2.28\% + (0.67 * (10 \text{ year swap rate as reported in the Federal Reserve daily H.15 report}))$ , calculated on the basis of a 360-day year for the actual number of days elapsed. The Series 2015 Bonds were issued to finance reconstruction of reservoir levee improvements Reservoir Levee Completion Project. The project reconstructed the banks in those various locations where the District had failures from underlying soils or from surface erosion problems. Interest on and principal of the Bonds are paid semi-annually on each January 15 and July 15, commencing on January 15, 2016, through and including the Maturity Date, subject to prepayment by the District prior to the Maturity Date.

Bond related interest expense for the year ended September 30, 2017 was \$69,473.

**NOTE D - LONG-TERM LIABILITIES, CONTINUED**

**Bonds Payable, continued**

At September 30, 2017, the scheduled debt service requirements on the Bonds payable were as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2018	\$ 76,250	\$ 65,718	\$ 141,968
2019	78,989	62,979	141,968
2020	81,826	60,142	141,968
2021	84,765	57,203	141,968
2022	87,810	54,158	141,968
2023-2027	488,685	221,157	709,842
2028-2032	582,980	126,862	709,842
2033-2035	385,753	23,425	409,178
	<u>\$ 1,867,058</u>	<u>\$ 671,644</u>	<u>\$ 2,538,702</u>

**NOTE E - MAINTENANCE TAXES**

Maintenance taxes are generally levied on November 1 of each year, after formal adoption of the District's budget, and become due and payable upon receipt of the Notice of Levy. Discounts are allowed for payment of maintenance taxes prior to March 1 of the following year. On April 1, any unpaid taxes become delinquent. If the taxes remain unpaid, tax certificates are then offered for sale to the general public. The billing and collection of all maintenance taxes are performed for the District by the Tax Collector for Hendry County. Taxes are recognized as revenue when levied to the extent that they result in current receivables.

Key dates in the maintenance and installment tax cycle (latest date, where appropriate) are as follows:

- Prior to June 1 \* Maintenance assessment annual tax levy resolution submitted to the Property Appraiser of Hendry County.
- November 1 \* Taxes are due and payable (levy date) with various discount provisions through March 31.
- April 1 \* Taxes become delinquent.
- Prior to June 1 \* Tax certificates sold by the County.

**NOTE E - MAINTENANCE TAXES, CONTINUED**

Under the provisions of Chapter 298 of the Florida Statutes, the Board of Supervisors of the District levied the following uniform maintenance taxes on land within the District to pay the operating costs of the District for the year ended September 30, 2017.

Tax revenue from this levy is used for the maintenance and operating costs of the District. For the year ended September 30, 2017, the District's assessed maintenance taxes were \$220 per acre for Hendry County. These amounts will be recorded as revenue when they are received.

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN**

**General Information about the Florida Retirement System**

The Florida Retirement System ("FRS") was created in Chapter 121, Florida Statutes. The FRS was created to provide a defined benefit pension plan ("Pension Plan") for participating public employees. All District employees are participants in the Statewide Florida Retirement System (FRS) under the authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide an integrated defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a separate cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**General Information about the Florida Retirement System - continued**

HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2017, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's total pension expense, \$38,192 for the year ended September 30, 2017, is recorded in the government-wide financial statements. Total District retirement actual contribution expenditures were \$28,973, \$30,106 and \$29,473, for the years ended September 30, 2017, 2016 and 2015, respectively. The District contributed 100% of the required contributions.

**FRS Pension Plan**

**Plan Description.** The FRS Pension Plan ("Plan") is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The general classes of membership are as follows:

Regular Class - Members of the FRS who do not qualify for membership in the other classes.

Senior Management Service Class (SMSC) - Members in senior management level positions.

Special Risk Class - Members who are employed as law enforcement officers and meet the criteria to qualify for this class.

Elected Officials - Members who are elected by the voters within the District boundaries.

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, except for those members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 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,

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans (Pension and HIS) 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 to eligible participants.

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. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**Benefits Provided.** Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. 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 the 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 the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits.

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

The following chart shows the percentage value of each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>%Value</u>
Regular Class and elected members initially enrolled before July 1, 2011	
Retirement up to age 62, or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class and elected members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Senior Management Service Class	2.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3 percent per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3 percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3 percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2017 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.52	7.92
Florida Retirement System, Senior Management Service	3.00	21.77	22.71
Florida Retirement System, Special Risk	3.00	22.57	23.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.99	13.26
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirements System, Elected Official	3.00	42.27	45.50

Notes:

- (1) Employer rates include 1.66 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/16 - 6/30/17.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .04 percent for administrative costs for the Investment Plan. Rates for 7/1/17 - 6/30/18.

\* As defined by the Plan.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan.**

At September 30, 2017, the District reported an FRS pension liability of \$224,034 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At September 30, 2017, the District's proportionate share was .000757399 percent, which was a decrease of .000125383 percent from its proportionate share measure as of September 30, 2016.

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

For the year ended September 30, 2016, the District recognized FRS pension expense of \$30,172. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,561	\$ 1,241
Change of assumptions	75,291	-
Net difference between projected and actual earnings on pension plan investments	-	5,552
Changes in proportion and differences between District contributions and proportionate share of contributions	1,117	33,264
District contributions subsequent to the measurement date	<u>6,360</u>	<u>-</u>
Total	<u>\$ 103,329</u>	<u>\$ 40,057</u>

The deferred outflows of resources related to the FRS pension, totaling \$6,360, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 6.4 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2018	\$ 10,180
2019	10,180
2020	10,180
2021	10,180
2022	11,568
Thereafter	<u>4,624</u>
Total	<u>\$ 56,912</u>

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

**Actuarial Assumptions.** The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Real payroll growth	0.65 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.0%	3.0%	1.8%
Fixed income	18.00%	4.5%	4.4%	4.2%
Global equity	53.00%	7.8%	6.6%	17.0%
Real estate (property)	10.00%	6.6%	5.9%	12.8%
Private equity	6.00%	11.5%	7.8%	30.0%
Strategic investments	<u>12.00%</u>	6.1%	5.6%	9.7%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.60%		1.90%

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

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

**Discount Rate.** The discount rate used to measure the total pension liability was 7.10 percent. 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.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 405,487	\$ 224,034	\$ 73,385

**Pension Plan Fiduciary Net Position.** Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2017.

The FRS CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

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

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2017, the District reported a payable of \$882 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2017.

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan**

**Plan Description.** The Health Insurance Subsidy Plan ("HIS Plan") is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

**Benefits Provided.** For the year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2017, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan.** At September 30, 2017, the District reported a HIS net pension liability of \$122,637 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of September 30, 2017, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net HIS liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan, continued**

year contributions of all participating members. At September 30, 2017, the District's proportionate share was .001193711 percent, which was a decrease of .000159396 percent from its proportionate share measured as of September 30, 2016.

For the fiscal year ended September 30, 2017, the District recognized HIS expense of \$8,020. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 266
Change of assumptions	17,941	11,037
Net difference between projected and actual earnings on HIS pension plan investments	71	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	1,139	15,698
District contributions subsequent to the measurement date	<u>1,897</u>	<u>-</u>
Total	<u>\$ 21,048</u>	<u>\$ 27,001</u>

The deferred outflows of resources related to HIS, totaling \$1,897, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 7.2 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2018	\$ (1,259)
2019	(1,259)
2020	(1,259)
2021	(1,260)
2022	(1,277)
Thereafter	<u>(1,536)</u>
Total	<u>\$ (7,850)</u>

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan, continued**

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

Inflation	2.60 percent
Real Payroll Growth	0.65 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.58 percent

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

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for this plan.

**Discount Rate.** The discount rate used to measure the total HIS liability was 3.58 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 3.58 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net HIS liability	<u>\$ 145,651</u>	<u>\$ 127,637</u>	<u>\$ 111,558</u>

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan, continued**

**Pension Plan Fiduciary Net Position.** Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2017.

The FRS CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P.O. Box 9000  
Tallahassee, FL 32315-9000

850-488-5706 or toll free at 877-377-1737

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2017 the District reported a payable of \$234 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2017.

**FRS - Defined Contribution Pension Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan (Investment Plan). The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected County Officers, etc.), as the FRS defined benefit plan. Contributions

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS - Defined Contribution Pension Plan, continued**

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2016-17 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.52	7.92
Florida Retirement System, Senior Management Service	3.00	21.77	22.71
Florida Retirement System, Special Risk	3.00	22.57	23.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.99	13.26
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirements System, Elected Official	3.00	42.27	45.50

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .04 percent for administrative costs for the Investment Plan. Rates for 7/1/16 - 6/30/17.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/17 - 6/30/18.

\* As defined by the Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

**NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS - Defined Contribution Pension Plan, continued**

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension expense totaled \$4,129 for the fiscal year ended September 30, 2017.

Payables to the Investment Plan. At September 30, 2017, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2017.

**NOTE G - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of a public entity risk pool which is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The pool provides coverage for property, liability, public officials liability, workers' compensation, automobile physical damage, general liability, and automotive liability.

There were no settled claims which exceeded insurance coverage during the past three fiscal years. In addition, there were no significant reductions in insurance coverage from coverage in the prior year.

**NOTE H - CONTINGENCIES**

The District is involved from time to time in certain routine litigation, the substance of which, either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions, and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters are not anticipated to have a materially adverse effect on the financial condition of the District. As a general policy, the District plans to contest any such matters.

**NOTE I - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

Based on the actuarial calculation performed in fiscal year 2015, it was determined that the post-employment benefits are no longer material to the District and, therefore, no disclosures for post-employment benefits have been included in the current fiscal year financial statements. There were no retirees participating in the health insurance plan as of September 30, 2017.

**REQUIRED SUPPLEMENTARY  
INFORMATION  
OTHER THAN MD&A**

**CENTRAL COUNTY WATER CONTROL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND  
ACTUAL - GENERAL FUND  
Year Ended September 30, 2017**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Maintenance taxes	\$ 1,562,300	\$ 1,562,300	\$ 1,910,222	\$ 347,922
Interest	40,000	40,000	184,572	144,572
Miscellaneous	-	-	25,114	25,114
Prior year budgeted carryforward	486,800	2,577,872	-	(2,577,872)
<b>TOTAL REVENUES</b>	<u>2,089,100</u>	<u>4,180,172</u>	<u>2,119,908</u>	<u>(2,060,264)</u>
<b>EXPENDITURES</b>				
Current				
General government				
Administration				
Personnel services	147,400	143,900	153,283	(9,383)
Operating expenditures	329,500	333,000	292,746	40,254
	<u>476,900</u>	<u>476,900</u>	<u>446,029</u>	<u>30,871</u>
Physical environment				
Water control & roads				
Personnel services	460,000	460,000	348,765	111,235
Operating expenditures	409,500	409,500	385,341	24,159
	<u>869,500</u>	<u>869,500</u>	<u>734,106</u>	<u>135,394</u>
Physical environment				
Recreation				
Personnel services	218,500	193,500	168,972	24,528
Operating expenditures	80,700	105,700	61,488	44,212
	<u>299,200</u>	<u>299,200</u>	<u>230,460</u>	<u>68,740</u>
Capital outlay	230,000	230,000	303,828	(73,828)
Debt Service				
Principal retired	143,500	143,500	136,805	6,695
Interest charges	70,000	70,000	75,521	(5,521)
Contingency	-	2,091,072	-	2,091,072
<b>TOTAL EXPENDITURES</b>	<u>2,089,100</u>	<u>4,180,172</u>	<u>1,926,749</u>	<u>2,253,423</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	-	-	193,159	193,159
<b>OTHER FINANCING SOURCES</b>				
Proceeds from disposition of capital assets	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES				
OVER (UNDER) EXPENDITURES	\$ -	\$ -	193,159	\$ 193,159
<b>FUND BALANCE - BEGINNING</b>			2,577,872	
<b>FUND BALANCE - ENDING</b>			<u>\$ 2,771,031</u>	

The accompanying notes are an integral part of this statement.

**CENTRAL COUNTY WATER CONTROL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET**  
**PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM (FRS) PENSION**  
**PLAN (1)**

	2017	2016	2015	2014*
District's proportion of the net pension liability	0.000757399%	0.000882782%	0.000955910%	0.000000000%
District's proportionate share of the net pension liability	\$ 224,034	\$ 222,903	\$ 123,468	\$ -
District's covered-employee payroll	\$ 400,138	\$ 411,038	\$ 359,961	\$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	55.99%	54.23%	34.30%	
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

Notes: (1) The amounts presented for each fiscal year were determined as of September 30.

(2) Adoption of GASB No. 68 occurred in FY 2015.

**SCHEDULE OF DISTRICT CONTRIBUTIONS -**  
**FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN (1)**

	2017	2016	2015	2014*
Contractually required contribution	\$ 22,889	\$ 23,483	\$ 23,669	\$ -
Contributions in relation to the contractually required contribution	22,889	23,483	23,669	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 400,138	\$ 411,038	\$ 376,275	\$ -
Contributions as a percentage of covered-employee payroll	5.72%	5.71%	6.29%	

Notes: (1) The amounts presented for each fiscal year were determined as of September 30.

GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

\* Adoption of GASB No. 68 occurred in FY 2015.

**CENTRAL COUNTY WATER CONTROL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET**  
**PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION**  
**PLAN (1)**

	2017	2016	2015	2014*
District's proportion of the net pension liability	0.001193711%	0.001353107%	0.001359789%	0.000000000%
District's proportionate share of the net pension liability	\$ 127,637	\$ 157,699	\$ 138,677	\$ -
District's covered-employee payroll	\$ 400,138	\$ 411,038	\$ 359,961	\$ -
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	31.90%	38.37%	38.53%	
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

Notes: (1) The amounts presented for each fiscal year were determined as of September 30.

\* Adoption of GASB No. 68 occurred in FY 2015.

**SCHEDULE OF DISTRICT CONTRIBUTIONS -**  
**HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN (1)**

	2017	2016	2015	2014*
Contractually required contribution	\$ 6,084	\$ 6,623	\$ 5,804	\$ -
Contributions in relation to the contractually required contribution	6,084	6,623	5,804	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 400,138	\$ 411,038	\$ 376,275	\$ -
Contributions as a percentage of covered-employee payroll	1.52%	1.61%	1.54%	

Notes: (1) The amounts presented for each fiscal year were determined as of September 30.

GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled, governments should present information for only those years for which information is available.

\* Adoption of GASB No. 68 occurred in FY 2015.

**Changes of Assumptions**

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2014 for the period July 1, 2008 through June 30, 2013. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments were reduced from 7.60% to 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.58% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables. The municipal bond rate was changed to 3.58% from 2.85% in the prior year.

**Florida Retirement System Pension Plan**

There were changes in actuarial assumptions. As of June 30, 2017, the inflation rate assumption remained at 2.60 percent, the real payroll growth assumption was 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 7.60 percent to 7.10 percent.

**Health Insurance Subsidy Pension Plan**

The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 percent.

**Pension Expense and Deferred Outflows/Inflows of Resources**

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments - amortized over five years

Contributions to the pension plans from employers are not included in collective pension expense. However, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at September 30, 2017 remained at 6.4 years for FRS and 7.2 years for HIS.

## **ADDITIONAL REPORTS**



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American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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

Board of Supervisors  
 Central County Water Control District  
 475 S. Cabbage Palm Street  
 Clewiston, FL 33440

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Central County Water Control District (the "District") as of and for the year ended September 30, 2017, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated January 9, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of

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deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We did, however, note certain other matters that we have reported in our Report to Management dated January 9, 2018.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central County Water Control District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards.

See matters noted in our Report to Management dated January 9, 2018.

#### 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
January 9, 2018



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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

Board of Supervisors  
Central County Water Control District  
475 S. Cabbage Palm Street  
Clewiston, FL 33440

We have examined Central County Water Control District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2017. Management is responsible for Central County Water Control District's compliance with those requirements. Our responsibility is to express an opinion on Central County Water Control District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Central County Water Control District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Central County Water Control District's compliance with specified requirements.

In our opinion, Central County Water Control District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2017.

This report is intended solely for the information and use of the Central County Water Control District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
January 9, 2018

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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Supervisors  
Central County Water Control District  
475 S. Cabbage Palm Street  
Clewiston, FL 33440

We have audited the accompanying basic financial statements of Central County Water Control District (the "District") as of and for the year ended September 30, 2017 and have issued our report thereon dated January 9, 2018.

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 of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated January 9, 2018 should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were prior year comments noted. The current year status of these prior year comments is noted by comment within this report.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Our recommendations were noted herein.

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- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we noted such items in our report to management dated January 9, 2018.
- 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 in the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Pursuant to Section 10.554(1)(i)5.d., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.

- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated January 9, 2018, included herein.

**PRIOR YEAR COMMENTS:**

Prior year comments that have been resolved have been deleted. Those remaining prior year comments each have a current year addendum which reflects the current year status of the comment.

**2016-1 Florida Statute Noncompliance**

During the audit, it was noted that the tentative budget was not posted on the District's website at least two days prior to the budget hearing. As a result, the District was not in compliance with Florida Statute Chapter 189.016(4).

We also noted the District did not post its final adopted budget to the District website within 30 days of final adoption. As a result, the District was not in compliance with Florida Statute Chapter 189.016(4).

We recommend the District post to its official website the tentative budget at least two days before the budget hearing and the final District budget within 30 days of approval in order to be in compliance with Florida Statute. Also budgets must be maintained on the District's website for at least two (2) years.

**Current Year Addendum:** We continue to recommend the above. We noted that the District has updated their website which includes fiscal year 2018 budget but it was not posted within the time frames outlined within the applicable Florida Statutes.

**2016-2 Florida Statute Noncompliance**

Department of Financial Services Rule 69I-73.006 requires an annual physical inventory of capital assets. The District did not take the required annual inventory.

**Current Year Addendum:** We continue to recommend the District perform an annual physical inventory in order to be in compliance with this Rule.

**2016-3 Florida Statute Noncompliance**

During the audit, it was noted that the listing of regularly scheduled public meetings could not be located on the District's official website which is required per Florida Statute Chapter 189.015(1).

**Current Year Addendum:** We recommend the District post all regularly scheduled meetings to its official website.

**2016-4 Budget Carryforward Not Included in Budget**

During the audit, it was noted that the budget did not include prior year's carryover fund balance per Florida Statute 189.016(3).

We recommend the District include in its annual budget the estimated carryforward from prior year. Once the audit is completed for the prior year the budget of the current fiscal year should be officially amended to update the estimated carryforward to the audited balance.

**Current Year Addendum:** It appears this comment was resolved.

**2016-5 Pay Rate Records Kept by District Should Match Records Kept by Bookkeeper**

During the audit, it was noted that there was no clear indication of approval on pay rates. It was also noted several pay rate records kept by the District office did not match records kept by the third party bookkeeper.

We recommend District Manager or Board Member indicate his or her approval of individual pay rates. We also recommend records of individual pay rates kept by the District match the records kept by third party bookkeeper.

**Current Year Addendum:** It appears this comment was resolved.

**2016-6 Actuarial Report Should be Completed Annually**

During the audit, it was noted that the OPEB Actuarial Report was not completed. This report should be completed annually in accordance with GASB No. 45.

**Current Year Addendum:** We continue to recommend the District have an outside actuary complete this report annually as footnote disclosures require current information and the District is required to record the actuarially determined liability amount.

**2016-7 Cash Should be Held in District Bank Account**

During the audit, it was noted that employees were collecting scrap metal to sell and using the proceeds to loan to employees and pay for employee lunches. This job function is part of the employees job duties and, therefore, proceeds from the sales should be District revenue. Revenue should then be used for District expenditures not as an employee fund. The State Auditor General's Office has taken the position in the past that a Special District cannot make employee loans or advances.

We recommend the District hold these proceeds in a qualified public depository as it is considered District Revenue.

**Current Year Addendum:** It appears this comment was resolved.

**2016-8 Vacation and Sick Time Policy Should be Clarified**

During the audit, it was noted that the District policy related to vacation and sick time was unclear. It was difficult to interpret how many hours could be accrued for both sick and vacation time and whether or not any of these hours can be paid out at time of voluntary termination of employee.

**Current Year Addendum:** We continue to recommend the District update this area in the personnel guide to make the vacation and sick policies more clear.

**2016-9 Florida Statute Noncompliance**

Florida Statute, Chapter 189.069(2)(a) requires the District to ensure the District's official website contains the name, address, e-mail address and term for each member of the District's Board of Supervisors. We noted the official website board listing was not up to date.

We recommend the Board ensure the District compliance with this Statute.

**Current Year Addendum:** It appears this comment was resolved.

**2016-10 Florida Statute Noncompliance**

Florida Statute Chapter 298.17 requires the District to bond the Board Treasurer. During the audit, it was noted the Board Treasurer was not bonded.

**Current Year Addendum:** We continue to recommend the District ensure compliance with this Statute.

**2016-11 Florida Statute Noncompliance**

Florida Statute, Chapter 189.069 (2)(a) also requires at least seven days before each meeting or workshop, the agenda of the event be available on the District's website, along with any meeting materials available in an electronic format, excluding confidential and exempt information. This information must remain on the website for at least one year after the event. During the audit, it was noted the District website did not contain such information.

**Current Year Addendum:** We continue to recommend the District ensure compliance with this Statute.

**2016-12 Fund Balance**

During the audit, we noted the District did not assign any portion of its fund balance for specific purposes. All assignment of fund balance should be correlated with the District's five year plan and include amounts for items such as emergencies, capital replacements, and operations (approximately 3 months).

We also noted the District did not have a fund balance policy which is required by GASB No. 54.

**Current Year Addendum:** During the audit, it was noted the District assigned fund balance to account for a 3 month operating reserve and an emergency reserve. However, we continue to recommend the District create a fund balance policy to adhere to GASB No. 54 requirement and to assign a portion of its fund balance for specific purposes.

**2016-13 Investment Policy**

During the audit, it was noted the District did not have a written investment policy nor a resolution electing not to adopt a written investment policy. This is required by Florida Statute Chapter 218.415(17).

**Current Year Addendum:** We continue to recommend the District adopt a written investment policy or a resolution electing not to adopt a written investment policy to ensure compliance with Statute.

**2016-14 Maintenance Taxes Levied**

Per District Codification Laws of Florida 2000-415, annual installment and levy shall be certified by the District Board not later than July 1 of each year to the tax assessor of Hendry County. During the audit, we noted this occurred July 27, 2016 for fiscal year 2017.

We continue to recommend the District Board certify the annual assessment levy prior to July 1 of each year to ensure compliance with its Codification. The Board approved resolution approving the tax levy should specifically state the section of Florida Statute Chapter 298 under which the District is levying the assessment.

**CURRENT YEAR COMMENTS;**

**2017-1 Board Should Consider Including Disaster Reserves with the Designation of Fund Balance**

During the audit, we noted the District did not include any disaster reserves in its fund balance designations. We recommend that the Board should consider the expansion of the District's fund balance designations to include disaster reserves by requesting the District Engineer determine a reserve amount by considering the District's facilities and disaster risk.

**2017-2 District Should Maintain Errors and Omissions Insurance**

During the audit, we noted the District did not maintain Errors and Omissions Insurance. This insurance is payable to the District as indemnification for losses or advancement of defense costs in the event an insured suffers such a loss as a result of legal action brought for alleged wrongful acts, errors or omissions in their capacity as Board Members or Managers. We recommend the District maintain such insurance.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Board of Supervisors, management, the Auditor General of the State of Florida and other federal and state agencies. This report is not intended to be and should not be used by anyone other than these specified parties.

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
January 9, 2018

**EXHIBIT**

# Central County Water Control District

Montura Ranch Estates  
475 S. Cabbage Palm Street  
Clewiston, Florida 33440

April 24, 2018

Ms. Sherrill F. Norman, CPA  
Auditor General  
State of Florida  
111 W. Madison Street  
Claude Denson Pepper Building  
Tallahassee, FL 32399-1450

Re: Management's Response to Independent Auditor's Report to Management –  
Fiscal Year 2016-2017

Dear Ms. Norman:

The Rules of the Auditor General require the audit report to include a written statement of explanation, including corrective action to be taken, or a rebuttal regarding any deficiencies cited in the auditors' reports and management letter.

## PRIOR YEAR COMMENTS:

### Findings 2016-1, 3, & 11 – Florida Statute Noncompliance

The District has created a new website and has an ongoing relationship with the website professional to help the district post all the required documentation. This was done subsequent to the fiscal year ended September 30, 2017, and therefore the District was not in compliance at that time. We will review each of these comments to ensure compliance going forward.

### Finding 2016-2 – Florida Statute Noncompliance

An annual physical inventory was not conducted this year due to employee turnover and other issues. The District now has new management, and will plan to take an inventory of physical assets during the current fiscal year.

### Finding 2016-6 – Actuarial Report Should be Completed Annually

There have not been any retirees participating in an OPEB program since October 14, 2014. The footnotes of the financial statements indicate that the post-employment benefits are not material to the District, and therefore no related disclosures are included.

The Board needs to determine if the District should incur the cost of having an outside actuarial report prepared each year.

Ms. Sherrill F. Norman, CPA  
Auditor General  
April 24, 2018  
Page 2

Finding 2016-8 – Vacation and Sick Time Policy Should be Clarified

The District will have the employee handbook modified to clarify these policies.

Finding 2016-10 – Florida Statute Noncompliance

The District will take the necessary steps to get the Board Treasurer bonded.

Finding 2016-12 – Fund Balance

The District assigned a portion of its fund balance to account for a three month operating reserve and an emergency reserve. The engineering and management resources of the District have been spending considerable time on the damage caused by Hurricane Irma and the related FEMA reporting requirements. When these issues are resolved, the District will continue to determine an appropriate reserve for capital improvements.

The District will adopt a formal fund balance policy as required by GASB No. 54.

Finding 2016-13 – Investment Policy

The Board will instruct its attorney to adopt a written investment policy or a resolution electing not to adopt a written investment policy.

Finding 2016-14 – Maintenance Taxes Levied

The Board will ensure that the annual assessment levy shall be certified by July 1 of each year.

Findings 2016-4, 5, 7, 9 – Prior Year Comments Resolved

As noted by the auditors, these prior year comments have been resolved

CURRENT YEAR COMMENTS:

Finding 2017-1 – Disaster Reserves

The engineering and management resources of the District have been spending considerable time on the damage caused by Hurricane Irma and the related FEMA reporting requirements. When these issues are resolved the District Engineer can determine a disaster reserve for the fund balance designations.

Ms. Sherrill F. Norman, CPA  
Auditor General  
April 24, 2018  
Page 3

Finding 2017-2 – Errors and Omissions Insurance

The District will contact the appropriate insurance resources to determine how to best add errors and omissions insurance to its current coverage.

If you need any additional information, please contact our office at (863) 983-5797.

Sincerely,



Denise Miller, Chair  
Central County Water Control District