Destin Fire Control District

Financial Statements

September 30, 2017



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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners Destin Fire Control District Destin, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Destin Fire 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 and required supplementary information other than MD&A as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 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, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Miramar Beach, Florida February 13, 2018



This discussion and analysis (MD&A) of the Destin Fire Control District (the "District") financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical care for the following area in Okaloosa County: all lands bounded on the West by the East Pass, on the North by Choctawhatchee Bay, on the East by Walton County and on the South by the Gulf of Mexico. Although it is important to the long-term existence of the District to maintain its financial health, assets are accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and anticipated capital acquisitions.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

HIGHLIGHTS

Financial Highlights (Government wide)

- Total assets increased \$116,222
- Net position increased by \$1,203,627
- Total revenues increased approximately \$318,000 and total expenses decreased \$627,624. Revenues increased due to growth in the District tax base resulting in additional ad valorem taxes. Expenses decreased as a result of lower pension costs during the year. Beach safety expenses increased during the year as a result of additional personnel and operations costs.

District Highlights

The Beach Safety Program maintains a standardized beach safety program. The District has been designated an Advanced Certified Lifeguard Agency by the United States Lifesaving Association. Advanced agency certification is intended to recognize and encourage higher training standards, longer training periods, and other requirements. Lifeguards are USLA certified and receive training in First Aid, CPR, and AED. During the 2016-2017 fiscal year, Beach Safety Patrol aided with 92,497 protective acts, 109 boat and personal watercraft infractions, 31 major medical responses, 141 minor aid requests, 127 missing and lost persons, 291 assists, 114 marine stings, and 291 persons rescued.

During the 2016-2017 fiscal year, the Fire District responded to 3,127 alarms. These responses include 82 fires, 2,210 emergency medical calls, 79 hazardous conditions, 153 service calls, 594 good intent and false alarm calls, and a few other types of emergency responses.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments, as amended by Statement 37.

USING THE ANNUAL REPORT (CONTINUED)

The Statement of Net Position and the Statement of Activities on pages 9-10 provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District's financial health or financial position.

CONDENSED STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

As of September 30,	September 30, 2017		2016		Change
Assets		_		_	_
Current and other assets	\$	6,095,145	\$	5,762,490	\$ 332,655
Capital assets		3,227,172		3,443,605	 (216,433)
Total assets		9,322,317		9,206,095	116,222
Deferred outflows of resources		817,368		1,767,282	 (949,914)
Total assets and deferred					
outflows of resources	\$	10,139,685	\$	10,973,377	\$ (833,692)
Liabilities					
Current liabilities	\$	215,889	\$	586,107	\$ (370,218)
Other liabilities		8,623,652		10,548,298	(1,924,646)
Total liabilities		8,839,541		11,134,405	 (2,294,864)
Deferred inflows of resources		1,312,050		1,054,505	 257,545
Net position					
Net investment in capital assets		3,227,172		3,443,605	(216,433)
Restricted - impact fees		1,100,238		948,976	151,262
Unrestricted		(4,339,316)		(5,608,114)	 1,268,798
Total net position		(11,906)		(1,215,533)	1,203,627
Total liabilities, deferred inflows					
of resources, and net position	\$	10,139,685	\$	10,973,377	\$ (833,692)

For more detailed information, see the accompanying Statement of Net Position.

Total assets increased \$116,222 or 1% during the fiscal year ended September 30, 2017. Total liabilities decreased \$2,294,865 or 21% over prior year primarily as a result of a decrease in the net pension liability.

CONDENSED STATEMENTS OF ACTIVITIES

The following schedule compares the Statement of Activities for the current and previous fiscal year.

, Year ended September 30,	2017		2017 2016		2016		Change									
Program revenues:																
Public safety contributions	\$	265,392	\$	268,847	\$	(3,455)										
Grants and contributions		37,995		2		37,993										
Beach safety contributions		728,557		662,304		66,253										
Charges for services		26,278		24,240		2,038										
Total program revenues		1,058,222		955,393		102,829										
General revenues:																
Ad Valorem taxes		5,072,286		4,826,380		245,906										
Impact fees		150,531		137,253		13,278										
Investment income		43,636		38,884		4,752										
Miscellaneous		1,176		19,887		(18,711)										
Gain (Loss) on disposal of fixed assets		72_		29,604		(29,532)										
Total general revenues		5,267,701		5,052,008		215,693										
Total revenues		6,325,923		6,007,401		318,522										
Program expenses:																
Public safety																
Personal services		3,555,480		4,273,451		(717,971)										
Operating services	490,105		·			(18,502)										
Depreciation		364,935	354,078			10,857										
Total public safety expenses		4,410,520	5,136,136			(725,616)										
Beach Safety																
Personal services	523,437								490,065		33,372					
Operating services		149,832		92,873		56,959										
Depreciation		38,507		30,846		7,661										
Total beach safety expenses	711,776		711,776		711,776		711,776		711,776		711,776			613,784		97,992
Total expenses		5,122,296		5,749,920		(627,624)										
Increase (decrease) in net position		1,203,627		257,481		946,146										
Net position, beginning		(1,215,533)		(1,473,014)		257,481										
Net position, ending	\$	(11,906)	\$	(1,215,533)	\$	1,203,627										

For more detailed information, see the accompanying Statement of Activities.

CONDENSED STATEMENTS OF ACTIVITIES (CONTINUED)

Grants and contributions increased \$37,993 as compared to prior year due to donated assets in the current year. Ad valorem tax revenues increased \$245,906 or 5% from the previous year as a result of growth in the taxable base. Public safety expenses decreased 14% or \$725,616 as compared to prior year as a result of decreased pension expenses. Beach safety expenses increased 97,992 or 16% as compared to prior year as a result of additional personnel and operations costs.

Overall, net position increased \$1,203,627 for fiscal year 2017.

GOVERNMENTAL FUND

As of September 30, 2017, the District's governmental fund (as presented on pages 11 - 15) reported a fund balance of \$5,966,269 which is an increase of \$706,262 or 13% as compared to the prior year.

During fiscal year 2017, the District incurred \$172,255 in capital outlay expenditures which represents a decrease of \$527,962 or 75% from prior year capital outlay expenditures of \$700,217. This decrease was due to the purchase of a new fire truck during the prior year and a reduction of capital expenditures in the current year.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The Fire Commissioners approve the operating budget by September 30th each year. Over the course of the year, the Fire Commissioners revised the budget. There were several factors that led to the variance with actual revenues and expenditures as compared to the Commissioner approved budget. First, the District experienced an unfavorable decrease in revenues as compared to the budget in the amount of \$12,360. This decrease occurred as a result of reduced grants collected as compared to amount originally estimated.

The District experienced a favorable variance as compared to final budget in capital outlay in the amount of \$84,044. For regular operating expenditures, the District experienced a favorable reduction in expenses of \$427,741 primarily as a result of reduced insurance, wage costs, training, and maintenance.

Overall, the General Fund had a favorable increase as compared with the final budget in the amount of \$499,425.

CAPITAL ASSETS

At September 30, 2017, the District had \$3,227,172 invested in capital assets (net of depreciation). This amount represents a net decrease (including additions and deductions) of \$216,433 or 6% under the fiscal year 2016 total. The District acquired fewer capital items during fiscal year 2017.

CAPITAL ASSETS (CONTINUED)

A listing of capital assets by major category for the current and prior year follows:

September 30,		2017 2016				Change
Land	\$	278,555	\$	278,555	\$	-
Buildings and improvements		2,740,972		2,736,194		4,778
Equipment		1,677,677		1,589,947		87,730
Vehicles/Apparatus		2,683,632		2,660,458		23,174
Total, prior to depreciation		7,380,836		7,265,154		115,682
Accumulated depreciation		(4,153,664)		(3,821,549)		(332,115)
Net capital assets	\$	3,227,172	\$	3,443,605	\$	(216,433)
rect capital assets		3,227,172		3,773,003		(210,733)

More information about the District's capital assets is presented in Note 4 to the financial statements.

LONG-TERM LIABILITIES

At September 30, 2017, the District has long-term liabilities which include compensated absences, an estimated liability for other postemployment benefits ("OPEB"), and a net pension liability. The District's long-term liabilities decreased \$1,924,647 as compared to 2016.

September 30,	2017			2016		Change		
Compensated absences, more than one year	\$	137,511	\$	148,563	\$	(11,052)		
Other postemployment benefit liability		148,971		102,000		46,971		
Net pension liability		8,337,170	1	10,297,735	(1,960,565)		
Total long-term liabilities	\$	8,623,652	\$ 1	10,548,298	\$(1,924,646)		

Additional information about the District's long-term liabilities is presented in Note 5 to the financial statements.

FUTURE FINANCIAL FACTORS

Destin Fire Control District, formed in 1971, became an independent fire control district by Special Act 98-470, Laws of Florida, operating under the provisions of Chapter 191, Florida Statutes. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the millage rate. The District has taxing authority as revenues are generated by ad valorem taxes. Millage rates for fiscal year 2018 have been established to provide for the operations of the District and necessary capital requirements. The millage rate for 2018 has been approved by the Board of Fire Commissioners at 1.00 which is the maximum rate allowable under the District charter.

BOARD OF FIRE COMMISSIONERS

Rick Moore Chairman

J.Thomas Green Co-Chairman

Jack Wilson Secretary/Treasurer

Bob Wagner Commissioner

Mike Buckingham Employee Relations Commissioner

RETIREMENT BOARD OF TRUSTEES

Mark Baugh

Bob Hensley

Patrick McDowell

Doug Ingram

T.J. Buchanan

MANAGEMENT

Kevin Sasser Fire Chief

Kathryn Wagner Administrative Division Chief



Destin Fire Control District Statement of Net Position

September 30,	2017				
		overnmental Activities			
Assets					
Cash and cash equivalents	\$	1,355,696			
Investments		4,463,912			
Due from other governments		4,936			
Accounts receivable		80,039			
Prepaid expenses		190,562			
Capital assets, net		3,227,172			
Total assets		9,322,317			
Deferred outflows of resources					
Pension		817,368			
Total deferred outflows of resources		817,368			
Liabilities					
Accounts payable		39,473			
Accrued salaries and benefits payable		89,403			
Compensated absences - due within one year		87,013			
Compensated absences - due in more than one year		137,511			
OPEB liability		148,971			
Net pension liability		8,337,170			
Total liabilities		8,839,541			
Deferred inflows of resources					
Pension		1,312,050			
Total deferred inflows of resources		1,312,050			
Net position					
Invested in capital assets		3,227,172			
Restricted - impact fees		1,100,238			
Unrestricted		(4,339,316)			
Total net position	\$	(11,906)			

Destin Fire Control District Statement of Activities

Year ended September 30,	201

			Progr	am I	Revenues	Net (Expense) Ro Changes in Ne		
Function/Program	Expenses		narges for Services		perating Grants nd Contributions	apital Grants Contributions	G	overnmental Activities
Primary Government:								
Governmental activities:								
Public safety	\$ (4,410,520)	\$	27,429	\$	265,392	\$ 37,995	\$	(4,079,704)
Beach safety	(711,776)		-		728,557	-		16,781
Total governmental activities	\$ (5,122,296)	\$	27,429	\$	993,949	\$ 37,995	_	(4,062,923)
	General revenu	es						
	Ad valorem ta	axes	collected,	net d	of fees			5,072,286
	Impact fees							150,531
	Investment ir	ncon	ne					43,636
	Miscellaneou	S						25
	Gain (Loss) o	n sal	le of fixed a	sset	S			72
	Total general	reve	enues					5,266,550
	Change in r	et p	osition					1,203,627
	Net position - b	egin	ning of the	yea	r			(1,215,533)
	Net position - e	nd c	of the year			 	\$	(11,906)

Destin Fire Control District Balance Sheet – Governmental Fund

September 30,	2017				
	Ge	eneral Fund			
Assets					
Cash and cash equivalents	\$	1,355,696			
Investments		4,463,912			
Due from other governments		4,936			
Accounts receivable		80,039			
Prepaid expenditures		190,562			
Total assets	\$	6,095,145			
Liabilities and Fund Balances					
Accounts payable	\$	39,473			
Accrued salaries and benefits payable		89,403			
Total liabilities		128,876			
Fund balances					
Nonspendable		190,562			
Restricted		1,100,238			
Committed		69,873			
Assigned		3,119,494			
Unassigned		1,486,102			
Total fund balances		5,966,269			
Total liabilities and fund balances	\$	6,095,145			

Destin Fire Control District Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

September 30,	2017
Total fund balances, governmental funds	\$ 5,966,269
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	3,227,172
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund balance sheet.	
Deferred outflows of resources - pension Deferred inflows of resources - pension	817,368 (1,312,050)
Long-term OPEB liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.	(148,971)
Compensated absences do not consume current resources and therefore, are not reported in the governmental funds balance sheet.	(224,524)
Net pension liability does not consume current resources and therfore, is not reported in the governmental funds balance sheet.	(8,337,170)
Total net position - governmental activities	\$ (11,906)

Destin Fire Control District Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund (Continued)

Year ended September 30,	2017
	General Fund
Revenues	ć F.072.206
Ad valorem taxes, net of discounts and tax collection fees	\$ 5,072,286
Investment income	43,636
Beach safety donations	728,557
State pension fund contributions	265,392
Impact fees	150,531
Miscellaneous	50,768
Total revenues	6,311,170
	, ,
Expenditures	
Current	
Public safety:	
Personnel services:	2 426 027
Salaries	2,136,037
Employees' retirement:	4.254.267
Section 175 retirement contribution	1,254,267
457 Plan retirement fund contribution	36,135
Group employee life and health insurance	598,113
Taxes - payroll	163,038
Workers compensation	72,094
Miscellaneous	9,595
Operating services:	62.244
Accounting and legal	62,211
Advertising	4,510
Central dispatch	1,700
Dues and subscriptions	13,853
Equipment - noncapital	19,624
Fuel	18,894
Hazardous material program	7,107
Insurance	68,511
Miscellaneous	17,212
Property appraisal fees	74,329
Repairs and maintenance	113,277
	(continued)

Destin Fire Control District

Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund (Continued)

Year ended September 30,	2017
	General Fund
Operating services (continued):	
Fire and paramedic supplies	11,117
Station supplies	10,534
Training	9,294
Uniforms	14,274
Utilities	43,658
Beach safety:	,
Personnel services:	
Salaries	423,121
Section 175 retirement contribution	49,173
Taxes - payroll	32,192
Insurance	18,951
Junior lifeguard wages and taxes	13,909
Operating services:	
Dues and subscriptions	19,653
Fuel	6,232
Insurance	38,393
Junior lifeguard operations	24,552
Miscellaneous	25,272
Repairs and maintenance	10,918
Supplies	10,160
Utilities	743
Capital Outlay	
Vehicles and equipment - public safety	107,631
Vehicles and equipment - beach safety	59,846
Building	4,778
Total expenditures	5,604,908
Excess of revenues over expenditures	706,262
Fund balances, beginning of year	5,260,007
Fund balances, end of year	\$ 5,966,269

Destin Fire Control District s, Expenditures, and Changes in

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

Year ended September 30,	2017
Net change in fund balances - governmental fund	\$ 706,262
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in Statement of Net Position.	172,255
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore	(400,440)
it is not reported as an expenditure in the governmental fund.	(403,442)
Current change in long-term OPEB obligation does not consume current resources and therefore is not reported in the governmental fund.	(46,971)
Proceeds received on the sale of capital assets are received as income on the fund financial statements but are used to reduce the basis of the asset on the Statement of Net Position.	(23,314)
Donated assets do not require the use of current financial resources; therefore they are not reported as revenues in the governmental fund.	37,995
Deferred pension expenses are applicable to future periods and, therefore, are not reported in the funds.	753,106
Gains (loss) on the disposal of fixed assets do not require the use of current financial resources; therefore they are not reported as expenditures in the	
governmental fund.	72
Current year change in compensated absence liability does not consume	
current resources so therefore it is not reflected in the governmental fund.	 7,664
Change in net position of governmental activities	\$ 1,203,627

Destin Fire Control District Statement of Fiduciary Net Position – Pension Trust Fund

September 30,	2017
Assets	
Investments	\$ 18,384,468
Due from general fund	4,936
Total assets	18,389,404
Liabilities	
Accounts payable	7,703
word Palatina	7 702
Total liabilities	7,703
Net position	
Net position restricted for pensions	\$ 18,381,701

Destin Fire Control District Statement of Changes in Fiduciary Net Position – Pension Trust Fund

Year ended September 30,	2017
Additions	
Contributions - District/State	\$ 1,303,441
Contributions - plan members	112,630
Total contributions	1,416,071
Investment Income (loss)	
Net appreciation (loss) in fair value of investments	1,417,248
Gain (loss) on sale of investments	35,940
Interest and dividends	437,121
Total net investment income	1,890,309
Total additions	3,306,380
Deductions	
Administrative expense	49,403
Legal expense	8,035
Benefit payments	775,745
Fiduciary liability insurance	3,123
Total deductions	836,306
Change in net position	2,470,074
Net position restricted for pensions - beginning of the year	15,911,627
Net position restricted for pensions - end of the year	\$ 18,381,701

NOTE 1 – NATURE OF ORGANIZATION

The Destin Fire Control District is a special independent District created by Chapter 71-787, Laws of Florida in 1971. The original charter was amended by Chapter 82-335, Laws of Florida during 1982 and again by 2000-417 in 2000. The District operates under an elected Board of Commissioners form of government and provides the following services: fire suppression, fire inspection, beach safety, rescue and emergency medical.

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationships with the Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are reported.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by GASB. The following is a summary of the more significant policies:

Measurement Focus, Basis of Accounting and Basis of Presentation

<u>Government-wide Financial Statements</u> – Government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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

Government-wide financial statement net position is divided into three components – invested in capital assets, restricted, and unrestricted. These classifications are defined as follows:

<u>Invested in capital assets</u> – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

<u>Restricted</u> – This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

<u>Unrestricted</u> – This component of net position consists of amounts that do not meet the definition of "restricted" or "invested in capital assets".

Fund Financial Statements -

<u>Governmental Funds</u> are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad valorem taxes, reimbursements for incidents and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District reports the following major governmental fund:

<u>General Fund</u> - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

The following is a description of the District's various fund balance accounts:

<u>Nonspendable</u> fund balance includes amounts that are not in a spendable form (prepaid insurance, for example) or are required to be maintained intact.

<u>Restricted</u> fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, impact fees as authorized under Florida Statute 191.009(2)), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of the resource provider.

<u>Committed</u> fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority which is the Board of Commissioners. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

<u>Assigned</u> fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body (the board of commissioners) or by an official or body (management) to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

<u>Unassigned</u> fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Restricted resources are only used for their specific designation and with approval from the Board of Commissioners. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in the unrestricted fund balance classification could be used.

For the year ended September 30, 2017, the District does not report any proprietary funds.

<u>Fiduciary Funds</u> account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

<u>Pension Trust Fund</u> – Pension Trust Funds are accounted for using the accrual basis of accounting. The Pension Trust Fund accounts for the assets of the District's defined benefit plan (Florida Statute Chapter 175 Firefighters' Pension Trust Fund).

Cash, Deposits and Investments

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The District's Investment Policy (adopted by Resolution 16-05) authorizes the following investments: direct obligations of the United States Treasury; the Local Government Surplus Funds Trust as created by Section 218.405, Florida Statutes; agency securities; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Cash and cash equivalents at September 30, 2017 consisted of \$1,355,696 in checking accounts. The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB Statement Number 40, Deposits and Investment Disclosures (An Amendment of GASB Statement Number 3).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$1,000. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property and equipment sold, destroyed or obsolete is removed from the accounts periodically. Interest cost is not capitalized on self-constructed fixed assets.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives: Buildings and improvements – 30 years and vehicles and equipment – 5 to 15 years.

Accrued Compensated Absences

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Vested or accumulated vacation leave that is used and paid for with expendable available financial resources is reported as an expenditure. The current and long-term portion of vested leave payable is recorded as an expense and a liability in the government-wide financial statements.

The compensated absence liability is a reconciling item between the government-wide financial statements and the fund-level financial statements. The long-term compensated absence liability at September 30, 2017 was \$137,511 and the current portion of the compensated absence liability as reported in the Government-wide financial statements was \$87,013. When combined, the District has a total accrued compensated absence liability of \$224,524 as of September 30, 2017.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Ad Valorem Tax Revenue

Significant dates relative to ad valorem tax revenue are as follows:

Assessment Date - January 1st

Maximum Discount - November 1st

Past Due - April 1st of the following year

Tax Certificates Sold - June 1st of the following year

The Board of Commissioners approved for this fiscal year the millage rate of 1.000. The District's charter establishes 1 mill as the highest rate the District can assess.

Budgets

An appropriated budget is legally adopted for the general fund. Any revision to the budget must be approved by the Board of Commissioners. The budgets are compared to budgetary basis expenditures, whereby encumbrances are treated as expenditures.

The budgetary basis is the actual expenditures adjusted by the change in year-end reserve for encumbrances. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorized amounts including authorization for prior year encumbrances. Unencumbered appropriations are lapsed at year-end.

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

- A. Prior to September 1, the Fire Chief and a committee appointed by the Board of Commissioners submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
- B. The budget is submitted in summary form, but a more detailed line item budget is included for administrative control. The level of control for the detailed budget is at the department head level.
- C. Upon tentative approval by the Board of Commissioners, public hearings are conducted to obtain taxpayer comment.
- D. Prior to September 30, the budget is legally enacted through approval by the Board.
- E. Formal budgetary integration is employed as a management control device during the year for the general fund.
- F. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
- G. Appropriations lapse at the end of each fiscal year.
- H. The Board of Commissioners may authorize supplemental appropriations during the year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrances

To prevent over-expenditure of funds, the District has adopted an encumbrance system. Under this system, when approved purchase orders are outstanding at year-end, a commitment of fund balance is made. The amount segregated acts as a reminder that commitments (encumbrances) have been made and should not be included in Unassigned Fund Balance. Encumbered amounts are included within committed or assigned fund balance, as appropriate, based on the definitions and criteria described previously.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has one item related to pensions that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes include 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(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has one item also related to pensions that qualifies for reporting in this category.

New Pronouncements

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. This Statement is effective for financial statements for fiscal years beginning after June 15, 2017 and will be implemented during the fiscal year ended September 30, 2018. Implementation of this statement may have a material effect on the District's financial statements.

NOTE 3 – INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 3 – INVESTMENTS (CONTINUED)

Intergovernmental investment pool funds are held with Florida Local Government Investment Trust (FLGIT) and are valued using a variable NAV based on fair value. This fund has no unfunded commitments, allows unlimited daily redemptions, and invests in money market securities, US Treasuries, commercial paper, asset backed mortgages, Corporate, Municipal, and Government bonds. This fund does not institute liquidity fees or redemption gates.

Investments at September 30, 2017 are shown below:

	Fair Value Measurements Using						
		Prices in Markets	_	nificant Other ervable Inputs	•	icant able Inputs	
_	Lev	el 1		Level 2	Lev	el 3	Fair Value
Funds							
Short Term Bond Fund							
(FLGIT)	\$	-	\$	4,455,069	\$	-	\$ 4,455,069
Other							
Other Investments		-		8,843		=	8,843
	\$	-	\$	4,463,912	\$	-	\$ 4,463,912

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investments of operating funds to a maximum of twenty-four (24) months as a means of managing its exposure to fair value losses arising from an increase in interest rates.

The Short Term Bond fund uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. For the year ended September 30, 2017, the weighted average maturity was 1.66 years with an effective duration of 1.74 years.

Credit Risk

The District's General Fund investment policy authorizes the following investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- United States Treasury Obligations
- United States Government Agencies (United States Government Sponsored Enterprise ("GSE")) limited to the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its District banks (FHLB), Federal National Mortgage Association (FNMA) and Governmental National Mortgage Association (GNMA).
- Negotiable Certificates of Deposit
- Local Government Surplus Trust Fund or any intergovernmental investment pool

NOTE 3 – INVESTMENTS (CONTINUED)

At September 30, 2017, the FLGIT Short Term Bond Fund had a credit rating of AAAf/S1.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in this State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately placed for safekeeping in a secured vault.

The District's investment policy requires that all investment securities, except for investments in certificates of deposit, that are purchased by the District to be held by third party custodians and be properly designated as an asset of the District. All investments were held in third-party custodial accounts in the District's name.

Concentration of Credit Risk

The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of the District's investment portfolio.

Foreign Currency Risk

The District's investment policy does not prohibit investments in foreign currency; however no such investments were held as of September 30, 2017 in the General Fund.

NOTE 4 – CHANGES IN CAPITAL ASSETS

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

	September 30	,	Retirements September		
	2016	Additions	and Transfers	2017	
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 278,555	\$ -	\$ -	\$ 278,555	
Capital assets not being depreciated	278,555	-	-	278,555	
Capital assets being depreciated:					
Buildings	1,328,209	_	-	1,328,209	
Building Improvements	1,407,985	4,778	-	1,412,763	
Equipment	1,589,948	137,237	(49,508)	1,677,677	
Vehicles/Apparatus	2,660,458	68,234	(45,060)	2,683,632	
Capital assets being depreciated	6,986,600	210,249	(94,568)	7,102,281	
Less accumulated depreciation:					
Buildings and improvements	(1,192,078)	(92,046)	-	(1,284,124)	
Equipment	(973,410)	(168,766)	26,266	(1,115,910)	
Vehicles/Apparatus	(1,656,062)	(142,630)	45,062	(1,753,630)	
Total accumulated depreciation	(3,821,550)	(403,442)	71,328	(4,153,664)	
Capital assets being depreciated, net	3,165,050	(193,193)	(23,240)	2,948,617	
Governmental activities capital assets	\$3,443,605	\$(193,193)	\$ (23,240)	\$ 3,227,172	

The District recognized \$403,442 of depreciation expense for fiscal year ended September 30, 2017. Of that amount, \$364,935 was allocated to the public safety program and the remaining amount of \$38,507 was allocated to the beach safety program.

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2017, was as follows:

	Se	ptember 30,					Se	ptember 30,		ue Within
		2016	Α	dditions	Re	ductions		2017	C	ne Year
Government-wide activities:										
Liability for compensated										
absences	\$	290,734	\$	-	\$	66,210	\$	224,524	\$	87,013
Liability for OPEB										
obligation		102,000		46,971		-		148,971		-
Net pension liability		10,297,735		-	1	,960,565		8,337,170		-
				•	•				•	
Total long-term liabilities	\$	10,690,469	\$	46,971	\$2	,026,775	\$	8,710,665	\$	87,013

NOTE 6 – RETIREMENT PLANS

Defined Contribution Plan

The District had three employees who are not covered under the District's defined benefit plan. Therefore, the District contributes 14.8% of the employees' annual salaries to individual retirement accounts for employees not part of the collective bargaining agreement. The District contributes 13% to one employee who is covered under the collective bargaining agreement. In addition, the District matches up to 5% of the employee's contribution. This plan is a 457 defined contribution plan. Total contributions by the District under this plan for the year ended September 30, 2017 were \$36,135.

Firefighter personnel may also elect to participate in the 457 defined contribution plan. The District does not match or contribute toward firefighter 457 accounts since these personnel automatically participate in a defined benefit plan.

Defined Benefit Plan (Florida Statute Chapter 175 Firefighters' Pension Trust Fund)

Plan Description

The District began participating in a Florida Statute Chapter 175 Firefighters Pension Trust Fund (Chapter 175 Plan for full-time state certified firefighters) in 1993. The Chapter 175 Plan is a single-employer defined benefit pension plan administered by Destin Fire Control District. It was established to provide retirement, disability, supplemental insurance, and death benefits for covered employees.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

The Plan is administered by a Board of Trustees consisting of two District appointees, two members who are firefighters elected by the covered employees, and a fifth member elected by the other four and appointed by the District.

Florida Statute 175 establishes eligibility and vesting requirements and benefits provisions. Membership is compulsory for all full-time firefighters. Non-firefighter personnel of the District are excluded from this plan. The District does not issue stand-alone financial statements for this Plan.

Participants hired prior to October 1, 2012 are 100% vested after 7 years of credited service. For members hired after October 1, 2012, participants are 100% vested after 10 years of credited service. For members hired prior to October 1, 2012, members are eligible for normal retirement at the earlier of age 55 and 10 years of credited service, or 20 years of credited service regardless of age. For members hired on or after October 1, 2012, members are eligible for normal retirement at the earlier age of 55 and 10 years of credited service or age 52 and the completion of 25 years of credited service.

Early retirement may be taken after 10 years of credited service and attaining age 50; however, the accrued benefit will be actuarially reduced. Upon retirement for members hired prior to October 1, 2012, members are entitled to receive an amount approximately equal to 3.5% of average final compensation times credited service. Upon retirement for members hired on or subsequent to October 1, 2012, members are entitled to receive an amount approximately equal to 2.5% of average final compensation times credited service.

All retirees, excluding disability retirees and vested terminated persons who were hired prior to October 1, 2012 and who retire on or after October 1, 2002, will receive, beginning on the first October 1st following one full year of retirement and on each subsequent October 1st, a 2% per year cost-of-living adjustment. As of September 30, 2017, the Plan had a total of 52 members with 28 active members, 12 inactive plan members currently receiving benefits, and 12 inactive members entitled to, but not yet receiving benefits.

Supplemental Insurance Benefit

During the year ended September 30, 2017, the District paid supplemental insurance benefits to 7 retirees totaling \$20,172 from the Pension Fund.

Deferred Retirement Option Program

The Plan offers a deferred retirement option program (DROP) to any member satisfying the normal retirement requirements. Participation in DROP may not exceed 60 months. Upon entering DROP, a member may choose from the following two rate of return options: (a) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (b) 6.5% per annum compounded monthly. Members may elect to change the rate of return option one time while participating in DROP. At September 30, 2017, the DROP balance is \$746,524.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Basis of Accounting

The accrual basis of accounting is used for the Pension Trust Fund. Contributions made by the District/State are recognized as revenue when due and the employer has made a formal commitment to provide the contributions. Contributions for the District's employees are recognized as revenue when due. Investment income is recognized as income when earned.

Plan liabilities for benefit and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

The fair value of investments in bond and equity funds are based on quoted market prices. The District categorizes its Pension Fund fair value measurements utilizing the fair value hierarchy established by generally accepted accounting principles similar to General Fund investments. Investments in money market funds are reported at amortized cost. During the fiscal year ended September 30, 2017, all of the Chapter 175 Plan assets were held in various investments at Salem Trust Company and the American Core Realty Fund.

Rate of Return

For the year ended September 30, 2017 the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 11.67 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy

The plan members are required to contribute 6.8% of their annual covered salary to the Plan. The District is required to contribute at an actuarially determined rate of 79.9% of covered salary for the fiscal year ended September 30, 2017. This amount includes any State contributions. The actual contribution rate for the District and State equaled 94.6% of employees' salaries for the covered annual payroll. The required actuarial rate was determined from an actuarial report as of October 1, 2016, using the entry age normal actuarial cost method and level percentage of pay, closed amortization method.

Annual Pension Cost

The Retirement plan's annual pension cost excluding member contributions was \$1,323,401 as of October 1, 2016. Florida Statute Chapter 175 authorizes the State to charge a premium tax upon certain insurance companies who engage in the business of property insurance for the benefit of firefighters. The proceeds from this tax are used in partial support of the Chapter 175 Plan. For the year ended September 30, 2017, the District received \$265,392 from the State of Florida as proceeds from this tax.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

This amount was used to help fund the \$1,303,441 reported as District contributions in the Statement of Revenues, Expenditures and Changes in Fund Balance. The District required contribution of \$1,323,401 was determined as part of the adjusted actuarial valuation as of October 1, 2016, using the entry age normal actuarial cost method. While contributions to the Plan are currently funded through these various sources, it is ultimately the responsibility of Destin Fire Control District to fund the Plan.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2017 were as follows:

Total Pension Liability	\$ 26,714,062
Plan Fiduciary Net Position	(18,376,893)_
Sponsor's Net Pension Liability	\$ 8,337,169
Plan Fiduciary Net Position as a percentage of	
Total Pension Liability	68.79%

Actuarial Assumptions

For the year ended September 30, 2017, the actuarial assumptions used to determine the Annual Required Contribution included an 7.5% investment rate of return (net of investment related expenses) compounded annually and service based salary increases per year until the assumed retirement age. Projected salary increase includes inflation at 2.5% and post retirement cost of living adjustment (COLA) for service retirees is 2%.

RP-2000 Table with no projection - Based on a study of over 650 public safety funds, this table reflects a 10% margin for future mortality improvements. (Disabled lives set forward 4 years).

The actuarial assumptions used in the October 1, 2016 valuation were based on the results of an actuarial experience study dated August 28, 2015, for the period 2009-2014.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2017 are summarized in the following table:

		Long Term Expected
Asset Class	Target Allocation	Real Rate of Return
Domestic Equity	50%	7.5%
International Equity	10%	8.5%
Broad Market Fixed Income	25%	2.5%
Global Fixed Income	5%	3.5%
Real Estate	10%	4.5%

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to changes in the Discount Rate	Net Pension Liability
1% decrease of discount rate to 6.50%	\$11,853,648
Current discount rate of 7.50%	8,337,169
1% increase of discount rate to 8.50%	5.475.193

For the year ended September 30, 2017, the District recognized a pension expense net of State contributions of \$814,245. Additionally, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources			Deferred Inflows of Resources		
Differences between expected and actual experience Change of assumptions Net difference between projected and actual earnings	\$	- 817,368	\$	1,179,244 64,046		
on pension plan investments				68,760		
Total	\$	817,368	\$	1,312,050		

The above amounts will be recognized in pension expense in future periods as follows:

Year ended September 30:	Amount	_
2018	\$ (278,826	5)
2019	326,090)
2020	(410,533	7)
2021	(131,409	Э)
2022		-
Thereafter		-

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Investments

The following table presents the Plan's investments at September 30, 2017:

		Fair V	alue Measuremen	ts Using	=	
		Quoted Prices	Significant Other	Significant		
		in Active	Observable	Unobservable		Percentage
	Amortize	ed Markets	Inputs	Inputs	Investment	of Plan Net
	Cost	Level 1	Level 2	Level 3	Totals	Assets
Investments valued at Amortized						
Cost						
Cash and cash equivalents	\$ 20	0 n/a	n/a	n/a	\$ 200	0%
Goldman Sachs Money Market					234,845	
Fund	234,84	.5 n/a	n/a	n/a	234,043	1%
Investments for which Fair Value						
was Determined						
Mutual Funds - Fixed Income		- \$ 5,322,539	\$ -	\$ -	5,322,539	29%
Mutual Funds - Equities		- 11,307,614		-	11,307,614	62%
American Core Realty Fund *			_	1,519,270	1,519,270	8%
	\$235,04	5 \$16,630,153	\$ -	\$ 1,519,270	\$ 18,384,468	100%

^{*} The American Core Realty Fund utilizes an Independent Valuation Advisor and Appraisal Manager for valuation. Currently, Altus, a publicly traded firm with no relationship or affiliation with the fund, serves in that capacity. In this role, Altus advises Fund's management on the selection and engagement of all external third-party appraisers, reviews each external draft appraisal completed by a third-party appraiser, and prepares restricted-use appraisals each quarter for properties in the Fund when a full appraisal is not performed. The fund performs property appraisals on 25% of the portfolio each quarter covering the entire portfolio each year.

The Plan limits the aggregate investment in corporate equities to 75% at fair value. In addition, the Plan limits equity positions in any single company to 5% of the Plan assets at fair market value. Foreign securities shall not exceed 25% of Plan assets at fair value.

At September 30, 2017, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk: The District's Investment Policy for the Retirement Plan does not explicitly address credit risk (CR). The investment policy specifies the market sectors and the benchmark for each sector. The Plan's investment in the Goldman Sachs Money Market Fund was rated AAAm-G and has a weighted average maturity of 16 days. The fixed income mutual fund investments are not rated by S&P or Moody's for credit risk.

Foreign Currency Risk: The District's Investment Policy for the Retirement Plan does not explicitly address foreign currency risk. The investment policy specifies the market sectors and the benchmark for each sector.

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Interest Rate Risk: The District's Investment Policy for the Retirement Plan does not explicitly address interest rate risk (IRR). The investment policy specifies the market sectors and the benchmark for each sector.

Changes in Net Pension Liability

September 30,	2017
Total Pension Liability	
Service Cost	\$ 430,846
Interest	1,948,687
Differences Between Expected and Actual Experience	(829,240)
Benefit Payments, Including Refunds of	
Employee Contributions	 (775,745)
Net Change in Total Pension Liability	774,548
Total Pension Liability - Beginning	 25,939,514
Total Pension Liability - Ending	26,714,062
Less: Plan Fiduciary Net Position	 (18,376,893)
Net Pension Liability	\$ 8,337,169

NOTE 7 – RISK MANAGEMENT

The District is exposed to risk of loss for claims and judgments for unemployment compensation and employee medical insurance deduction. Descriptions of each program are as follows:

Unemployment Compensation

The District retains the entire risk for unemployment compensation claims. As of September 30, 2017, the amount committed in fund balance for unemployment was \$19,873. Because the amount of future loss cannot be estimated, no liability for these claims has been recognized in the financial statements.

Other

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 – RISK MANAGEMENT (Continued)

Health Reimbursement Arrangement

The District has a Health Reimbursement Arrangement (HRA) that is funded solely through District contributions. The HRA allows eligible participants to be reimbursed tax free for qualified medical expenses up to a maximum dollar amount for a coverage period. 50% of the amounts remaining at the end of the calendar year are carried over to the next year. The employer is not permitted to refund any part of the balance to the employee, the account cannot be used for anything other than reimbursements for qualified medical expenses, and remaining amounts are not portable upon termination once the employee leaves the employer. On February 28, 2017, the District discontinued the use of the HRA account and switched to a traditional insurance plan, thus no liability has been accrued for this arrangement as of September 30, 2017.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Accrued Leave

The policy of the District and the Union (Destin Professional Fire Fighters Association, IAFF Local #3158) for vacation leave is as follows:

All Employees

1 - 4 years	6 hours bi-weekly
5 - 9 years	7 hours bi-weekly
10 - 14 years	9 hours bi-weekly
15 to retirement	10 hours bi-weekly

According to the Union contract, upon termination, employees will be paid for all unused vacation unless: the employee has less than six months service to the District; or the employee is discharged for cause, and therefore will not be paid for all unused vacation accrued. Employees may accumulate vacation leave up to 432 hours.

The policy of the District and the Union for sick leave is that all paid employees will accrue sick leave at a rate of six (6) hours bi-weekly. Upon termination, no sick leave will be compensated, unless the employee has an excess of 480 hours. There is no maximum number of sick leave hours to be accumulated; however, after 480 hours, an employee may exchange one sick leave hour to earn ½ hour of annual leave not to exceed 100 hours of sick leave per calendar year. Upon retirement, employees will be compensated sick leave on a graduated scale. For leave accumulated between 481-720 hours, 25% of the employee's regular pay rate will be paid. For leave accumulated between 721-1000 hours, 50% of the employee's regular pay rate will be paid. Employees will not be compensated for accrual of sick leave in excess of 1,000 hours. The total amount of the unpaid accrued leave at September 30, 2017, was \$224,524.

The policy of the Union for shift employees who work regularly scheduled hours on a holiday will be compensated at one and one-half (1 ½) times their normal hourly rate for each hour worked on the holiday.

NOTE 9 – CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES

The following is a summary of the changes to Fund Balance for the year ending September 30, 2017:

	E	Balance at			Otl	Excess of penditures and her Uses Over	Cl	nanges in		Balance at
	Se	otember 30,			R	evenues and	Enc	umbrances	Sep	otember 30,
		2016	Tran	sfers	0	ther Sources	and	d Prepaids		2017
Nonspendable										
Prepaids	\$	33,206	\$	-	\$	-	\$	157,356	\$	190,562
Restricted										
Impact fees		948,976		-		151,262		-		1,100,238
Committed										
Committed for unemployment Committed for compensated		19,873		-		-		-		19,873
absences		50,000		-		-		-		50,000
Assigned										
Assigned for capital assets		2,867,191	34	2,367		(98,114)		-		3,111,444
Assigned for encumbrances		-		-		-		5,772		5,772
Assigned for junior lifeguard		-		-		2,278		-		2,278
Unassigned		1,340,761	(34	2,367)		650,836		(163,128)		1,486,102
Totals	\$	5,260,007	\$	-	\$	706,262	\$	=	\$	5,966,269

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Postemployment Healthcare Benefits Plan (Plan) is a single employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District, and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical, and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.

The District does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The rates paid by the retirees eligible for Medicare are reduced by the Medicare premium. The Plan does not issue a stand-alone report, and it is not included in the report of a Public Employee Retirement System or another entity.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

Contribution requirements of the District and plan members are established and may be amended through action from the District Board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2016-2017 fiscal year, five (5) retirees received postemployment health care benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the most recent two fiscal years are as follows:

Fiscal year Ending	c	Annual OPEB Cost	Estimated Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2017 9/30/2016 9/30/2015	\$	89,291 74,982 75,597	\$ 42,320 53,389 56,161	47.40% 71.20% 74.29%	\$ 148,971 102,000 80,407

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with government accounting standards. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Year ended September 30,	2017
Normal Cost (service cost for one year) Amortization of Unfunded Actuarial Accrued Liability (UAAL)	\$ 34,002 53,779
Interest on Normal Cost and Amortization	3,511
Annual Required Contribution (ARC)	91,292
Interest on Net OPEB Obligation	4,080
Adjustment to Annual Required Contribution	(6,081)
Annual OPEB Cost (Expense) Estiamted Net Contributions made	89,291
	(42,320)
Increase (decrease) in Net OPEB Obligation	46,971
Net OPEB Obligation, beginning of year	102,000
Net OPEB Obligation, end of year	\$ 148,971

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funded Status and Funding Progress

As of October 1, 2016, the most recent valuation date, the actuarial accrued liability for benefits was \$854,233, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$854,233. The covered payroll (annual payroll of active participating employees) was \$2,033,900 from the 2015-2016 fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 42%.

Actuarial Method and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The District's interim OPEB actuarial valuation as of October 1, 2016, used the Entry Age Normal actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of September 30, 2017 and to estimate the District's 2016-2017 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.0% discount rate. The actuarial assumptions include an annual healthcare cost trend rate of 8.75% for the 2016-2017 fiscal year, trending to a rate of 4.0% by 2073 fiscal year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed amortization basis. The amortization period at September 30, 2017, is 30 years.

Required Supplementary Information (Other than MD&A)

Destin Fire Control District Budgetary Comparison Schedule – Governmental Fund

2017

real ellaca septellibel so,		2	017		
	Budgete	ed Amounts		Varianc Favorab	_
	Original	Final	Actual	(Unfavora	ble)
Revenues					
Ad valorem taxes collected, less fees	\$ 4,982,308	\$ 4,982,308	\$ 5,072,286	\$ 89,	978
Beach safety program donations	752,693	752,693	728,557	(24,	136)
Investment interest	31,000	31,000	43,636	12,	636
Impact fees	50,000	50,000	150,531	100,	531
Grants and donations	240,454	240,454	-	(240,	454)
Ctata nancian fund contributions	225 450	225 450	265 202	20.4	042

Vear ended Sentember 30

State pension fund contributions 225,450 225,450 265,392 39,942 Miscellaneous 41,625 41,625 50,768 9,143 Total revenues 6,323,530 6,323,530 6,311,170 (12,360)**Expenditures Current** Public safety: Personnel services **Salaries** 2,392,371 2,372,971 2,136,037 236,934 Employees' retirement: 457 Plan retirement fund 39,858 39,858 36,135 3,723 Section 175 retirement fund 1,245,783 1,286,783 1,254,267 32,516 Employee life and health insurance 636,580 646,580 598,113 48,467 Taxes - payroll 178,943 166,968 163,038 3,930 Workers compensation 83,034 73,034 72,094 940 Miscellaneous 13,572 13,572 9,595 3,977 Operating services Accounting and legal 84,500 68,875 6,664 62,211 Advertising 4,500 4,500 4,510 (10)Central dispatch 2,200 2,200 1,700 500 Dues and subscriptions 14,500 13,853 647 14,500 Equipment - noncapital 15,500 23,250 19,624 3,626 Fuel 22,000 21,000 18,894 2,106 Hazardous material program 7,250 7,250 7,107 143 Insurance 69,251 69,251 68,511 740 Miscellaneous 17,300 17,212 1,239 18,451 Property appraiser fees 85,596 85,596 74,329 11,267 Repairs and maintenance 121,932 127,932 113,277 14,655 **Supplies** Fire and paramedic 14,325 13,424 11,117 2,307 Office 10,000 12,000 10,534 1,466 **Training** 32,000 26,000 9,294 16,706 Uniforms 16,000 1,726 10,000 14,274 Utilities 50,450 50,450 43,658 6,792

Destin Fire Control District Budgetary Comparison Schedule – Governmental Fund (Continued)

			2	017			
							/ariance
		d An	nounts				avorable
Origina	<u> </u>		Final		Actual	(Ur	favorable)
\$ 449,5	592	\$	423,328	\$	423,121	\$	207
40,4	172		49,297		49,173		124
39,3	394		32,394		32,192		202
16,5	575		19,000		18,951		49
25,8	331		25,831		13,909		11,922
15,5	500		19,700		19,653		47
7,0	000		6,500		6,232		268
38,3	317		38,417		38,393		24
35,8	317		35,817		24,552		11,265
14,0	000		11,400		10,918		482
9,4	112		10,912		10,160		752
2,0	000		1,000		743		257
22,0)39		26,353		25,272		1,081
5,867,3	394	į	5,860,394		5,432,653		427,741
123,0)85		114,085		107,631		6,454
							166
-			82,202		4,778		77,424
249,2	299		256,299		172,255		84,044
206,8	337		206,837		706,262		499,425
5,260,0	007	į	5,260,007		5,260,007		-
\$ 5,466,8	344	\$ 5	5,466,844	\$	5,966,269	\$	499,425
	\$ 449,5 40,4 39,3 16,5 25,8 15,5 7,0 38,3 35,8 14,0 9,4 2,0 22,0 5,867,3 123,0 44,0 82,2 249,2	Original	\$ 449,592 \$ 40,472 39,394 16,575 25,831 15,500 7,000 38,317 35,817 14,000 9,412 2,000 22,039 5,867,394 \$ 123,085 44,012 82,202 249,299 206,837 5,260,007	Budgeted Amounts Original Final \$ 449,592 \$ 423,328 40,472 49,297 39,394 32,394 16,575 19,000 25,831 25,831 15,500 19,700 7,000 6,500 38,317 38,417 35,817 35,817 14,000 11,400 9,412 10,912 2,000 1,000 22,039 26,353 5,867,394 5,860,394 123,085 114,085 44,012 60,012 82,202 82,202 249,299 256,299 206,837 206,837 5,260,007 5,260,007	Original Final \$ 449,592 \$ 423,328 \$ 40,472 49,297 39,394 32,394 16,575 19,000 25,831 25,831 15,500 19,700 7,000 6,500 38,317 38,417 35,817 14,000 11,400 9,412 10,912 2,000 1,000 22,039 26,353 5,867,394 5,860,394 5,860,394 123,085 114,085 44,012 60,012 82,202 249,299 256,299 206,837 206,837 206,837 206,837 5,260,007	Budgeted Amounts Original Final Actual \$ 449,592 \$ 423,328 \$ 423,121 40,472 49,297 49,173 39,394 32,394 32,192 16,575 19,000 18,951 25,831 25,831 13,909 15,500 19,700 19,653 7,000 6,500 6,232 38,317 38,417 38,393 35,817 35,817 24,552 14,000 11,400 10,918 9,412 10,912 10,160 2,000 1,000 743 22,039 26,353 25,272 5,867,394 5,860,394 5,432,653 123,085 114,085 107,631 44,012 60,012 59,846 82,202 82,202 4,778 249,299 256,299 172,255 206,837 206,837 706,262 5,260,007 5,260,007 5,260,007	Budgeted Amounts Final Actual Interest of Control of Contr

Destin Fire Control District Schedule of Changes in Net Pension Liability and Related Ratios

September 30,	2017	2016	2015	2014	2013
Total Pension Liability					
Service Cost	\$ 430,846	\$ 412,422	\$ 540,120	\$ 702,391	\$ 650,362
Interest	1,948,687	1,854,384	1,893,391	1,756,834	1,616,439
Change in Excess State Money	-	-	-	-	-
Change in Funding Standard Account	-	-	-	-	-
Share Plan Allocation	-	-	-	-	-
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected					
and Actual Experience	(829,240)	(240,493)	(1,748,273)	-	-
Changes of Assumptions	-	1,634,737	(256,184)	-	-
Contributions - Buy Back	-	-	-	-	-
Benefit Payments, Including					
Refunds of Employee Contributions	(775,745)	(977,835)	(600,036)	(579,955)	(547,818)
Net Change in Total Pension Liabilit	774,548	2,683,215	(170,982)	1,879,270	1,718,983
Total Pension Liability - Beginning	25,939,514	23,256,299	23,427,281	21,548,011	19,829,028
Total Pension Liability - Ending	\$26,714,062	\$25,939,514	\$23,256,299	\$23,427,281	\$21,548,011
Plan Fiduciary Net Position					
Contributions - Employer	\$ 1,275,999	\$ 836,684	\$ 687,531	\$ 697,413	\$ 882,319
Contributions - State	291,353	293,567	371,910	326,318	342,803
Contributions - Employee	112,630	107,918	104,560	126,109	141,681
Contributions - Buy Back	-	-	-	-	-
Net Investment Income	1,862,888	1,482,436	(784,838)	1,510,241	1,092,797
Benefit Payments, Including					
Refunds of Employee Contribution:	(775,745)	(977,835)	(600,036)	(579,955)	(547,818)
Administrative Expense	(32,011)	(25,310)	(32,924)	(14,883)	(18,656)
Other	-	-	-	-	
Net Change in Plan					
Fiduciary Net Position	2,735,114	1,717,460	(253,797)	2,065,243	1,893,126
Plan Fiduciary Net Position - Beginning	15,641,779	13,924,319	14,178,116	12,112,873	10,219,747
Plan Fiduciary Net Position - Ending	18,376,893	15,641,779	13,924,319	14,178,116	12,112,873
Net Pension Liability - Ending	\$ 8,337,169	\$10,297,735	\$ 9,331,980	\$ 9,249,165	\$ 9,435,138
Plan Fiduciary Net Position					
as a Percentage of the Total					
Pension Liability	68.79%	60.30%	59.87%	60.52%	56.21%
, , , , , , , , , , , , , , , , , , , ,					
Covered Employee Payroll	\$ 1,656,321	\$ 1,587,030	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Net Pension Liability					
as a Percentage of Covered					
Employee Payroll	503.35%	648.87%	606.90%	498.73%	452.84%

Destin Fire Control District Schedule of Pension Contributions

	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Actuarially Determined Contribution	\$ 1,323,401	\$ 1,090,290	\$ 1,059,441	\$ 1,023,707	\$ 1,225,122
Contributions in Relation to the					
Actuarially Determined Contributions	1,567,352	1,130,251	1,059,441	1,023,731	1,225,122
Contribution Deficiency (Excess)	\$ (243,951)	\$ (39,961)	\$ -	\$ (24)	\$ -
Covered Employee Payroll Contributions as a Percentage of	\$ 1,656,321	\$ 1,587,030	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Covered Employee Payroll	94.63%	71.22%	68.90%	55.20%	58.80%

Notes to Schedule

Valuation Date: 10/01/2016

Actuarially determined contribution rates are calculated as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Funding Method: Entry Age Normal Actuarial Cost Method

Amortization Method: Level percentage of pay, closed Remaining Amortization Period: 25 Years (as of 10/01/2016)

Actuarial Asset Method: All assets are valued at market value with an adjustment made to

uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year

period.

Inflation: 2.0% per year Salary Increases: See Table Below.

Payroll Increase: None

Interest Rate: 7.5% per year compounded annually, net of investment related

expenses.

Retirement Age: Earlier of: I) Age 55 and 10 years of Credited Service or 2) 20

Years of Credited Service regardless of age. Also, any member who has reached Normal Retirement is assumed to continue

employment for one additional year.

Early Retirement: Commencing with the earliest Early Retirement Age (50),

members are assumed to retire with an immediate subsidized

benefit at the rate of 5% per year.

Destin Fire Control District Schedule of Pension Contributions

Termination Rates:

Disability Rates: See Table Below

See Table Below. It is assumed that 75% of disablements are

service related.

See Table Below.

Mortality: The assumed rates of mortality were mandated by Chapter 2015-

157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates utilized are those outlined in the July 1, 2015 FRS actuarial valuation report for

special risk employees. See below:

Healthy Males: RP2000 Generational, 10% Annuitant White Collar /

90% Annuitant Blue Collar, Scale BB.

Healthy Females: RP2000 Generational, 100% Annuitant White

Collar, Scale BB.

Disabled Males: 60% RP2000 Disabled Male setback four years /

40% Annuitant White Collar with no setback, no projection scale.

Disabled Females: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection

scale.

Other Information: Termination and Disability Rate Table.

Age	% Terminating during the year	% Becoming disabled during the year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

Salary Increases:	Credited Service	Salary Increase
	0	10.0%
	1	9.0%
	2	8.0%
	3	7.5%
	4	7.0%
	5	6.5%
	6	6.0%
	7	5.5%
	8	5.0%
	9	4.5%
	10+	4.0%

Destin Fire Control District Schedule of Pension Investment Returns

September 30,	2017	2016	2015	2014	2013
Annual Money-Weighted Rate of Return					
Net of Investment Expense	11.67	10.74	-5.49%	12.26%	10.08%

Destin Fire Control District Schedule of Funding Progress for Other Postemployment Benefits (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets		Actuarial Accrued Liability (AAL) - Entry Age		Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2016	\$	-	\$	854,233	\$ 854,233	0.00%	\$ 2,033,900	42.00%
10/1/2015		N/A		N/A	N/A	N/A	N/A	N/A
10/1/2014		-		798,219	798,219	0.00%	2,082,560	38.33%
10/1/2013		N/A		N/A	N/A	N/A	N/A	N/A
10/1/2012		-		905,849	905,849	0.00%	2,232,165	40.58%



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

To the Board of Commissioners Destin Fire Control District Destin, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Destin Fire 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, and have issued our report thereon dated February 13, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Miramar Beach, Florida February 13, 2018



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MANAGEMENT LETTER

To the Board of Commissioners Destin Fire Control District Destin, Florida

Report on the Financial Statements

We have audited the financial statements of the Destin Fire Control District ("District") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated February 13, 2018.

Auditor's Responsibility

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

Other Reporting Requirements

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 Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in these reports, which are dated February 13, 2018, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding annual audit report.

Official Title and Legal Authority

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

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we apply appropriate procedures and report the results of our determination as to 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.

Other Matters

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

Purpose of this Letter

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

CARR, RIGGS & INGRAM, LLC

Can, Rigge & Ingram, L.L.C.

Miramar Beach, Florida February 13, 2018



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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Supervisors Destin Fire Control District Destin, Florida

We have examined Destin Fire Control District's compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2017. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the 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 management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

CARR, RIGGS & INGRAM, LLC

Caux Rigge & Ingram, L.L.C.

Miramar Beach, Florida February 13, 2018