

Destin Fire Control District

Financial Statements

September 30, 2018



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Destin Fire Control District
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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, 2018, 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, 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District implemented Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which is a change in accounting principle that addresses accounting and financial reporting for other postemployment benefits. This affects the comparability of the amounts reported for the 2017-18 fiscal year with amounts reported for the 2016-17 fiscal year. Our opinion is not modified with respect to this matter.

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 April 9, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or 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, L.L.C.

CARR, RIGGS & INGRAM, LLC
Miramar Beach, Florida
April 9, 2019



Management's Discussion and Analysis

Destin Fire Control District Management's Discussion and Analysis

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 decreased \$484,923
- Net position increased by \$452,066
- Total revenues increased \$301,660 and total expenses increased \$316,046. Revenues increased due to growth in the District tax base resulting in additional ad valorem taxes. Expenses increased as a result of higher wage costs during the year. Beach safety expenses increased during the year as a result of additional personnel and operating 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 2017-2018 fiscal year, Beach Safety Patrol aided with 149,196 protective acts, 76 boat and personal watercraft infractions, 32 major medical responses, 112 minor aid requests, 114 missing and lost persons, 352 assists, 28 marine stings, and 434 persons rescued.

During the 2017-2018 fiscal year, the Fire District responded to 2,528 alarms. These responses include 71 fires, 2,528 emergency medical calls, 75 hazardous conditions, 131 service calls, 523 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.

Destin Fire Control District Management's Discussion and Analysis

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.

<i>As of September 30,</i>	2018	2017	Change
Assets			
Current and other assets	\$ 5,612,097	\$ 6,095,145	\$ (483,048)
Capital assets	3,225,297	3,227,172	(1,875)
Total assets	<u>8,837,394</u>	<u>9,322,317</u>	<u>(484,923)</u>
Deferred outflows of resources	<u>773,654</u>	<u>817,368</u>	<u>(43,714)</u>
Total assets and deferred outflows of resources	<u>\$ 9,611,048</u>	<u>\$ 10,139,685</u>	<u>\$ (528,637)</u>
Liabilities			
Current liabilities	\$ 218,555	\$ 215,889	\$ 2,666
Other liabilities	8,188,393	8,623,652	(435,259)
Total liabilities	<u>8,406,948</u>	<u>8,839,541</u>	<u>(432,593)</u>
Deferred inflows of resources	<u>763,940</u>	<u>1,312,050</u>	<u>(548,110)</u>
Net position			
Net investment in capital assets	3,225,297	3,227,172	(1,875)
Restricted - impact fees	1,129,756	1,100,238	29,518
Unrestricted	<u>(3,914,893)</u>	<u>(4,339,316)</u>	<u>424,423</u>
Total net position	<u>440,160</u>	<u>(11,906)</u>	<u>452,066</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 9,611,048</u>	<u>\$ 10,139,685</u>	<u>\$ (528,637)</u>

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

Destin Fire Control District Management's Discussion and Analysis

Total assets decreased \$484,923 or 5% during the fiscal year ended September 30, 2018. Total liabilities decreased \$432,593 or 5% 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.

<i>Year ended September 30,</i>	2018	2017	Change
Program revenues:			
Public safety contributions	\$ 262,470	\$ 265,392	\$ (2,922)
Grants and contributions	5,700	37,995	(32,295)
Beach safety contributions	945,212	728,557	216,655
Charges for services	19,207	27,429	(8,222)
Total program revenues	<u>1,232,589</u>	<u>1,059,373</u>	<u>173,216</u>
General revenues:			
Ad Valorem taxes	5,327,378	5,072,286	255,092
Impact fees	28,748	150,531	(121,783)
Investment income	31,649	43,636	(11,987)
Miscellaneous	121	25	96
Gain (Loss) on disposal of fixed assets	7,098	72	7,026
Total general revenues	<u>5,394,994</u>	<u>5,266,550</u>	<u>128,444</u>
Total revenues	<u>6,627,583</u>	<u>6,325,923</u>	<u>301,660</u>
Program expenses:			
Public safety			
Personal services	3,765,788	3,555,480	210,308
Operating services	452,350	490,105	(37,755)
Depreciation	369,529	364,935	4,594
Total public safety expenses	<u>4,587,667</u>	<u>4,410,520</u>	<u>177,147</u>
Beach Safety			
Personal services	599,311	523,437	75,874
Operating services	205,195	149,832	55,363
Depreciation	46,169	38,507	7,662
Total beach safety expenses	<u>850,675</u>	<u>711,776</u>	<u>138,899</u>
Total expenses	<u>5,438,342</u>	<u>5,122,296</u>	<u>316,046</u>
Increase (decrease) in net position	<u>1,189,241</u>	<u>1,203,627</u>	<u>(14,386)</u>
Net position, beginning	(11,906)	(1,215,533)	1,203,627
Cumulative effect of change in accounting principle (Note 10)	<u>(737,175)</u>	-	<u>(737,175)</u>
Net position, beginning as restated	<u>(749,081)</u>	<u>(1,215,533)</u>	<u>466,452</u>
Net position, ending	<u>\$ 440,160</u>	<u>\$ (11,906)</u>	<u>\$ 452,066</u>

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

Destin Fire Control District Management's Discussion and Analysis

CONDENSED STATEMENTS OF ACTIVITIES (CONTINUED)

Grants and contributions decreased \$32,295 as compared to prior year due to the District receiving donated assets in the prior year. Ad valorem tax revenues increased \$255,092 or 5% from the previous year as a result of growth in the taxable base. Impact fees decreased \$121,596 or 81% from prior year due to less construction in the taxable base. Public safety expenses increased 4% or \$177,147 as compared to prior year as a result of increased wage costs. Beach safety contributions increased \$216,655 or 30% and related expenses increased \$138,899 or 20% as compared to prior year as a result of additional funding for personnel and operating costs.

Overall, net position increased \$452,066 for fiscal year 2018.

GOVERNMENTAL FUND

As of September 30, 2018, the District's governmental fund (as presented on pages 11 - 15) reported a fund balance of \$5,466,951 which represents a decrease of \$499,318 or 8% as compared to the prior year.

During fiscal year 2018, the District incurred \$437,404 in capital outlay expenditures which represents an increase of \$265,149 or 154% from prior year capital outlay expenditures of \$172,255. This increase was due to the purchase of a new truck, bunker gear, beach safety ATVs, watercraft, and other equipment during the year as compared to prior 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 a favorable increase in revenues as compared to the budget in the amount of \$12,984. This increase occurred as a result of additional ad valorem taxes over budget.

The District experienced a favorable variance as compared to final budget in capital outlay in the amount of \$1,031,172. The District postponed major capital expenses to the following year. For regular operating expenditures, the District experienced a favorable reduction in expenses of \$339,407 primarily as a result of lower insurance, wage costs, and maintenance as compared to budget.

Overall, the General Fund had a favorable increase as compared with the final budget in the amount of \$1,383,563.

CAPITAL ASSETS

At September 30, 2018, the District had \$3,225,297 invested in capital assets (net of depreciation). This amount represents a net decrease (including additions and deductions) of \$1,875 or less than 1% under the fiscal year 2017 total. The District acquired fewer capital items than originally planned during fiscal year 2018.

Destin Fire Control District Management's Discussion and Analysis

CAPITAL ASSETS (CONTINUED)

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

<u>September 30,</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Land	\$ 278,555	\$ 278,555	\$ -
Buildings and improvements	2,804,265	2,740,972	63,293
Equipment	1,858,758	1,677,677	181,081
Vehicles/Apparatus	<u>2,708,170</u>	<u>2,683,632</u>	<u>24,538</u>
Total, prior to depreciation	7,649,748	7,380,836	268,912
Accumulated depreciation	<u>(4,424,451)</u>	<u>(4,153,664)</u>	<u>(270,787)</u>
Net capital assets	<u>\$ 3,225,297</u>	<u>\$ 3,227,172</u>	<u>\$ (1,875)</u>

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

LONG-TERM LIABILITIES

At September 30, 2018, 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 \$435,259 as compared to 2017.

<u>September 30,</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Compensated absences, more than one year	\$ 130,391	\$ 137,511	\$ (7,120)
Other postemployment benefit liability	855,644	148,971	706,673
Net pension liability	<u>7,202,358</u>	<u>8,337,170</u>	<u>(1,134,812)</u>
Total long-term liabilities	<u>\$ 8,188,393</u>	<u>\$ 8,623,652</u>	<u>\$ (435,259)</u>

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 2019 has been approved by the Board of Fire Commissioners at 1.00 which is the maximum rate allowable under the District charter.



Destin Fire Control District Management's Discussion and Analysis

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 Dutram

John Harvey

Jared O'Neil (appointed November 13, 2018)

Trey Ward

T.J. Buchanan

MANAGEMENT

Kevin Sasser
Fire Chief

Kathryn Wagner
Administrative Division Chief



Financial Statements

**Destin Fire Control District
Statement of Net Position**

September 30,

2018

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 1,354,608
Investments	3,893,824
Due from other governments	170,483
Accounts receivable	3,808
Prepaid expenses	189,374
Capital assets, net	3,225,297
Total assets	8,837,394
Deferred outflows of resources	
Pension	773,654
Total deferred outflows of resources	773,654
Liabilities	
Accounts payable	47,841
Due to pension fund	658
Accrued salaries and benefits payable	96,647
Compensated absences - due within one year	73,409
Compensated absences - due in more than one year	130,391
OPEB liability	855,644
Net pension liability	7,202,358
Total liabilities	8,406,948
Deferred inflows of resources	
Pension	763,940
Total deferred inflows of resources	763,940
Net position	
Invested in capital assets	3,225,297
Restricted - impact fees	1,129,756
Unrestricted	(3,914,893)
Total net position	\$ 440,160

The accompanying footnotes are an integral part of these financial statements.

**Destin Fire Control District
Statement of Activities**

Year ended September 30,

2018

Function/Program	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government:					
Governmental activities:					
Public safety	\$ (4,587,667)	\$ 19,207	\$ 262,470	\$ 5,700	\$ (4,300,290)
Beach safety	(850,675)	-	945,212	-	94,537
Total governmental activities	\$ (5,438,342)	\$ 19,207	\$ 1,207,682	\$ 5,700	(4,205,753)

General revenues	
Ad valorem taxes collected, net of fees	5,327,378
Impact fees	28,748
Investment income	31,649
Miscellaneous	121
Gain (Loss) on sale of fixed assets	7,098
Total general revenues	5,394,994
Change in net position	1,189,241
Net position - beginning of the year	(11,906)
Cumulative effect of change in accounting principle (Note 10)	(737,175)
Net position, beginning as restated	(749,081)
Net position - end of the year	\$ 440,160

The accompanying footnotes are an integral part of these financial statements.

**Destin Fire Control District
Balance Sheet – Governmental Fund**

September 30,

2018

	General Fund
Assets	
Cash and cash equivalents	\$ 1,354,608
Investments	3,893,824
Due from other governments	170,483
Accounts receivable	3,808
Prepaid expenditures	189,374
<hr/>	
Total assets	\$ 5,612,097
<hr/>	
Liabilities and Fund Balances	
Accounts payable	\$ 47,841
Due to pension fund	658
Accrued salaries and benefits payable	96,647
<hr/>	
Total liabilities	145,146
<hr/>	
Fund balances	
Nonspendable	189,374
Restricted	1,129,756
Committed	69,873
Assigned	3,436,430
Unassigned	641,518
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Total fund balances	5,466,951
<hr/>	
Total liabilities and fund balances	\$ 5,612,097
<hr/>	

The accompanying footnotes are an integral part of these financial statements.

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

<i>September 30,</i>	2018
Total fund balances, governmental funds	\$ 5,466,951
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	3,225,297
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	773,654
Deferred inflows of resources - pension	(763,940)
Long-term OPEB liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.	(855,644)
Compensated absences do not consume current resources and therefore, are not reported in the governmental funds balance sheet.	(203,800)
Net pension liability does not consume current resources and therefore, is not reported in the governmental funds balance sheet.	(7,202,358)
Total net position - governmental activities	\$ 440,160

The accompanying footnotes are an integral part of these financial statements.

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

<i>Year ended September 30,</i>	2018
General Fund	
Revenues	
Ad valorem taxes, net of discounts and tax collection fees	\$ 5,327,378
Investment income	31,649
Beach safety donations	945,212
State pension fund contributions	262,470
Impact fees	28,748
Miscellaneous	25,028
Total revenues	6,620,485
Expenditures	
Current	
Public safety:	
Personnel services:	
Salaries	2,180,285
Employees' retirement:	
Section 175 retirement contribution	2,352,969
457 Plan retirement fund contribution	35,084
Group employee life and health insurance	586,572
Taxes - payroll	162,345
Workers compensation	103,762
Education	21,247
Miscellaneous	13,959
Operating services:	
Accounting and legal	38,567
Advertising	5,393
Central dispatch	1,700
Dues and subscriptions	11,830
Equipment - noncapital	8,847
Fuel	23,874
Hazardous material program	8,867
Insurance	71,429
Miscellaneous	14,637
Property appraisal fees	72,155
Repairs and maintenance	102,708
(continued)	

The accompanying footnotes are an integral part of these financial statements.

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

<i>Year ended September 30,</i>	2018
	General Fund
Operating services (continued):	
Fire and paramedic supplies	6,824
Station supplies	8,765
Training	15,900
Uniforms	16,993
Utilities	43,861
Beach safety:	
Personnel services:	
Salaries	500,639
Section 175 retirement contribution	44,389
Taxes - payroll	38,240
Insurance	16,043
Junior lifeguard wages and taxes	12,093
Operating services:	
Dues and subscriptions	30,171
Fuel	8,971
Insurance	40,379
Junior lifeguard operations	21,296
Miscellaneous	49,128
Repairs and maintenance	21,876
Supplies	20,003
Utilities	1,278
Capital Outlay	
Vehicles and equipment - public safety	217,443
Vehicles and equipment - beach safety	156,668
Building	63,293
Total expenditures	7,150,483
Excess (deficiency) of revenues over expenditures	(529,998)
Other Financing Sources	
Proceeds from sale of capital assets	30,680
Total other financing sources	30,680
Excess of revenues and other sources over expenditures	(499,318)
Fund balances, beginning of year	5,966,269
Fund balances, end of year	\$ 5,466,951

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District

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

<i>Year ended September 30,</i>	2018
Net change in fund balances - governmental fund	\$ (499,318)
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in Statement of Net Position.	437,404
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported as an expenditure in the governmental fund.	(415,698)
Current change in long-term OPEB obligation does not consume current resources and therefore is not reported in the governmental fund.	30,502
Other financing sources 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.	(30,680)
Deferred pension expenses are applicable to future periods and, therefore, are not reported in the funds.	1,639,209
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.	7,098
Current year change in compensated absence liability does not consume current resources so therefore it is not reflected in the governmental fund.	20,724
Change in net position of governmental activities	\$ 1,189,241

The accompanying footnotes are an integral part of these financial statements.

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

<i>September 30,</i>	2018
<hr/>	
Assets	
Investments	\$ 20,876,375
Due from general fund	658
<hr/>	
Total assets	20,877,033
<hr/>	
Liabilities	
Accounts payable	8,954
<hr/>	
Total liabilities	8,954
<hr/>	
Net position	
Net position restricted for pensions	\$ 20,868,079
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The accompanying footnotes are an integral part of these financial statements.

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

<i>Year ended September 30,</i>	2018
Additions	
Contributions - District/State	\$ 2,397,358
Contributions - plan members	113,840
Total contributions	2,511,198
Investment Income (loss)	
Net appreciation (loss) in fair value of investments	1,018,013
Gain (loss) on sale of investments	5,082
Interest and dividends	593,011
Total net investment income	1,616,106
Total additions	4,127,304
Deductions	
Administrative expense	51,484
Legal expense	8,504
Benefit payments	1,577,815
Fiduciary liability insurance	3,123
Total deductions	1,640,926
Change in net position	2,486,378
Net position restricted for pensions - beginning of the year	18,381,701
Net position restricted for pensions - end of the year	\$ 20,868,079

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District Notes to Financial Statements

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

Government-wide Financial Statements – 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.

Destin Fire Control District Notes to Financial Statements

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:

Invested in capital assets – 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.

Restricted – 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.

Unrestricted – This component of net position consists of amounts that do not meet the definition of “restricted” or “invested in capital assets”.

Fund Financial Statements –

Governmental Funds 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.

Destin Fire Control District Notes to Financial Statements

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:

General Fund - 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:

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

Restricted 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.

Committed 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.

Assigned 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.

Unassigned 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.

Destin Fire Control District Notes to Financial Statements

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, 2018, the District does not report any proprietary funds.

Fiduciary Funds 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.

Pension Trust Fund – 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, 2018 consisted of \$1,354,608 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)*.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Statement of Net Position and Balance Sheet – Governmental Fund. These items will be expensed over the applicable usage period.

Destin Fire Control District Notes to Financial Statements

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, 2018 was \$130,391 and the current portion of the compensated absence liability as reported in the Government-wide financial statements was \$73,409. When combined, the District has a total accrued compensated absence liability of \$203,800 as of September 30, 2018.

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.

Destin Fire Control District Notes to Financial Statements

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.

Destin Fire Control District Notes to Financial Statements

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 was implemented during the fiscal year ended September 30, 2018. Implementation of this statement has resulted in a prior period adjustment which reduced beginning net position by \$737,175 in the Statement of Activities. (See Note 10).

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.

Destin Fire Control District Notes to Financial Statements

NOTE 3 – INVESTMENTS (CONTINUED)

The District held investments in the Florida Local Government Investment Trust Short Term Bond Fund (FLGIT Short Term Bond Fund”) 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. As of September 30, 2018, the District held 155,765.71 shares in the FLGIT Short Term Bond Fund with a NAV price of \$24.86 per share and total investment balance of \$3,872,336. The NAV price for this investment represents fair value.

The District also has investments in the Florida Local Government Investment Trust Day to Day Fund (”FLGIT Day to Day Fund”). This investment is measured at amortized cost. The FLGIT Day to Day Fund’s underlying investments consists of short-term corporate bonds, commercial paper, certificates of deposit, and US Treasuries, and Agency bonds. As of September 30, 2018, the District held 21,488 shares in the FLGIT Day to Day Fund with a NAV price of \$1.00 per share and total investment balance of \$21,488.

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 FLGIT 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, 2018, the weighted average maturity was 1.94 years with an effective duration of 1.51 years for the FLGIT Short Term Bond Fund.

The FLGIT Day to Day 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, 2018, the weighted average maturity was 33.90 days for the FLGIT Day to Day Fund.

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

Destin Fire Control District Notes to Financial Statements

NOTE 3 – INVESTMENTS (CONTINUED)

At September 30, 2018, the FLGIT Short Term Bond Fund held a credit rating of AA Af/S1 and the FLGIT Day to Day Fund held a credit rating of AA Am.

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, 2018 in the General Fund.

**Destin Fire Control District
Notes to Financial Statements**

NOTE 4 – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2018:

	September 30, 2017	Additions	Retirements and Transfers	September 30, 2018
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 278,555	\$ -	\$ -	\$ 278,555
Capital assets not being depreciated	278,555	-	-	278,555
<i>Capital assets being depreciated:</i>				
Buildings	1,328,209	-	-	1,328,209
Building Improvements	1,412,763	63,293	-	1,476,056
Equipment	1,677,677	258,766	(77,684)	1,858,759
Vehicles/Apparatus	2,683,632	115,345	(90,807)	2,708,170
Capital assets being depreciated	7,102,281	437,404	(168,491)	7,371,194
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(1,284,124)	(94,364)	-	(1,378,488)
Equipment	(1,115,910)	(175,605)	54,103	(1,237,412)
Vehicles/Apparatus	(1,753,630)	(145,729)	90,807	(1,808,552)
Total accumulated depreciation	(4,153,664)	(415,698)	144,910	(4,424,452)
Capital assets being depreciated, net	2,948,617	21,706	(23,581)	2,946,742
Governmental activities capital assets	\$ 3,227,172	\$ 21,706	\$ (23,581)	\$ 3,225,297

The District recognized \$415,698 of depreciation expense for fiscal year ended September 30, 2018. Of that amount, \$369,529 was allocated to the public safety program and the remaining amount of \$46,169 was allocated to the beach safety program.

Destin Fire Control District Notes to Financial Statements

NOTE 5 – CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2018, was as follows:

	September 30, 2017	Additions	Reductions	September 30, 2018	Due Within One Year
Government-wide activities:					
Liability for compensated absences	\$ 224,524	\$ -	\$ 20,724	\$ 203,800	\$ 73,409
Liability for OPEB obligation, as restated	886,146	-	30,502	855,644	-
Net pension liability	8,337,170	-	1,134,812	7,202,358	-
Total long-term liabilities	\$ 9,447,840	\$ -	\$ 1,186,038	\$ 8,261,802	\$ 73,409

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, 2018 were \$35,084.

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.

Destin Fire Control District Notes to Financial Statements

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, 2018, 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, 2018, 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, 2018, the DROP balance is \$264,567.

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, 2018, 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, 2018 the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 8.67 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 79.3% of covered salary for the fiscal year ended September 30, 2018. This amount includes any State contributions. The actual contribution rate for the District and State equaled 143.46% of employees' salaries for the covered annual payroll. The required actuarial rate was determined from an actuarial report as of October 1, 2017, 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 \$1,213,734 as of October 1, 2017. 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, 2018, the District received \$262,471 from the State of Florida as proceeds from this tax.

Destin Fire Control District Notes to Financial Statements

NOTE 6 – RETIREMENT PLANS (CONTINUED)

This amount was used to help fund the \$2,397,358 reported as District contributions in the Statement of Revenues, Expenditures and Changes in Fund Balance. The District required contribution of \$1,213,734 was determined as part of the adjusted actuarial valuation as of October 1, 2017, 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, 2018 were as follows:

Total Pension Liability	\$ 28,069,778
Plan Fiduciary Net Position	(20,867,420)
Sponsor's Net Pension Liability	\$ 7,202,358
Plan Fiduciary Net Position as a percentage of Total Pension Liability	74.34%

Actuarial Assumptions

For the year ended September 30, 2018, the actuarial assumptions used to determine the Annual Required Contribution included a 7.4% (revised from 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 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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected 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%

Destin Fire Control District Notes to Financial Statements

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.4 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

	<i>Net Pension Liability</i>
1% decrease of discount rate to 6.40%	\$10,897,430
Current discount rate of 7.40%	7,202,357
1% increase of discount rate to 8.40%	4,189,232

For the year ended September 30, 2018, the District recognized a pension expense of \$762,426. 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	\$ 283,575	\$ 474,743
Change of assumptions	490,080	-
Net difference between projected and actual earnings on pension plan investments	-	289,197
Total	\$ 773,655	\$ 763,940

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

Year ended September 30:	Amount
2018	\$ 412,897
2019	(323,730)
2020	(44,602)
2021	(34,850)
2022	-
Thereafter	-

Destin Fire Control District Notes to Financial Statements

NOTE 6 – RETIREMENT PLANS (CONTINUED)

Investments

The following table presents the Plan's investments at September 30, 2018:

	Amortized Cost	Fair Value Measurements Using			Investment Totals	Percentage of Plan Net Assets
		Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
<i>Investments valued at Amortized Cost</i>						
Cash and cash equivalents	\$ 14,115	n/a	n/a	n/a	\$ 14,115	0%
Goldman Sachs Money Market Fund	903,952	n/a	n/a	n/a	903,952	4%
<i>Investments for which Fair Value was Determined</i>						
Mutual Funds - Fixed Income	-	\$ 5,954,069	\$ -	\$ -	5,954,069	29%
Mutual Funds - Equities	-	12,073,906	-	-	12,073,906	58%
American Core Realty Fund *	-	-	-	1,930,333	1,930,333	9%
	\$ 918,067	\$ 18,027,975	\$ -	\$ 1,930,333	\$ 20,876,375	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, 2018, 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 36 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.

**Destin Fire Control District
Notes to Financial Statements**

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

<i>September 30,</i>	2018
Total Pension Liability	
Service Cost	\$ 471,083
Interest	1,979,577
Differences Between Expected and Actual Experience	378,098
Changes of Assumptions	108,528
Benefit Payments, Including Refunds of Employee Contributions	(1,581,570)
Net Change in Total Pension Liability	1,355,716
Total Pension Liability - Beginning	26,714,062
Total Pension Liability - Ending	28,069,778
Less: Plan Fiduciary Net Position	(20,867,421)
Net Pension Liability	\$ 7,202,357

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, 2018, 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.

**Destin Fire Control District
Notes to Financial Statements**

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, 2018, was \$203,800.

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.

Destin Fire Control District Notes to Financial Statements

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, 2018:

	Balance at September 30, 2017	Transfers	Excess of Expenditures and Other Uses Over Revenues and Other Sources	Changes in Encumbrances and Prepaids	Balance at September 30, 2018
Nonspendable					
Prepaids	\$ 190,562	\$ -	\$ -	\$ (1,188)	\$ 189,374
Restricted					
Impact fees	1,100,238	-	29,518	-	1,129,756
Committed					
Committed for unemployment	19,873	-	-	-	19,873
Committed for compensated absences	50,000	-	-	-	50,000
Assigned					
Assigned for capital assets	3,111,444	589,411	(280,735)	-	3,420,120
Assigned for encumbrances	5,772	-	-	5,384	11,156
Assigned for beach safety	-	5,155	-	-	5,155
Assigned for junior lifeguard	2,278	(2,278)	-	-	-
Unassigned	1,486,102	(592,288)	(248,101)	(4,196)	641,517
Totals	\$ 5,966,269	\$ -	\$ (499,318)	\$ -	\$ 5,466,951

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 GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which is effective for financial statements for fiscal years beginning after June 15, 2017 and has been implemented during the fiscal year ended September 30, 2018. Implementation of this statement has resulted in a restatement of OPEB liability and beginning net position totaling \$737,175 in the Statement of Activities.

Destin Fire Control District Notes to Financial Statements

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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.

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. The Plan had four (4) retirees receiving postemployment health care benefits.

Funded Status and Funding Progress

As of September 30, 2017, the most recent valuation date, the actuarial accrued liability for benefits was \$855,644, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$855,644. The covered payroll (annual payroll of active participating employees) was \$2,229,035 from the 2016-2017 fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 38%.

Plan Membership

As of September 30, 2017, the most recent valuation date, the plan was comprised of 35 active participants and 4 inactive participants receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

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.

For fiscal year ended September 30, 2018, the District recognized OPEB expense of \$2,688.

Destin Fire Control District Notes to Financial Statements

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Method and Assumptions

The District qualifies for the Alternative Measurement Method in Accordance with GASB 75; therefore, changes in the total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

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 OPEB actuarial valuation as of September 30, 2017, used the Entry Age Cost actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of September 30, 2018 and to estimate the District's 2017-2018 fiscal year liability. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.64% discount rate which is based on the September 28, 2017 Bond Buyer 20-Bond Index rate as published by the Federal Reserve.

**Destin Fire Control District
Notes to Financial Statements**

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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,	2018
Service costs	\$ 35,349
Interest	27,743
Change of benefit terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions	(63,904)
Benefit Payments	(29,690)
Annual OPEB Cost (Expense)	(30,502)
Net OPEB Obligation, beginning of year	886,146
Net OPEB Obligation, end of year	\$ 855,644
Covered Employee Payroll	\$ 2,229,035
Net OPEB Liability as a Percentage of Covered Employee Payroll	38.39%

Notes to Schedule:

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

Fiscal Year Ending September 30, 2018:	3.64%
Fiscal Year Ending September 30, 2017:	3.06%

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.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability (Asset)	\$ 970,067	\$ 855,644	\$ 759,353

**Destin Fire Control District
Notes to Financial Statements**

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 7.50%	4.00% - 8.50%	5.00% - 9.50%
Total OPEB Liability (Asset)	\$ 762,084	\$ 855,644	\$ 965,362



**Required Supplementary Information
(Other than MD&A)**

Destin Fire Control District Budgetary Comparison Schedule – Governmental Fund

Year ended September 30,

2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Ad valorem taxes collected, less fees	\$ 5,225,825	\$ 5,225,825	\$ 5,327,378	\$ 101,553
Beach safety program donations	929,755	967,511	945,212	(22,299)
Investment interest	31,000	31,000	31,649	649
Impact fees	75,000	75,000	28,748	(46,252)
Grants and donations	-	-	5,700	5,700
State pension fund contributions	300,000	300,000	262,470	(37,530)
Miscellaneous	38,845	38,845	50,008	11,163
Total revenues	6,600,425	6,638,181	6,651,165	12,984
Expenditures				
Current				
Public safety:				
Personnel services				
Salaries	2,289,700	2,286,350	2,180,285	106,065
Employees' retirement:				
457 Plan retirement fund	36,000	36,000	35,084	916
Section 175 retirement fund	2,391,000	2,391,000	2,352,969	38,031
Employee life and health insurance	641,800	599,900	586,572	13,328
Taxes - payroll	170,000	170,000	162,345	7,655
Workers compensation	116,500	106,500	103,762	2,738
Education	-	35,000	21,247	13,753
Miscellaneous	11,700	15,800	13,959	1,841
Operating services				
Accounting and legal	58,000	58,000	38,567	19,433
Advertising	6,000	6,000	5,393	607
Central dispatch	2,200	2,200	1,700	500
Dues and subscriptions	14,500	15,250	11,830	3,420
Equipment - noncapital	20,000	20,000	8,847	11,153
Fuel	22,000	25,000	23,874	1,126
Hazardous material program	15,000	9,000	8,867	133
Insurance	76,000	75,900	71,429	4,471
Miscellaneous	17,950	17,950	14,637	3,313
Property appraiser fees	89,500	89,500	72,155	17,345
Repairs and maintenance	138,500	135,500	102,708	32,792
Supplies				
Fire and paramedic	10,925	10,925	6,824	4,101
Office	10,000	10,000	8,765	1,235
Training	15,000	22,500	15,900	6,600
Uniforms	19,000	33,000	16,993	16,007
Utilities	50,950	50,950	43,861	7,089

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

Year ended September 30,

2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Beach safety:				
Personnel services				
Salaries	\$ 531,410	\$ 502,490	\$ 500,639	\$ 1,851
Section 175 retirement contribution	47,487	41,487	44,389	(2,902)
Taxes - payroll	45,653	34,653	38,240	(3,587)
Insurance	16,575	16,575	16,043	532
Junior lifeguard wages and taxes	18,905	18,905	12,093	6,812
Operating services				
Dues and subscriptions	23,200	31,700	30,171	1,529
Fuel	7,500	10,500	8,971	1,529
Insurance	53,136	45,636	40,379	5,257
Junior lifeguard operations	31,850	31,850	21,296	10,554
Repairs and maintenance	21,500	20,750	21,876	(1,126)
Supplies	19,937	24,943	20,003	4,940
Utilities	2,000	1,750	1,278	472
Miscellaneous	36,022	49,022	49,128	(106)
Total current expenditures	7,077,400	7,052,486	6,713,079	339,407
Capital Outlay				
Vehicles and equipment - public safety	1,263,380	1,225,624	217,443	1,008,181
Vehicles and equipment - beach safety	90,580	153,250	156,668	(3,418)
Building	89,702	89,702	63,293	26,409
Total capital outlay expenditures	1,443,662	1,468,576	437,404	1,031,172
Excess (deficit) of revenues over expenditures	(1,920,637)	(1,882,881)	(499,318)	1,383,563
Fund balance, beginning of year	5,966,269	5,966,269	5,966,269	-
Fund balance, end of year	\$ 4,045,632	\$ 4,083,388	\$ 5,466,951	\$ 1,383,563

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

<i>September 30,</i>	2018	2017	2016	2015	2014	2013
Total Pension Liability						
Service Cost	\$ 471,083	\$ 430,846	\$ 412,422	\$ 540,120	\$ 702,391	\$ 650,362
Interest	1,979,577	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						
and Actual Experience	378,098	(829,240)	(240,493)	(1,748,273)	-	-
Changes of Assumptions	108,528	-	1,634,737	(256,184)	-	-
Contributions - Buy Back	-	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,581,570)	(775,745)	(977,835)	(600,036)	(579,955)	(547,818)
Net Change in Total Pension Liability						
	1,355,716	774,548	2,683,215	(170,982)	1,879,270	1,718,983
Total Pension Liability - Beginning	26,714,062	25,939,514	23,256,299	23,427,281	21,548,011	19,829,028
Total Pension Liability - Ending	<u>\$28,069,778</u>	<u>\$26,714,062</u>	<u>\$25,939,514</u>	<u>\$23,256,299</u>	<u>\$23,427,281</u>	<u>\$21,548,011</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 2,134,887	\$ 1,275,999	\$ 836,684	\$ 687,531	\$ 697,413	\$ 882,319
Contributions - State	266,748	291,353	293,567	371,910	326,318	342,803
Contributions - Employee	113,840	112,630	107,918	104,560	126,109	141,681
Contributions - Buy Back	-	-	-	-	-	-
Net Investment Income	1,586,419	1,862,888	1,482,436	(784,838)	1,510,241	1,092,797
Benefit Payments, Including Refunds of Employee Contributions	(1,581,570)	(775,745)	(977,835)	(600,036)	(579,955)	(547,818)
Administrative Expense	(29,796)	(32,011)	(25,310)	(32,924)	(14,883)	(18,656)
Other	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position						
	2,490,528	2,735,114	1,717,460	(253,797)	2,065,243	1,893,126
Plan Fiduciary Net Position - Beginning	18,376,893	15,641,779	13,924,319	14,178,116	12,112,873	10,219,747
Plan Fiduciary Net Position - Ending	<u>20,867,421</u>	<u>18,376,893</u>	<u>15,641,779</u>	<u>13,924,319</u>	<u>14,178,116</u>	<u>12,112,873</u>
Net Pension Liability - Ending	<u>\$ 7,202,357</u>	<u>\$ 8,337,169</u>	<u>\$10,297,735</u>	<u>\$ 9,331,980</u>	<u>\$ 9,249,165</u>	<u>\$ 9,435,138</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability						
	74.34%	68.79%	60.30%	59.87%	60.52%	56.21%
Covered Employee Payroll	\$ 1,674,116	\$ 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	430.22%	503.35%	648.87%	606.90%	498.73%	452.84%

Destin Fire Control District Schedule of Pension Contributions

	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014	9/30/2013
Actuarially Determined Contribution	\$ 1,213,734	\$ 1,323,401	\$ 1,090,290	\$ 1,059,441	\$ 1,023,707	\$ 1,225,122
Contributions in Relation to the						
Actuarially Determined Contributions	2,401,635	1,567,352	1,130,251	1,059,441	1,023,731	1,225,122
Contribution Deficiency (Excess)	<u>\$ (1,187,901)</u>	<u>\$ (243,951)</u>	<u>\$ (39,961)</u>	<u>\$ -</u>	<u>\$ (24)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 1,674,116	\$ 1,656,321	\$ 1,587,030	\$ 1,537,650	\$ 1,854,542	\$ 2,083,542
Contributions as a Percentage of						
Covered Employee Payroll	143.46%	94.63%	71.22%	68.90%	55.20%	58.80%

Notes to Schedule

Valuation Date: 10/01/2017

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 10/01/2017)
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:	7.4% per year compounded annually, net of investment related expenses. (Revised to 7.4%)
Retirement Age:	Earlier of: 1) 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: See Table Below.

Disability Rates: See Table Below. It is assumed that 75% of disablements are service related.

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:	<u>Credited Service</u>	<u>Salary Increase</u>
	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**

<i>September 30,</i>	<i>2018</i>	<i>2017</i>	<i>2016</i>	<i>2015</i>	<i>2014</i>	<i>2013</i>
Annual Money-Weighted Rate of Return						
Net of Investment Expense	8.67%	11.67%	10.74%	-5.49%	12.26%	10.08%

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

<i>Year ended September 30,</i>	2018
Service costs	\$ 35,349
Interest	27,743
Change of benefit terms	-
Differences between Expected and Actual Experience	-
Changes of Assumptions	(63,904)
Benefit Payments	(29,690)
Annual OPEB Cost (Expense)	(30,502)
Net OPEB Obligation, beginning of year	886,146
Net OPEB Obligation, end of year	\$ 855,644
Covered Employee Payroll	\$ 2,229,035
Net OPEB Liability as a Percentage of Covered Employee Payroll	38.39%

Notes to Schedule

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements.

The net OPEB liability amount presented for each fiscal year was determined as of September 30 measurement date prior to the fiscal year-end.

The schedule is intended to present ten years of data. Additional years of data will be presented as they become available.

The District has not presented a Schedule of Contributions since an actuarially determined contribution has not been calculated and there is no contractually or statutorily determined contribution applicable to the District.



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

To the Board of Commissioners
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, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated April 9, 2019.

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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

April 9, 2019



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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, 2018, and have issued our report thereon dated April 9, 2019.

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 April 9, 2019, 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.

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, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
April 9, 2019



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INDEPENDENT ACCOUNTANTS' 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, 2018. 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, 2018.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
April 9, 2019