

**JOSHUA WATER  
CONTROL DISTRICT**

**ARCADIA, FLORIDA**

**General Purpose Financial Statements**

**For the Year Ended  
September 30, 2016**

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**Baggett, Reutimann & Associates, CPAs, PA  
Certified Public Accountants**

**JOSHUA WATER CONTROL DISTRICT**  
**General Purpose Financial Statements**  
**September 30, 2016**

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# **JOSHUA WATER CONTROL DISTRICT**

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## **Independent Auditor's Report**

November 15, 2016

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, Florida

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

We have audited the accompanying financial statements of the governmental activities of the Joshua Water Control District (the "District") as of and for the fiscal year ended September 30, 2016, and 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of September 30, 2016, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages M1 through M6 and 26-27 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 assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of the Joshua Water Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Joshua Water Control District's internal control over financial reporting and compliance.

  
Baggett, Reutimann & Associates, CPAs, PA

## **Management's Discussion and Analysis**

# **JOSHUA WATER CONTROL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS SEPTEMBER 30, 2016**

The management of Joshua Water Control District (the "District") would like to offer the readers of the District's financial statements this discussion and analysis of the District's financial activities during the fiscal year ended September 30, 2016. We encourage readers to consider the information presented in this discussion and analysis in conjunction with the District's financial statements, which follow this section.

## **FINANCIAL AND DISTRICT HIGHLIGHTS**

### **Financial Highlights**

- The assets of the District exceeded its liabilities at the end of the fiscal year ended September 30, 2016 by \$908,873.
- The District's total net position increased by \$113,095.
- The District's total revenues were \$1,372,189 for the fiscal year ended September 30, 2016.
- Total expenses for all of the District's activities were \$1,259,799 for the fiscal year.

### **District Highlights**

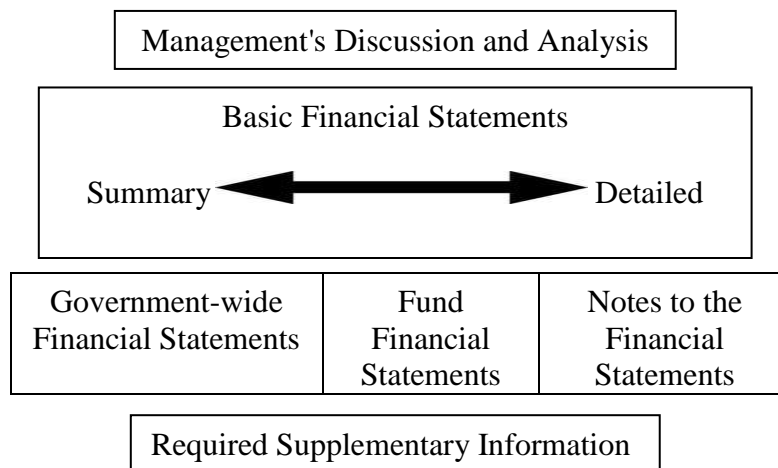
- The District cleaned 209,840 feet of canals and leveled 68,560 feet of spoil. Ditch banks mowed totaled 17 miles and 449 miles of roadways were graded.
- The District applied herbicides to 2,108 acres of canals.

## **USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to Joshua Water Control District's basic financial statements. The District's annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements themselves consist of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. These statements present different views of the District:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the District's overall financial status.
- The fund financial statements focus on individual parts of the District's government, reporting the District's operations on a different basis of accounting than the government-wide statements.
- The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

**JOSHUA WATER CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**



**Government-wide Financial Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

One of the most important questions asked about the District's finances is "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its activities in a way that helps answer this question.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other non-financial factors should be considered, however, such as the condition of the District's capital assets (equipment, lift pumps, etc.) to assess the overall health of the District.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.



**JOSHUA WATER CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like state and local governments, uses fund accounting to ensure and demonstrate legal compliance with finance-related legal requirements. The District has one fund, a governmental fund.

The District's basic services are reported in a governmental fund, which focuses on how money flows into and out of that fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences between government-wide activities (reported in the statement of net position and the statement of activities) and the governmental fund are reconciled on separate schedules on pages 4 and 6.

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

Assets exceeded liabilities by \$908,873 for the fiscal year ended September 30, 2016.

The District uses capital assets to provide services to its landowners; accordingly, these assets are not available for future spending.

**Joshua Water District  
Condensed Statement of Net Position**

	2016	2015	Percentage Changes
Current and Other Assets	\$ 382,059	\$ 289,443	32.00%
Capital Assets, Net of Accumulated Depreciation	942,927	952,494	-1.00%
Total Assets	1,324,986	1,241,937	6.69%
Deferred Outflow of Resources	146,973	95,899	53.26%
Total Assets and Deferred Outflows of Resources	<u>1,471,959</u>	<u>1,337,836</u>	<u>10.03%</u>
Current Liabilities	43,431	42,890	1.26%
Long-Term Liabilities			
Portion Due within One Year	79,698	77,033	3.46%
Portion Due after One Year	404,905	401,838	0.76%
Total Liabilities	528,034	521,761	1.20%
Deferred Inflows of Resources	35,052	37,984	-7.72%
Net Position:			
Invested in Capital Assets, Net of Related Debt	764,683	697,219	9.68%
Unrestricted	144,190	80,872	78.29%
Total Net Position	<u>908,873</u>	<u>778,091</u>	<u>16.81%</u>
Total Liabilities and Net Position	<u>\$ 1,471,959</u>	<u>\$ 1,337,836</u>	<u>10.03%</u>

**JOSHUA WATER CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

Note: Capital Assets and Net Position invested in capital assets were adjusted as of September 30, 2015, for correction to costs erroneously included for 2015 in the amount of \$17,687.

**FUND ANALYSIS**

Current liabilities consist of accounts payable, accrued liabilities, and amounts due to other governments.

Long-term liabilities consist of the current and non-current portions of notes payable, compensated absences, and net pension liability.

**Joshua Water Control District's Changes in Net Position  
September 30,**

	2016	2015	Percentage Changes
Revenues			
Program Revenues			
Charges for Services	\$ 1,372,189	\$ 1,355,271	1.25%
General Revenues			
Investment Earnings	705	599	17.70%
Total Revenues	<u>1,372,894</u>	<u>1,355,870</u>	1.26%
Expenses			
General Government			
Physical Environment	1,251,807	1,282,915	-2.42%
Interest on Long-Term Debt	7,992	4,618	73.06%
	<u>1,259,799</u>	<u>1,287,533</u>	-2.15%
Increase (Decrease) in Net Position	113,095	68,337	65.50%
Net Position - Beginning of Year	<u>795,778</u>	<u>709,754</u>	12.12%
Net Position - End of Year	<u>\$ 908,873</u>	<u>\$ 778,091</u>	<u>16.81%</u>

**JOSHUA WATER CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

**BUDGETARY HIGHLIGHTS**

The District adopted the fiscal year 2015/2016 budget on August 11, 2015, with the following assessments rates: Level of Service A \$104.04 per acre; Sub-District B \$9.38 per acre; Sub-District C \$9.38 per acre; Sub-District D, Level of Service C \$73.65 per acre; Sub-District D, Level of Service D \$58.65 per acre; Outside Users Fee \$7.08 per acre. Total revenues and expenditures budgeted for the fiscal year ended September 30, 2016 were \$1,536,289 as amended July 12, 2016.

The actual expenditures for the fiscal year ended September 30, 2016 were \$1,280,819. Total actual revenues for the fiscal year ended September 30, 2016 were \$1,372,894.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The following summarizes the District's capital assets, net of accumulated depreciation, for the fiscal year ended September 30, 2016.

	Governmental Activities
Land	\$ 142,144
Buildings	137,273
Machinery & Equipment	1,201,263
Culverts	479,057
	\$ 1,959,737
Less Accumulated Depreciation	(1,016,810)
Totals	\$ 942,927

**Debt**

The following presents the District's total outstanding long-term obligations for the fiscal year ended September 30, 2016:

Notes Payable	\$ 178,244
Compensated Absences	9,445
HIS Pension Liability	78,735
FRS Pension Liability	218,179
	\$ 484,603
Total Long-Term Debt	\$ 484,603

**JOSHUA WATER CONTROL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)**

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's General Manager, Dana Clement, 12008 N.E. Highway 70, Arcadia, Florida 34266; [dclement@jwcd.org](mailto:dclement@jwcd.org); 863-494-5737.

## **Basic Financial Statements**

**JOSHUA WATER CONTROL DISTRICT**  
**Statement of Net Position**  
**September 30, 2016**

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<b>Assets</b>		<u>2016</u>
Current Assets		
Cash	\$	382,059
Total Current Assets		<u>382,059</u>
Non-Current Assets		
Capital Assets not being depreciated		142,144
Capital Assets being depreciated, net		<u>800,783</u>
Total Non-Current Assets		942,927
<b>Deferred Outflows of Resources</b>		
Related to Pensions		<u>146,973</u>
Total Deferred Outflows of Resources		<u>146,973</u>
Total Assets		<u>1,471,959</u>
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable		34,440
Accrued Liability		8,210
Due to Other Governments		<u>781</u>
Total Current Liabilities		<u>43,431</u>
Long-Term Liabilities		
Portion Due within One Year		79,698
Portion Due after One Year		<u>404,905</u>
Total Long-Term Liabilities		<u>484,603</u>
<b>Deferred Inflows of Resources</b>		
Related to Pensions		<u>35,052</u>
Total Deferred Inflows of Resources		<u>35,052</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Related Debt		764,683
Unrestricted		<u>144,190</u>
Total Net Position		<u>908,873</u>
Total Liabilities	\$	<u><u>1,471,959</u></u>

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

**JOSHUA WATER CONTROL DISTRICT**  
**Statement of Activities**  
**September 30, 2016**

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Function/Program Activities	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue & Changes in Net Position
Governmental Activities:			
Physical Environment	\$ 1,251,807	\$ 1,372,189	\$ 120,382
Interest on Long-Term Debt	7,992	-	(7,992)
Total Governmental Activities	\$ 1,259,799	\$ 1,372,189	\$ 112,390
General Revenues:			
Interest Earnings			\$ 705
Total General Revenues			705
Change in Net Position			113,095
Net Position, Beginning of Year - As Adjusted			795,778
Net Position, End of Year			\$ 908,873

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

**JOSHUA WATER CONTROL DISTRICT**  
**Balance Sheet**  
**Governmental Fund**  
**September 30, 2016**

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ASSETS

Cash	\$ 382,059
Total Assets	<u>\$ 382,059</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts Payable	\$ 34,440
Accrued Liability	8,210
Due to Other Governments	<u>781</u>
Total Liabilities	<u>43,431</u>

Fund Balance:

Unassigned	<u>338,628</u>
Total Liabilities and Fund Balance	<u>\$ 382,059</u>



**JOSHUA WATER CONTROL DISTRICT**  
**Reconciliation of the Governmental Fund Balance Sheet**  
**to The Statement of Net Position**  
**September 30, 2016**

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Total Government Fund Balance (Page 3) \$ 338,628

Amounts reported for governmental activities in the  
Statement of Net Position are different because:

Capital assets used in governmental activities  
are not financial resources and, therefore, are  
not reported in the governmental funds.

Cost of Assets	\$ 1,959,737	
Less accumulated depreciation	<u>(1,016,810)</u>	942,927

Long-term liabilities are not due and payable in the  
current period and, therefore, are not reported  
in the governmental funds. As of September 30, 2016,  
long-term liabilities are comprised of the following:

Notes Payable	(178,244)	
Compensated Absences	(9,445)	
Deferred Outflows Related to Pensions	146,973	
Deferred Inflows Related to Pensions	(35,052)	
Net Pension Liability	<u>(296,914)</u>	<u>(372,682)</u>

Total Net Position (Page 1) \$ 908,873

**JOSHUA WATER CONTROL DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Fund**  
**September 30, 2016**

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Revenues:	
Non-Ad Valorem Assessments	\$ 1,296,105
Charges for Services	59,746
User's Fees	16,338
Interest Income	705
Total Revenues	1,372,894
Expenditures:	
Current:	
Physical Environment	
Personal Services	611,470
Operating Expense	501,819
Capital Outlay	82,507
Debt Service	
Principal	77,031
Interest	7,992
Total Expenditures	1,280,819
Excess of Expenditures Over Revenues	92,075
Fund Balance, Beginning of Year	246,553
Fund Balance, End of Year	\$ 338,628

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

**JOSHUA WATER CONTROL DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**In Fund Balance of the Governmental Fund to the Statement of Activities**  
**For the Year Ended September 30, 2016**

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Net Change in Fund Balances - Total Governmental Fund (Page 5) \$ 92,075

Amounts reported for governmental activities in the  
Statement of Activities are different because:

Governmental fund reports capital outlay as expenditures.  
However, in the Statement of Activities, the cost of capital  
assets are allocated over their estimated useful life and  
reported as depreciation expense:

Expenditures for Capital Assets	82,507	
Current Year Depreciation	<u>(27,254)</u>	55,253

The issuance of long-term debt provides current financial  
resources to governmental funds, while the repayment of the  
principal of long-term debt consumes the current financial  
resources of governmental funds. Neither transaction, however,  
has any affect on net position:

Principal Payments on Long-Term Debt	<u>77,031</u>	77,031
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Some expenditures reported in the statement of activities do not  
require the use of current financial resources and, therefore, are  
not reported as expenditures in governmental funds. The net  
changes associated with these expenses/expenditures are as follows:

Compensated Absences	(2,463)	
Pension Expenses	<u>(108,801)</u>	<u>(111,264)</u>

Change in Net Position (Page 2)		<u>\$ 113,095</u>
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**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 1. Summary of Significant Accounting Policies**

Enacted by the Legislature of the State of Florida, Joshua Water Control District (the "District") was originally incorporated and created under Chapter 69-1010 (House Bill No. 2569), Laws of Florida, Regular Session on July 25, 1969. The District was created for the purpose of reclaiming the lands within its boundaries and for the further purpose of water control and water supply to improve said lands and make these lands available, acceptable and habitable for settlement and agriculture.

The District is administered by a three member Board of Supervisors (the "Board"), composed of owners of land in the District. The supervisors are each elected to a three-year term. Length of service is staggered so that one supervisor is elected or re-elected at the annual landowners meeting in August of each year.

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's more significant accounting policies are described below.

**A. Financial Reporting Entity:** The financial statements were prepared in accordance with GASB Statements related to The Financial Reporting Entity, which establishes standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the District, organizations for which the District is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. Based upon the application of these criteria, there were no organizations that met that criteria described above.

**B. Government-wide and Fund Financial Statements:** The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the District. The statement of activities demonstrates the extent to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customer or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and, 2) grants and contributions that are restricted to meeting the operational

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

**B. Government-wide and Fund Financial Statements: (Continued)**

or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenue*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation:**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non ad-valorem assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Non ad-valorem assessments and interest on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Revenues for expenditure driven grant and interlocal agreements are recognized when the related expenditures are incurred. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports its only fund as a major governmental fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

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

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Position or Equity:**

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, time and demand deposits, and short-term investments with original maturities of less than three months from the date of acquisition.

The nature of investments is governed by the provisions of Florida Statutes Chapter 218. Under this statute, authorized investments are limited, unless otherwise authorized by law or ordinance, to the local government surplus funds trust fund, money market funds, direct or unconditionally guaranteed obligations of the United States Government, obligations of certain government agencies, interest bearing time deposits or savings accounts and certificates of deposit. At September 30, 2016, the District had no investments.

Capital Assets and Depreciation

Capital assets, which includes property, plant and equipment, and infrastructure assets (e.g., culverts), are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20
Vehicles	7
Heavy Equipment	5-15
Motors	5
Pumps	10
Office Equipment & Furniture	5-10
Barn & Shop Equipment	5-20
Canker System	4-30
Culverts	20

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Position or Equity: (Continued)**

The District had not elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired since 1980. Infrastructure assets include drainage systems and similar assets that are immovable and of value only to the District.

Non-Ad Valorem Assessments

The collection of non-ad valorem assessments is consolidated in the Office of the County Tax Collector. Assessments are levied on November 1st of each year, or as soon thereafter as the tax roll is certified by the County Property Appraiser and delivered to the Tax Collector. All unpaid assessments levied become delinquent April 1st of the following year. Discounts are allowed for early payment at a maximum rate of 4%. Non-ad valorem assessment revenues are recognized when they become available. At September 30, 2016, unpaid delinquent assessments are not material and have not been recorded by the District.

Compensated Absences

Vacation leave is accrued as a liability in the government-wide statements when benefits are earned by the employees, that is, the employees have rendered services that give rise to the vacation liability and it is probable that the District will compensate the employees in some manner, e.g., in cash or in paid time-off, prior to termination or retirement. Vacation time must be taken in the calendar year, January 1 through December 31.

A liability for such accumulated vacation leave is reflected in the government-wide financial statements as a long-term liability.

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.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as expended until then. The District presents deferred outflows associated with pensions to be expensed over future periods.

Deferred inflows of resources are reported in governmental activities to offset receivables and deposits that do not meet the availability criterion under the modified accrual basis of accounting. The District presents amounts associated with pensions as deferred inflows of resources.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 1. Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, and Net Position or Equity: (Continued)**

Fund Equity

In the fund financial statements, reservations of fund balance represent those portions of the fund equity not considered available for future appropriation or legally segregated for a specific future use. Designation of fund balance represents tentative plans by management for future use of financial sources. The undesignated fund balance is available for any future appropriation.

Net Position

Equity in the government-wide statement of net position is displayed in three categories: 1) invested in capital assets net of related debt, 2) restricted, 3) unrestricted. Net position invested in capital assets net of related debt consists of capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct, or improve those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors, or grantors. Unrestricted net position consists of all net positions that do not meet the definition of either of the other two components.

Use of Estimates

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

**NOTE 2. Prior Period Adjustment to Net Position**

Certain amounts of capital asset additions were erroneously omitted for the September 30, 2015 financial statements.

Net Position as originally reported	\$ 778,091
Adjustment to Capital Assets	<u>17,687</u>
Net Position as of 10/01/15 as restated	<u><u>\$ 795,778</u></u>



**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 3. Deposits**

In addition to insurance provided by the Federal Depository Insurance Corporation, all deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds.

This is done in compliance with Section 280, Florida Statutes, which provides that in the event of a default by any such bank and savings and loan association, all participating banks and savings and loan associations throughout the State would be obligated to reimburse the government for any loss.

**NOTE 4. Capital Assets**

Capital assets activity for the year ended September 30, 2016 was as follows:

	Beginning Balance 10/01/2015	Additions	Deletions	Ending Balance 09/30/2016
Capital Assets not being Depreciated:				
Land	\$ 142,144	\$ -	\$ -	\$ 142,144
Total Capital Assets not being Depreciated	<u>142,144</u>	<u>-</u>	<u>-</u>	<u>142,144</u>
Capital Assets being Depreciated:				
Building and Improvements	137,273	-	-	137,273
Machinery and Equipment				
Vehicles	105,225	-	-	105,225
Heavy Equipment	855,384	-	-	855,384
Motors	36,905	-	-	36,905
Pumps	17,501	-	-	17,501
Office Equipment and Furniture	13,486	1,030	-	14,516
Barn and Shop Equipment	72,603	-	-	72,603
Canker Systems	99,129	-	-	99,129
Culverts	397,580	81,477	-	479,057
Total Capital Assets being Depreciated	<u>1,735,086</u>	<u>82,507</u>	<u>-</u>	<u>1,817,593</u>
Less Accumulated Depreciation	<u>(907,049)</u>	<u>(109,761)</u>	<u>-</u>	<u>(1,016,810)</u>
Total Capital Assets being depreciated, net	<u>828,037</u>	<u>(27,254)</u>	<u>-</u>	<u>800,783</u>
Governmental Activities - Capital Assets, net	<u>\$ 970,181</u>	<u>\$ (27,254)</u>	<u>\$ -</u>	<u>\$ 942,927</u>

Depreciation expense of \$109,761 was charged to Physical Environment for the fiscal year ended September 30, 2016.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 5. Line of Credit**

The District, in July 2016, entered into a revolving line of credit agreement with a financial institution for \$300,000. The line of credit expires on July 1, 2017. During the year, the District made no draws on the credit line. Interest on the line of credit is 3.50% per annum. There was no outstanding balance at September 30, 2016.

**NOTE 6. Long-Term Liabilities**

Notes Payable

The District on November 21, 2012, entered into a five-year promissory note with a financial institution for \$242,360 to acquire a John Deere Excavator. The note is secured by that equipment and is payable over 60 months, commencing on December 21, 2012, at a fixed interest rate of 3.00%, with the final payment due on November 21, 2017. Principal and interest are paid monthly in the amount of \$4,359. At September 30, 2016, the outstanding balance on the loan was \$59,833

The District, on August 11, 2015, entered into a five-year promissory note with a financial institution for \$148,000 to acquire a John Deere 624K Front-End Loader. The note is secured by that equipment and is payable over 60 months, commencing on September 11, 2015 at a fixed interest rate of 4.00%, with the final payment due on September 11, 2020. Principal and interest are paid monthly in the amount of \$2,726. At September 30, 2016, the outstanding balance on the loan was 118,411.

Total Notes Payable at September 30, 2016, is \$178,244.

Annual debt service requirements to maturity are as follows:

<u>Year Ended September 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 79,698	\$ 5,325
2018	36,063	3,089
2019	30,866	1,846
2021	<u>31,617</u>	<u>1,096</u>
Total	<u>\$ 178,244</u>	<u>\$ 11,356</u>

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 6. Long-Term Liabilities (Continued)**

The following is a summary of changes in long-term liabilities for the fiscal year ended September 30, 2016:

	Beginning Balance <u>10/01/2015</u>	Additions	Deletions	Ending Balance <u>09/30/2016</u>	Due Within One Year
Notes Payable					
J.D. Excavator	\$ 109,498	\$ -	\$ 49,665	\$ 59,833	\$ 51,200
J.D. Front-End Loader	<u>145,777</u>	<u>-</u>	<u>27,366</u>	<u>118,411</u>	<u>28,498</u>
Total Notes Payable	<u>\$ 255,275</u>	<u>\$ -</u>	<u>\$ 77,031</u>	<u>\$ 178,244</u>	<u>\$ 79,698</u>
Compendated Absences	6,982	2,463	-	9,445	-
HIS Pension Liability	71,913	6,822	-	78,735	-
FRS Pension Liability	<u>144,701</u>	<u>73,478</u>	<u>-</u>	<u>218,179</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 478,871</u>	<u>\$ 82,763</u>	<u>\$ 77,031</u>	<u>\$ 484,603</u>	<u>\$ 79,698</u>

**NOTE 7. Retirement Plans**

Florida Retirement System:

General Information - Only two of the seven full-time employees are in the FRS. All qualified employees are in the Florida Municipal Pension Trust Fund (FMPTF) a 401a plan (not FRS). At year end, there were three employees in the FMPTF. As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan"). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of Florida State Legislature.

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Website:

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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NOTE 7. Retirement Plans (Continued)

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

Pension Plan

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited services, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 7. Retirement Plans (Continued)**

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

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions - Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, government employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Regular - 7.26% and 7.52%; Special Risk Administrative Support - 32.95% and 28.06%; Special Risk - 22.04% and 22.57%; Senior Management Service - 12.88% and 21.77%; Elected Officers' - 42.77% and 42.47%; and DROP participants - 12.88% and 12.99%. These employer contribution rates include 1.66% HIS Plan subsidy for the period October 1, 2015 through September 30, 2016.

The District's contributions to the Pension Plan totaled \$16,649 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the District reported a liability of \$218,179 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was .000864071 percent, which was a decrease of .00025622 percent from its proportionate share measured as of June 30, 2015.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 7. Retirement Plans (Continued)**

For the fiscal year ended September 30, 2016, the District recognized pension expense of \$39,781. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 16,705	\$ (2,031)
Change of assumptions	13,199	-
Net difference between projected and actual earnings on Pension Plan investments	56,397	-
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	42,392	(30,452)
District Pension Plan contributions subsequent to the measurement date	4,270	-
Total	<u>\$ 132,963</u>	<u>\$ (32,483)</u>

The deferred outflows of resources related to the Pension Plan, totaling \$4,270 resulting from District's contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Amount</u>
2017	(5,639)
2018	(5,639)
2019	(5,639)
2020	(5,639)
2021	(5,639)
Thereafter	(2,257)

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 7. Retirement Plans (Continued)**

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

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	3.20%	3.10%	1.70%
Fixed Income	18.00%	4.80%	4.70%	4.70%
Global Equity	53.00%	8.50%	7.20%	17.70%
Real Estate (Property)	10.00%	6.80%	6.20%	12.00%
Private Equity	6.00%	11.90%	8.20%	30.00%
Strategic Investments	<u>12.00%</u>	6.70%	6.10%	11.40%
Total	<u><u>100.00%</u></u>			
Assumed Inflation - Mean		2.60%		1.90%

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

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 7. Retirement Plans (Continued)**

Discount Rate - The discount rate used to measure the total pension liability was 7.60%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	(6.60%)	(7.60%)	(8.60%)
District's proportionate share of the net pension liability/asset	\$ 401,681	\$ 218,179	\$ 65,437

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - The District reported a payable in the amount of \$0 for outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2016.

**HIS Plan**

Plan Description - The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Florida Department of Management Services, Division of Retirement.

Benefits Provided - For the fiscal year ended September 30, 2016, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.



**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 7. Retirement Plans (Continued)**

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$3,463 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2016, the District reported a liability of \$78,733 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of July 1, 2016. The District's proportionate share of net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was .000675567 percent, which was a decrease of .000029569 percent from its proportionate share measured as of June 30, 2015.

For the fiscal year ended September 30, 2016, the District recognized pension expense of \$6,337. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from following sources:

<b>Description</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Change of assumptions	\$ 12,355	\$ -
Change in experience	-	179
Net difference between projected and actual earnings on HIS Plan investments	40	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of contributions	846	2,390
District HIS Plan contributions subsequent to the measurement date	769	-
Total	<u>\$ 14,010</u>	<u>\$ 2,569</u>

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 7. Retirement Plans (Continued)**

The deferred outflows of resources related to the HIS Plan, totaling \$769 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Amount
2017	(386)
2018	(386)
2019	(386)
2020	(386)
2021	(386)
Thereafter	(463)

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

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	2.85%

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

The actuarial assumptions used in the July 1, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability was 2.85%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

**NOTE 7. Retirement Plans (Continued)**

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 2.85%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (1.85%) or one percentage point higher (3.85%) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the HIS pension liability	\$ 90,326	\$ 78,733	\$ 69,114

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - The District reported a payable in the amount of \$0 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2016.

**NOTE 8. Defined Contribution Plan**

The Retirement Plan and Trust for the General Employees of the District is a defined contribution plan established by the District and administered by the Florida League of Cities, Inc. to provide benefits at retirement to its full time employees hired after January 1, 1996. Full-time employees are eligible to participate after one year of service. The District is required to contribute 6% of the annual covered payroll. Employee contributions are voluntary and shall not exceed 10% of compensation. Plan members are vested in 10% for each year of service, with 100% vesting after ten years of service. Plan revisions and contributions requirements are established and may be amended by the Board of Supervisors.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 9. Risk Management**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which that District carries commercial insurance. The District is also covered by Florida Statutes under the Doctrine of Sovereign Immunity which effectively limits the amount of liability of the District to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There were not changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage.

**NOTE 10. Letter of Agreement**

Pursuant to the letter of agreement between Joshua Water Control District ("JWCD") and East Charlotte Drainage District ("ECDD"), ECDD paid JWCD \$24,000 for management, administrative, and inspection services during the current fiscal year.

**NOTE 11. Inter-Local Agreements**

Joshua Water Control District, East Charlotte Drainage District and County Line  
Drainage District

In accordance with the Inter-Local agreements, between the East Charlotte Drainage District ("ECDD") and Joshua Water Control District ("JWCD"), and the County Line Drainage District ("CLDD") and JWCD, the Districts have engaged in programs of administrative services and maintenance of the works of their districts. These Inter-Local Agreements are for the period of August 11, 2015 until August 11, 2020.

Joshua Water Control District and East Charlotte Drainage District

JWCD receives \$8,400 annually from the ECDD for the use of JWCD's office space and office equipment. JWCD receives \$24,000 for management, administrative, and maintenance inspection services. ECDD paid JWCD an additional \$11,916 for maintenance services for manpower/equipment and \$874.00 for office expenses.

Joshua Water Control District and County Line Drainage District

JWCD receives \$7,200 annually from the CLDD for the use of JWCD's office space, office equipment, and administrative services. In addition, JWCD received \$1,169 from CLDD for office expenses.

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Basic Financial Statements**  
**September 30, 2016**

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**NOTE 12. Related Party Transactions**

The District leases 4.36 acres of land from Orange-Co., Inc., a major landowner within the District. This lease automatically renewed for a period of one year until August 31, 2007, and thereafter shall renew for consecutive one-year periods until either party gives written notice. Annual rental payments under the lease are equal to all taxes, assessments, and excises levied against the leased property during the lease term. The lease payment for the fiscal year ended September 30, 2016 was \$804.

In 2008, the Board of Supervisors of the Joshua Water Control District, after discussions with the Southwest Florida Water Management District, determined that it would be in the best interest of JWCD and its landowners to participate in the FARMS Program (Facilitating Agricultural Resource Management System) which is a demonstration of a best management practice (BMP) program that involves both water and quality aspects. Recipients will be required to fund the project then request reimbursement for approved expenditures. This program is sponsored by the Southwest Florida Water Management District and the Florida Department of Agriculture and Consumer Services.

**NOTE 13. Implementation of GASB Statement No. 45**

The Governmental Accounting Standards Board has issued Statement No. 45, "Accounting for Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions (OPEB)." This Statement changes the manner in which a governmental entity funds and records its post-retirement benefit costs other than pensions.

The District provides insurance (medical, dental, and prescription drug) benefits to its current employees and offers all vested (vested is defined by the District's retirement plans) former employees the option of receiving their same benefits provided they pay 100% of the premium. Therefore, the District's only OPEB liability is for the implicit rate subsidy offered to the retiree. An implicit rate subsidy is the difference between a premium rate charged to retirees for a particular benefit and the estimated rate that would be applicable to those retirees if that benefit was acquired for them as a separate group. As of September 30, 2016, there were no retirees receiving these benefits and only seven active employee participants in the insurance benefit plan. The District has decided to finance these benefits on a pay-as-you-go basis and recognize expenses in the year the premium is due. The District believes the implicit OPEB liability is immaterial; as such; there is no actuarially determined net OPEB obligation at September 30, 2016.

**NOTE 14. Subsequent Events**

The District's management has evaluated events and transactions for potential recognition or disclosure through November 15, 2016, the date the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**JOSHUA WATER CONTROL DISTRICT  
BUDGETARY COMPARISON SCHEDULE**

**General Fund**

**For the Year Ended September 30, 2016**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget Positive/(Negative)</u>
<b>Revenues:</b>				
Non-ad Valorem Assessments	\$ 1,436,351	\$ 1,480,351	\$ 1,296,105	\$ (184,246)
Charge for Services	39,600	39,600	59,746	20,146
User Fees	16,338	16,338	16,338	-
Interest Income	-	-	705	705
Total Revenues	<u>1,492,289</u>	<u>1,536,289</u>	<u>1,372,894</u>	<u>(163,395)</u>
<b>Expenditures:</b>				
Physical Environment	<u>1,492,289</u>	<u>1,536,289</u>	<u>1,280,819</u>	<u>255,470</u>
Excess of Expenditures over Revenues	<u>-</u>	<u>-</u>	<u>92,075</u>	<u>92,075</u>
Fund Balance, October 1, 2015	<u>-</u>	<u>-</u>	<u>246,553</u>	<u>246,553</u>
Fund Balance, September 30, 2016	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 338,628</u>	<u>\$ 338,628</u>

**JOSHUA WATER CONTROL DISTRICT**  
**Notes to Budgetary Comparison Schedule**  
**Fiscal Year Ended September 30, 2016**

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**Note 1. Budgets and Budget Accounting**

State of Florida Statutes require that, for each fiscal year, a special district make appropriations which will not exceed the amount to be received from taxation and other available sources. The District annually adopts an operating budget for the general fund. The procedures for establishing budgetary data are as follows:

- In August of each year, the District Manager submits a proposed operating budget to the Board for the next fiscal year commencing the following October 1. The proposed budget includes expenditures and the means of financing them.
  
- In August of each year, the budget is legally adopted by the Board.

Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States. All appropriations lapse at fiscal year end unless encumbered or specifically designated to be carried forward to the subsequent year. Changes or amendments to the total budgeted expenditures of the District must be approved by the Board. Accordingly, the legal level of control is at the fund level.



**JOSHUA WATER CONTROL DISTRICT**  
**Schedule of Proportionate Share of Net Pension Plan Liability**  
**Florida Retirement System**  
**Fiscal Year Ended September 30, 2016**

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	<u>6/30/2016</u>	<u>6/30/2015</u>
District's proportionate of the net pension liability	0.000864071%	0.001120291%
District's proportionate share of the net pension liability	\$ 218,179	\$ 144,701
District's covered-employee payroll	\$ 191,315	\$ 213,929
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	114.04%	67.64%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%

**JOSHUA WATER CONTROL DISTRICT**  
**Schedule of Proportionate Share of Net Pension Plan Liability**  
**FRS Health Insurance Subsidy Program**  
**Fiscal Year Ended September 30, 2016**

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	<u>6/30/2016</u>	<u>6/30/2015</u>
District's proportionate share of the net pension liability	0.000675567%	0.000705136%
District's proportionate share of the net pension liability	\$ 78,733	\$ 71,913
District's covered-employee payroll	\$ 191,315	\$ 213,929
District's proportionate share of the net pension liability as a percentage of covered-employee payroll	41.15%	33.62%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%

**JOSHUA WATER CONTROL DISTRICT**  
**Schedule of Contributions**  
**Florida Retirement System**  
**Fiscal Year Ended September 30, 2016**

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	2016	2015
Contractually required contribution	\$ 21,072	\$ 27,314
Contributions in relation to the contractually required amount	21,072	27,399
Contribution deficiency (excess)	\$ -	\$ (85)
District's covered-employee payroll	\$ 191,315	\$ 213,929
Contributions as a percentage of covered-employee payroll	11.01%	12.81%

**JOSHUA WATER CONTROL DISTRICT**  
**Schedule of Contributions**  
**FRS Health Insurance Subsidy Program**  
**Fiscal Year Ended September 30, 2016**

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	2016	2015
Contractually required contribution	\$ 3,463	\$ 2,695
Contributions in relation to the contractually required amount	3,463	2,695
Contribution deficiency (excess)	\$ -	\$ -
District's covered-employee payroll	\$ 191,315	\$ 213,929
Contributions as a percentage of covered-employee payroll	1.81%	1.26%

**Other Reports**  
**and**  
**Management Letter**



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**Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

November 15, 2016

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, FL

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 of Joshua Water Control District (the "District"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 15, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

  
Baggett, Reutimann & Associates, CPAs, PA



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## MANAGEMENT LETTER

November 15, 2016

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, FL

### Report on the Financial Statements

We have audited the financial statements of the Joshua Water Control District (the "District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated November 15, 2016.

### 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 Auditor General*.

### Other Reports and Schedule

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*. Disclosures in that report, which are dated November 15, 2016, 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. Corrective actions have been taken to address findings made in the prior year financial audit report.



### **Official Title and Legal Authority**

Section 10.554 (1)(i)2., *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 basic financial statements. The District discloses this information in the notes to the basic financial statements.

### **Financial Condition**

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

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 Joshua Water Control 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), *Rules of the Auditor General*, requires that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

### **Special District Component Units**

Section 10.554(1)(i)5.d., *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

**Other Matters**

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we address in the management letter any recommendations to improve financial management. We did not have any such findings.

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 have 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 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.

  
Baggett, Reutimann & Associates, CPAs, PA

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

November 15, 2016

Honorable Board of Supervisors  
Joshua Water Control District  
Arcadia, Florida

We have examined the Joshua Water Control District's (the "District") compliance with Section 218.415, Florida Statutes regarding the investment of public funds during the period ended September 30, 2016, as required by Section 10.556, *Rules of the Auditor General*. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of 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, 2016.

This report 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, the District, its management, and is not intended to be and should not be used by anyone other than these specified parties. However, this letter is a matter of public record and its distribution is not limited.



Baggett, Reutimann & Associates  
Baggett, Reutimann & Associates, CPAs, PA