

IMMOKALEE FIRE CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2018

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	i-vii
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	4
Statement of Activities.....	5
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet.....	6
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	9
NOTES TO THE FINANCIAL STATEMENTS.....	10-48
<u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u>	
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	49
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	50-52
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund - Summary Statement.....	53
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of District Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan.....	54
Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan.....	54
Schedule of District Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan.....	55
Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan.....	55
Notes to the Required Supplementary Information.....	56-57
Schedule of Changes in the Net OPEB Liability and Related Ratios, GASB No. 75 and Related Notes to the Schedule.....	58
<u>ADDITIONAL REPORTS</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	59-60
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	61
Independent Auditor's Report to Management.....	62-67
Management's Response to Independent Auditor's Report to Management.....	Exhibit

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Immokalee Fire Control District
502 East New Market Road
Immokalee, Florida 34142

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Immokalee 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 an opinion on these financial statements based on our audit. We did not audit the financial statements of Florida Retirement System Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2018. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2018, and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Immokalee Fire Control District's government-wide financial statements, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Immokalee Fire Control 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 described in Note O, the District adopted the provisions on Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of GASB No. 75, the District reported a restatement of its net position due to implementation of the change in accounting principle. The auditor's opinion was not modified with respect to this restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - vii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, Notes to Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios, GASB No. 75 and Related Notes to the Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, Notes to Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios, GASB No. 75 and Related Notes to the Schedule, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, Notes to Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios, GASB No. 75 and Related Notes to the Schedule, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Immokalee Fire Control District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

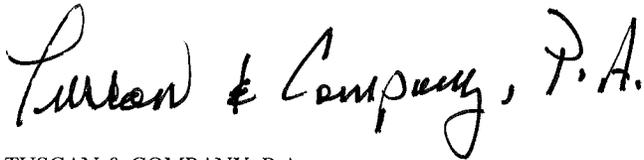
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but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

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 25, 2019 on our consideration of Immokalee Fire Control District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Immokalee Fire Control District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 25, 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, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Immokalee Fire Control District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 25, 2019

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

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

General Information

The Immokalee Fire Control District's (the District) discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial ability to address the next and subsequent fiscal years challenges, identify any material deviations from the approved budget, and identify individual fund issues and concerns.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements which are composed of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. It is designed to focus on the current fiscal year's activities, resulting changes and currently known facts, and should be read in conjunction with the District's financial statements.

Fiscal Year Highlights

As expected, the District's financial position decreased during the fiscal year ended September 30, 2018 by \$936,514 substantially due to recording the increase in pension costs of \$454,106 and the cost of OPEB of \$35,299.

As expected, the District's net financial position decreased during the fiscal year ended September 30, 2017 by \$561,328 substantially due to an increase in pension liability of \$ 506,368. The District's revenue was up \$214,248 or 5% while expenses increased \$825,561 or 20% as compared to the fiscal year ended September 30, 2016. The District is debt free.

Effective September 30, 2015, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (Statement No. 68). The implementation of this standard required the District to annually report its actuarially determined net pension liability in the government-wide financial statements. It also requires additional disclosure in the notes related to the financial statements.

Effective September 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement no. 75 "*Accounting and Financial Reporting of Post Employment Benefits Other Than Pensions (OPEB)*" (Statement No. 75). This accounting standard requires the District to report its actuarially determined net OPEB liability of \$507,058 in the government-wide financial statements of the District as of September 30 2018. It also required the beginning net asset balance to be restated.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statements combine and consolidate governmental fund short-term spendable resources with capital assets and long-term obligations.

The statements include a Statement of Net Position and a Statement of Activities that are designed to provide consolidated financial information about governmental activities of the District presented on the accrual basis of accounting.

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, the increases or decreases to net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The government-wide financial statements can be found on pages 4 and 5 of this report at September 30:

	<u>2018</u>	<u>2017</u>
Assets:		
Cash and Other Current Assets	\$ 6,947,553	\$6,087,306
Capital Assets, Net of Depreciation	<u>1,586,912</u>	<u>2,081,974</u>
Total Assets	<u>8,534,465</u>	<u>8,169,280</u>
Deferred Outflows of Resources	<u>2,420,267</u>	<u>2,390,140</u>
Liabilities:		
Accounts Payable and Other Current Liabilities	54,394	216,432
Unearned Revenue-impact fees	4,993,602	4,147,807
Long Term Liabilities	<u>5,333,528</u>	<u>4,622,831</u>
Total Liabilities	<u>10,381,524</u>	<u>8,987,070</u>
Deferred Inflows of Resources	<u>365,420</u>	<u>159,714</u>
Net Position:		
Net Investment in Capital Assets	1,497,055	2,081,974
Unrestricted Net Assets (Deficit)	<u>(1,289,267)</u>	<u>(669,338)</u>
Total Net Position	<u>\$ 207,788</u>	<u>\$ 1,412,636</u>

The Statement of Activities presents information showing how the District's net position changed during the fiscal years. The focus is on both gross and net costs of various activities that are supported by the District's ad valorem tax and other revenues. Thus,

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

Government-wide Financial Statements (Continued)

revenues and expenses are reported in this Statement for some items that will only result in cash flows in a future fiscal period (e.g. uncollected taxes earned). This Statement is intended to summarize and simplify the user's analysis of the cost of various governmental services. An increase or decrease in net position may be an indication of whether the District's financial health is improving or deteriorating.

The following reflects the revenues, expenses and changes in financial position for the years ended September 30:

	2018	2017
Revenues:		
Program Fees	\$ -	\$ 32,718
Ad Valorem Taxes	3,423,086	2,994,850
Interest Income	45,141	27,467
Grant Revenue	331,264	1,276,664
Impact Fees	109,670	38,159
Other Revenue	<u>265,530</u>	<u>57,268</u>
Total Revenue	4,174,691	4,427,126
Expenses		
Public Safety Expenses	<u>5,111,205</u>	<u>4,988,454</u>
Change in Net Position	(936,514)	(561,328)
Net Position – Beginning, As Originally Stated	1,412,636	1,973,964
Prior Period Adjustment – GASB No. 75	<u>(268,334)</u>	<u>-</u>
Net Position – Beginning, As Restated	<u>1,144,302</u>	<u>1,973,964</u>
Net Position - Ending of the fiscal year	<u>\$ 207,788</u>	<u>\$ 1,412,636</u>

Both of the financial statements distinguish the functions of the District that are principally supported by ad valorem taxes and intergovernmental revenues. The governmental activities of the District are for public safety.

General Revenues

During fiscal year 2018, the District received \$428,236 more in ad valorem tax dollars over the prior fiscal year due to an increase in assessable value of property within the District. This represents an 14% increase. Other revenues, however, decreased \$680,671 net over the prior fiscal year due principally to the SAFER Grant ending.

**. Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

Government-wide Financial Statements (Continued)

During fiscal year 2017, the District received \$442,056 more in ad valorem tax dollars over the prior fiscal year due to an increase in assessable value of property within the District. This represents a 17% increase. Other revenues, however, decreased \$227,808 net over the prior fiscal year due substantially to less allowable use of impact fees.

Expenses

During the fiscal year of 2018 expenses increased by \$122,751 vs. the prior fiscal year due to increases in costs. These costs included an increase in pension liability and OPEB costs.

During the fiscal year of 2017 expenses increased by \$825,561 vs. the prior fiscal year due to increases in operating costs. These costs included an increase of \$506,368 in retirement expense, approximately \$250,000 in overtime and sick time, approximately \$100,000 in health insurance and \$50,000 in repairs and increased depreciation expense of \$191,685.

Net Position

During fiscal year 2017, net position decreased by (\$561,328).

During fiscal year 2018, net position decreased by (\$936,514).

Liabilities

During the year ended September 30, 2018, the District entered a capital lease of \$101,432 for staff vehicles.

The District had no debt during the year ended September 30, 2017.

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 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

Governmental Funds (Continued)

focus on the short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains two governmental funds, the General Fund and the Special Revenue Fund for impact fees. Each fund's activity is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. These statements can be found on pages 6 and 8 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements and can be found beginning on page 10 of this report.

General Fund Budgetary Highlights

The District adopts an annual appropriated budget for each of its governmental funds. The most significant budget variance for the year ended September 30, 2018 was due to entering the capital lease for staff vehicles. The actual expenditures in the General Fund were \$1,796,351 less than the final amended budget. The actual expenditures were less than budget in general due to not having to use any reserves to cover expenditures.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

Capital Assets

The following is a schedule of the District's capital assets at September 30:

Capital Assets September 30		2018	2017
Capital Assets not being depreciated:			
Land		\$ 114,916	\$ 114,916
Construction in progress		360,044	229,638
Total Capital Assets not being depreciated		474,960	344,554
Capital Assets being depreciated:			
Buildings and building improvements		455,967	455,967
Machinery & equipment		1,194,989	1,340,975
Vehicles		2,223,423	2,962,609
Total Capital Assets being depreciated		3,874,379	4,759,551
Less: Accumulated Depreciation		(2,762,427)	(3,022,131)
Capital Assets, being depreciated, net		1,111,952	1,737,420
Capital Assets, Net		\$ 1,586,912	\$ 2,081,974

During the year ended September 30, 2018, the District purchased capital assets of \$309,346 which consisted of construction in progress of \$130,406 related to a new station, \$133,510 in vehicles and \$45,430 in equipment.

The District purchased capital assets during the year ended September 30, 2017 in the amount of \$292,536 which consisted of various new equipment.

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

	2018	2017
Net pension liability - FRS	3,656,517	3,408,712
Net pension liability - HIS	667,117	636,395
Compensated absences	412,979	374,299
Capital leases	89,857	-
Net OPEB liability	507,058	203,425
	\$ 5,333,528	\$ 4,622,831

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2018**

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget (2018-2019) was prepared:

- The estimated property taxes increased by approximately \$346,296 or 12% for budgeting purposes for 2018 as compared to 2017. The millage rate stayed consistent at 3.75 mills for the fiscal year ending September 30, 2019. The District intends to retain all personnel until it learns if it was awarded the SAFER Grant.

Request for information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Immokalee Fire Control District, 502 East New Market Road, Immokalee, Florida 34142, attention Michael Choate, Fire Chief, telephone (239) 657-2111.

**IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
September 30, 2018**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,398,805
Restricted cash and cash equivalents	4,886,768
Due from other governments, including restricted amount of \$110,400	139,186
Accounts receivable	522,794
Deposits	-
Prepaid expenses	-
Total current assets	<u>6,947,553</u>
Noncurrent assets:	
Capital assets:	
Land	114,916
Construction in progress	360,044
Depreciable buildings, equipment and vehicles (net of \$2,762,427 accumulated depreciation)	<u>1,111,952</u>
Total noncurrent assets	<u>1,586,912</u>
TOTAL ASSETS	<u>8,534,465</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,420,267</u>
LIABILITIES	
Current liabilities:	
Accounts payable	24,311
Accrued liabilities	7,964
Unearned revenue - impact fees	4,993,602
Due to other governments	22,119
Current portion of long-term obligations	<u>19,843</u>
Total current liabilities	5,067,839
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>5,313,685</u>
TOTAL LIABILITIES	<u>10,381,524</u>
DEFERRED INFLOWS OF RESOURCES	<u>365,420</u>
NET POSITION	
Net investment in capital assets	1,497,055
Restricted	-
Unrestricted (deficit)	<u>(1,289,267)</u>
TOTAL NET POSITION	<u>\$ 207,788</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2018**

	<u>Governmental Activities</u>
EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 3,987,495
Operating expenses	758,668
Depreciation	365,042
Interest and fiscal charges	-
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>5,111,205</u>
PROGRAM REVENUES	
Charges for services	-
Operating/capital grants and contributions	331,264
TOTAL PROGRAM REVENUES	<u>331,264</u>
NET PROGRAM EXPENSES	<u>4,779,941</u>
GENERAL REVENUES	
Ad Valorem taxes	3,423,086
Impact fees	109,670
Interest	45,141
Gain on disposition of capital assets	141,125
Other	124,405
TOTAL GENERAL REVENUES	<u>3,843,427</u>
DECREASE IN NET POSITION	(936,514)
NET POSITION - Beginning of year, as restated	<u>1,144,302</u>
NET POSITION - End of the year	<u><u>\$ 207,788</u></u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2018**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,398,805	\$ -	\$ 1,398,805
Restricted cash and cash equivalents	-	4,886,768	4,886,768
Due from other governments	28,786	110,400	139,186
Due from other funds	2,463	-	2,463
Accounts receivable	522,794	-	522,794
Deposits	-	-	-
Prepaid expenditures	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,952,848</u>	<u>\$ 4,997,168</u>	<u>\$ 6,950,016</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 23,208	\$ 1,103	\$ 24,311
Accrued liabilities	7,964	-	7,964
Due to other funds	-	2,463	2,463
Due to other governments	22,119	-	22,119
Unearned revenue - impact fees	-	4,993,602	4,993,602
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>53,291</u>	<u>4,997,168</u>	<u>5,050,459</u>
 FUND BALANCE			
Nonspendable	-	-	-
Assigned	1,899,557	-	1,899,557
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>1,899,557</u>	<u>-</u>	<u>1,899,557</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,952,848</u>	<u>\$ 4,997,168</u>	<u>\$ 6,950,016</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2018**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 1,899,557
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
<p>Capital assets not being depreciated:</p>	
Land	114,916
Construction in progress	<u>360,044</u>
	474,960
<p>Governmental capital assets being depreciated:</p>	
Building, Equipment and Vehicles	3,874,379
Less accumulated depreciation	<u>(2,762,427)</u>
	1,111,952
<p>Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.</p>	
Deferred outflows related to pensions	2,420,267
Deferred inflows related to pensions	(365,420)
Deferred inflows related to OPEB	<u>-</u>
	2,054,847
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
Net pension liability - FRS	(3,656,517)
Net pension liability - HIS	(667,117)
Capital leases	(89,857)
Compensated absences	(412,979)
Net OPEB liability	<u>(507,058)</u>
	<u>(5,333,528)</u>
<p>Elimination of interfund amounts:</p>	
Due from other funds	2,463
Due to other funds	<u>(2,463)</u>
	<u>-</u>
Total net position of governmental activities	<u><u>\$ 207,788</u></u>

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2018

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Ad Valorem taxes	\$ 3,423,086	\$ -	\$ 3,423,086
Intergovernmental revenues:			
Federal public safety grants - SAFER/AFG	327,554	-	327,554
State grant	-	-	-
State firefighter supplemental	3,710	-	3,710
Fees:			
Inspection fees	-	-	-
Impact fees	-	109,670	109,670
Miscellaneous:			
Interest	14,856	30,285	45,141
Other	124,405	-	124,405
TOTAL REVENUES	<u>3,893,611</u>	<u>139,955</u>	<u>4,033,566</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	3,459,410	-	3,459,410
Operating expenditures	749,119	9,549	758,668
Capital outlay	178,940	130,406	309,346
Debt service			
Principal reduction	11,575	-	11,575
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>4,399,044</u>	<u>139,955</u>	<u>4,538,999</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(505,433)</u>	<u>-</u>	<u>(505,433)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Proceeds from issuance of capital lease	101,432	-	101,432
Proceeds from disposition of capital assets	580,491	-	580,491
TOTAL OTHER FINANCING SOURCES (USES)	<u>681,923</u>	<u>-</u>	<u>681,923</u>
NET CHANGE IN FUND BALANCE	176,490	-	176,490
FUND BALANCE - Beginning of the year	<u>1,723,067</u>	<u>-</u>	<u>1,723,067</u>
FUND BALANCE - End of the year	<u>\$ 1,899,557</u>	<u>\$ -</u>	<u>\$ 1,899,557</u>

The accompanying notes are an integral part of this statement.

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

Year Ended September 30, 2018

	<u>Amount</u>
Net change (excess of revenues over (under) expenditures) in fund balance - total governmental funds	\$ 176,490

The decrease (change) in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Plus: Expenditures for capital assets	309,346	
Less: proceeds from disposition of capital assets	(580,491)	
Plus: gain on disposition of capital assets	141,125	
Less: loss on disposition of capital assets	-	
Less: current year depreciation	<u>(365,042)</u>	
		(495,062)

The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Proceeds from capital leases	(101,432)	
Repayments (principal retirement) for capital lease	<u>11,575</u>	
		(89,857)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Increase (decrease) in deferred outflows - Pensions	30,127	
(Increase) decrease in deferred inflows - Pensions	(205,706)	
(Increase) decrease in deferred inflows - OPEB	-	
(Increase) decrease in net pension liability - FRS	(247,805)	
(Increase) decrease in net pension liability - HIS	(30,722)	
(Increase) decrease in compensated absences, net	(38,680)	
(Increase) decrease in net OPEB liability	<u>(35,299)</u>	
		<u>(528,085)</u>

Decrease in net position of governmental activities	<u>\$ (936,514)</u>
-----------------------------------------------------	---------------------

The accompanying notes are an integral part of this statement.

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

Organization

Immokalee Fire Control District (the "District"), is an independent special district established on May 3, 1955 by Laws of Florida, Chapter 55-30666, as amended. The District has the general and specific powers prescribed by Florida Statutes Chapters 189, 633 and Chapter 191. Laws of Florida, Chapter 2000-393 codified, reenacted, amended and repealed its prior enabling acts. Also, as a result of Laws of Florida, Chapter 2000-393, the District's name was changed from Immokalee Fire Control and Rescue District to Immokalee Fire Control District. Laws of Florida, Chapter 2001-330 amended Laws of Florida, Chapter 2000-393 and authorized the District to levy impact fees on new construction within the District. During January 2012, the voters within the District passed a referendum increasing the District's millage cap from 3 mills to 3.75 mills effective for the year ended September 30, 2013. The District was created for the purpose of providing fire control and protection services as well as crash and rescue services for a designated area in eastern Collier County. The District operates three (3) station houses and has approximately 42 employees including volunteers. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms.

Summary of Significant Accounting Policies

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

Reporting Entity

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

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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

Government-wide Financial Statements

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

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

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

Government-wide Financial Statements, continued

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

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspection fees.

Capital grant revenues are grants from other governmental entities restricted for the purchase of specific capital assets.

Fund Financial Statements

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

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

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

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

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, as appropriate, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns on the fund financial statements.

Measurement Focus and Basis of Accounting

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

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

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

Measurement Focus and Basis of Accounting, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

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

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

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

Separate financial statements are provided for governmental funds.

Non-current Government Assets/Liabilities

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

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

Major Funds

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in the Impact Fee Fund.

The Impact Fee Fund consists of fees imposed and collected by Collier County based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures and/or the related debt associated with growth within the District.

Budgetary Information

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

Investments

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31), in which all investments are reported at fair value.

The District held no investments at September 30, 2018.

Capital Assets

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

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

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

Capital Assets, continued

All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) capital assets consisting of certain improvements other than building, including curbs, gutters and drainage systems, are not capitalized, as the District generally does not acquire such assets. No debt-related interest expense is capitalized as part of capital assets in accordance with GASB 34.

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

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings	30
Equipment and Machinery	3-20
Vehicles	4-10

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

Budgets and Budgetary Accounting

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

The District has also adopted an annual budget for its Special Revenue Fund, the Impact Fee Fund.

The District follows these procedures in establishing budgetary data for the General Fund and the Impact Fee Fund:

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

The District did amend the General Fund budget during the year ended September 30, 2018 in the amount of \$263,379.

The District did amend the Impact Fee Fund budget during the year ended September 30, 2018 in the amount of \$831,055.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Impact Fees/Deferred Revenue

Through an inter-local agreement, the District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by Collier County and is remitted to the District. The fee is refundable if not expended by the District within a reasonable period from the date of collection. The District, therefore, records this fee as restricted cash and as deferred revenue until the date of expenditure, at which time it is recognized as revenue and charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements.

Due To/From Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded in the fund statements by funds affected in the period in which transactions are executed.

Due From Other Governments

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

Compensated Absences

The District's employees accumulate annual leave, based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave, if certain criteria are met. The costs of sick, vacation and personal leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued sick, vacation and personal leave benefits is recorded in the government-wide Statement of Net Position.

Encumbrances

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

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

Management 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 and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Net Position

In the government-wide financial statements, no net position has been identified as restricted. Restricted net position reflects those net assets that have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by law.

Fund Balances

The governmental fund financial statements the District maintains may include nonspendable, restricted, committed, assigned and unassigned fund balances. Nonspendable fund balances are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses.

Restricted fund balance consists of amounts that can be spent only on specific purposes stipulated by constitutional provisions or enabling legislation or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments. The District maintained no restricted fund balances at September 30, 2018.

Committed fund balance consists of amounts that represent resources whose use is constrained by limitations the Board (highest decision making) imposes upon itself. These constraints made by the Board remain binding unless removed in the same manner. The District maintained no committed fund balance at September 30, 2018.

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

Fund Balances, continued

Assigned fund balance represents the portion of fund balance that reflects the District's intended use of resources. Such intent can only be established by the Board. The District maintained assigned fund balance totaling \$1,899,557 for various uses at September 30, 2018. The Board's minimum fund balance policy is to maintain not less than three (3) months budgeted expenditures in assigned fund balance as well as other specifically assigned amounts.

Unassigned fund balance is the portion of fund balance representing resources in excess of what can properly be classified in one of the other categories.

Interfund Transactions

The District considers interfund receivables (due from other funds) and interfund liabilities (due to other funds) to be loan transactions to and from other funds to cover temporary (three months or less) cash needs. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing funds and as reduction of expenditures in the fund that is reimbursed.

Pensions

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Subsequent Events

Subsequent events have been evaluated through February 25, 2019, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2018, cash and cash equivalents were \$6,285,573, which included unrestricted cash of \$1,398,805 in the General Fund (including petty cash of \$100) and restricted cash of \$4,886,768, which was held in the Impact Fee Fund. Restricted cash is comprised of impact fees which are restricted for capital asset acquisition and/or improvement due to growth within the District.

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Deposits

The District's deposit policy allows deposits to be held in demand deposit or money market accounts and other investments per Florida Statutes, Chapter 218.415(17). All District deposits were held in a financial institution designated as a qualified depository by the State Treasurer.

At September 30, 2018, the carrying amounts of the District's deposits were \$1,398,705 and \$4,886,768 in the General Fund and the Impact Fee Fund, respectively. At September 30, 2018, bank balances were \$1,423,688 and \$5,007,768 in the General Fund and Impact Fee Fund, respectively. These deposits were entirely insured by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida.

NOTE C - DUE TO/FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2018, are as follows:

<u>Description</u>	<u>General Fund</u>
Collier County Tax Collector	\$ 28,786
	<u>28,786</u>
	<u>Impact Fee Fund</u>
Collier County	110,400
	\$ 139,186

Due to other governments at September 30, 2018, are as follows:

<u>Description</u>	<u>General Fund</u>
North Collier Fire Control	\$ 22,119

NOTE D - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2018, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Impact Fee	\$ 2,463	\$ -
Total General Fund	<u>2,463</u>	<u>-</u>
Special Revenue Fund:		
Impact Fee:		
General	-	2,463
Total Special Revenue Fund	<u>-</u>	<u>2,463</u>
Total	<u>\$ 2,463</u>	<u>\$ 2,463</u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Position at September 30, 2018.

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE E - CAPITAL ASSETS ACTIVITY

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

	Balance October 1 2017	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2018
Capital Assets Not Being Depreciated:					
Land	\$ 114,916	\$ -	\$ -	\$ -	\$ 114,916
Construction in Progress	<u>229,638</u>	<u>130,406</u>	<u>-</u>	<u>-</u>	<u>360,044</u>
Total Capital Assets Not Being Depreciated	<u>344,554</u>	<u>130,406</u>	<u>-</u>	<u>-</u>	<u>474,960</u>
Capital Assets Being Depreciated:					
Buildings	455,967	-	-	-	455,967
Equipment & Machinery	1,340,975	45,430	(191,416)	-	1,194,989
Vehicles	<u>2,962,609</u>	<u>133,510</u>	<u>(872,696)</u>	<u>-</u>	<u>2,223,423</u>
Total Capital Assets Being Depreciated	<u>4,759,551</u>	<u>178,940</u>	<u>(1,064,112)</u>	<u>-</u>	<u>3,874,379</u>
Less Accumulated Depreciation:					
Buildings	(326,592)	(11,500)	-	-	(338,092)
Equipment & Machinery	(678,863)	(133,804)	167,620	-	(645,047)
Vehicles	<u>(2,016,676)</u>	<u>(219,738)</u>	<u>457,126</u>	<u>-</u>	<u>(1,779,288)</u>
Total Accumulated Depreciation	<u>(3,022,131)</u>	<u>(365,042)</u>	<u>624,746</u>	<u>-</u>	<u>(2,762,427)</u>
Total Capital Assets Being Depreciated, Net	<u>1,737,420</u>	<u>(186,102)</u>	<u>(439,366)</u>	<u>-</u>	<u>1,111,952</u>
Capital Assets, Net	<u>\$ 2,081,974</u>	<u>\$ (55,696)</u>	<u>\$ (439,366)</u>	<u>\$ -</u>	1,586,912
				Related debt	<u>(89,857)</u>
				Net investment in capital assets	<u>\$ 1,497,055</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2018:

	Amount
General Government	<u>\$ 365,042</u>
Total Depreciation Expense	<u>\$ 365,042</u>

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

The District has capital assets held under capital leases with a total cost of \$133,510 at September 30, 2018. The capital assets held under capital lease had accumulated depreciation of \$6,675 and depreciation expense of \$6,675 as of and for the year ended September 30, 2018.

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2018:

	Balance			Balance		Amounts
	October 1		Retirements /	September 30	Due Within	
	2017	Additions	Adjustments	2018	One Year	
Net pension liability - FRS	\$ 3,408,712	\$ 247,805	\$ -	\$ 3,656,517	\$ -	-
Net pension liability - HIS	636,395	30,722	-	667,117	-	-
Capital leases	-	101,432	(11,575)	89,857	19,843	
Compensated Absences	374,299	38,680	-	412,979	-	
Net OPEB Liability	<u>471,759</u>	<u>35,299</u>	<u>-</u>	<u>507,058</u>	<u>-</u>	
	<u>\$ 4,891,165</u>	<u>\$ 453,938</u>	<u>\$ (11,575)</u>	<u>\$ 5,333,528</u>	<u>\$ 19,843</u>	

The following is a summary of the long-term obligations at September 30, 2018:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida Retirement Plan.	\$ 3,656,517
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida Retirement Plan.	667,117
The District entered into a five year capital lease agreement. Monthly payments are \$1,654 and are interest free. Payments began on March 20, 2018 with a final payment due February 20, 2023. The lease agreement is collateralized by the respective three vehicles.	89,857
Non-current portion of compensated absences. Employees of the District are entitled to paid leave (sick, vacation and comp time) based on length of service and job classification.	412,979
Net OPEB liability - actuarially determined - GASB No. 75.	<u>507,058</u>
Total long-term liabilities	5,333,528
Current portion	<u>(19,843)</u>
Noncurrent portion	<u>\$ 5,313,685</u>

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE F - LONG-TERM LIABILITIES, CONTINUED

The annual debt service requirements at September 30, 2018, were as follows:

Years Ending <u>September 30</u>	Total <u>Principal</u>	Total <u>Interest</u>	<u>Total</u>
2019	\$ 19,843	\$ -	\$ 19,843
2020	19,843	-	19,843
2021	19,843	-	19,843
2022	19,843	-	19,843
2023	<u>10,485</u>	<u>-</u>	<u>10,485</u>
Total capital lease	89,857	-	89,857
Net pension liability - FRS	3,656,517	-	3,656,517
Net pension liability - HIS	667,117	-	667,117
Accrued compensated absences - vacation	412,979	-	412,979
Net OPEB obligation	<u>507,058</u>	<u>-</u>	<u>507,058</u>
Total long-term debt	<u>\$ 5,333,528</u>	<u>\$ -</u>	<u>\$ 5,333,528</u>

Interest expense related to the capital lease payable was \$0 for the year ended September 30, 2018.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

General Information about the Florida Retirement System

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2018, is available from the Florida Department of Management Services' Website (www.dms.myflorida.com).

The District's total pension expense, \$943,210 for the year ended September 30, 2018, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$489,104, \$410,600 and \$394,512 for the years ended September 30, 2018, 2017 and 2016, respectively. The District contributed 100% of the required contributions.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan

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

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

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

Special Risk Class - Members who are employed as certified firefighters and meet the criteria to qualify for this class.

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for those members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans (Pension and HIS) may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided. Benefits under the Plan are computed on the basis of age, and/or years of service, average final compensation, and credit service. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for the members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on retirement plan and/or the class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value of each year of service credit earned:

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

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2018 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.92	8.26
Florida Retirement System, Senior Management Service	3.00	22.71	24.06
Florida Retirement System, Special Risk	3.00	23.27	24.5
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	13.26	14.03
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	45.50	48.70

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/17 - 6/30/18.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/18 - 6/30/19.

* As defined by the Plan.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

September 30, 2018, the District reported a pension liability of \$3,656,517 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At September 30, 2018, the District's proportionate share was .012139622 percent, which was an increase of .000615654 percent from its proportionate share measure as of September 30, 2017.

For the year ended September 30, 2018, the District recognized a pension expense of \$877,267. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 309,762	\$ 11,243
Change of assumptions	1,194,771	-
Net difference between projected and actual earnings on pension plan investments	-	282,511
Changes in proportion and differences between District contributions and proportionate share of contributions	574,101	-
District contributions subsequent to the measurement date	<u>91,340</u>	<u>-</u>
Total	<u>\$ 2,169,974</u>	<u>\$ 293,754</u>

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

The deferred outflows of resources related to the FRS pension, totaling \$91,340, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 6.4 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2019	\$ 312,222
2020	312,222
2021	312,222
2022	312,223
2023	382,850
Thereafter	<u>153,141</u>
Total	<u>\$ 1,784,880</u>

Actuarial Assumptions. The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Real payroll growth	0.65 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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%	2.9%	2.9%	1.8%
Fixed income	18.00%	4.4%	4.3%	4.0%
Global equity	54.00%	7.6%	6.3%	17.0%
Real estate (property)	11.00%	6.6%	6.0%	11.3%
Private equity	10.00%	10.7%	7.8%	26.5%
Strategic investments	<u>6.00%</u>	6.0%	5.7%	8.6%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.60%		1.90%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net FRS pension liability	<u>\$ 6,673,297</u>	<u>\$ 3,656,517</u>	<u>\$ 1,150,903</u>

Pension Plan Fiduciary Net Position. Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report (FRS CAFR) dated June 30, 2018.

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

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

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

http://www.dms.myflorida.com/workforce_operations/retirement/publications

Payables to the Pension Plan. At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2018.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan

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

Benefits Provided. For the year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2018, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan. At September 30, 2018, the District reported a HIS liability of \$667,117 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net HIS liability was based on the District's

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At September 30, 2018, the District's proportionate share was .006303007 percent, which was an increase of .000351193 percent from its proportionate share measured as of September 30, 2017.

For the fiscal year ended September 30, 2018, the District recognized HIS expense of \$65,943. 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	\$ 10,213	\$ 1,133
Change of assumptions	74,191	70,533
Net difference between projected and actual earnings on HIS pension plan investments	403	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	157,052	-
District contributions subsequent to the measurement date	<u>8,434</u>	<u>-</u>
Total	<u>\$ 250,293</u>	<u>\$ 71,666</u>

The deferred outflows of resources related to HIS, totaling \$8,434, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 7.2 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2019	\$ 27,486
2020	27,486
2021	27,486
2022	27,485
2023	27,485
Thereafter	<u>32,865</u>
Total	<u>\$ 170,293</u>

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

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

Inflation	2.60 percent
Real Payroll Growth	0.65 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.87 percent

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

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

Discount Rate. The discount rate used to measure the total HIS liability was 3.87 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 3.87 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net HIS liability	<u>\$ 759,808</u>	<u>\$ 667,117</u>	<u>\$ 589,855</u>

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

Pension Plan Fiduciary Net Position. Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report (FRS CAFR) dated June 30, 2018.

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

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

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

http://www.dms.myflorida.com/workforce_operations/retirement/publications

Payables to the Pension Plan. At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2018.

FRS - Defined Contribution Pension Plan

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

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

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS - Defined Contribution Pension Plan, continued

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.92	8.26
Florida Retirement System, Senior Management Service	3.00	22.71	24.06
Florida Retirement System, Special Risk	3.00	23.27	24.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	13.26	14.03
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	45.50	48.70

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/17 - 6/30/18.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/18 - 6/30/19.

* As defined by the Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS - Defined Contribution Pension Plan, continued

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

The District's Investment Plan pension expense totaled \$206,088 for the fiscal year ended September 30, 2018.

Payables to the Investment Plan. At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2018.

NOTE H - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all property taxes is performed for the District by the Collier County Tax Collector. No accrual for the property tax levy becoming due in November 2018 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2018, \$28,786 was due from the Collier County Tax Collector for ad valorem taxes and excess fees.

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE H - PROPERTY TAXES, CONTINUED

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 93 days following certification of assessment roll
Beginning of fiscal year for which taxes have been levied	October 1
Taxes due and payable (levy date)	November 1 with various discount provisions through March 31
Property taxes payable - maximum discount (4 percent)	30 days after levy date
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Collier County Tax Collector	Prior to June 1

For the year ended September 30, 2018, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$3.75 per \$1,000 (3.75 mills) of the 2017 net taxable value of real property located within the District.

NOTE I - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2018, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2017	\$ 4,147,807
Impact fee receipts*	955,465
Interest income	30,285
Transfer In from General Fund	-
Commissions (admin fee) - paid to Collier County	(9,549)
Capital outlay	<u>(130,406)</u>
Unearned revenue, September 30, 2018	<u>\$ 4,993,602</u>

* Includes \$110,400 due from Collier County.

**IMMOKALEE FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE J - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Insurance programs for general/professional liability, automobile and property are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$0 to \$2,500) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000 per occurrence and \$10,000,000 in the aggregate. The District is third party insured for employee health, dental and vision as well as workers' compensation.

NOTE K - FUND BALANCE ALLOCATIONS

Fund balance was allocated for the following purposes at September 30, 2018:

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Prepaid expenditures	\$ -
Total Nonspendable Fund Balance - General Fund	<u>\$ -</u>
<u>Assigned Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Assigned for fiscal year startup (90 day operations)	\$ 1,100,000
Fleet reserves	250,000
Disaster reserves	<u>549,557</u>
Total Assigned Fund Balance - General Fund	<u>\$ 1,899,557</u>

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

Plan Description

The District's defined contribution OPEB Plan provides the opportunity to obtain health insurance, pharmacy, dental and vision benefits to its retired employees and their dependents. The year ended September 30, 2018 was the District's transition year and as such, the District implemented GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB No. 75

**NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Plan Description, continued

requires the District record its actuarially determined total OPEB liability as well as the restatement of the District's beginning net position balance for the year ended September 30, 2018.

All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2018, there were retirees eligible to receive benefits. At September 30, 2018 there were thirty two (32) active District employees. The benefits are provided both with contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The minimum retirement age is 62. The minimum years of service requirement is 10 years.

The retiree's premiums for these benefits totaled \$6,402 during the year ended September 30, 2018, of which the District paid \$6,402.

Funding Policy

The District's OPEB benefits are unfunded. The retiree is eligible for benefits under the District's health and pharmacy plan, but is obligated to reimburse the District for 100% of the cost of the retiree's health coverage. As such, the District has no ultimate obligation for the retiree's health insurance premium. The District acts as agent for the retiree on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. The District does, however, incur the cost of premium rate being increased on its active employees due to providing coverage to its retirees. The District has not determined if a separate trust fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Therefore, no separate financial statement is issued. All required disclosures are presented herein. The Plan's measurement date was September 30, 2018.

**NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Funding Policy, continued

The retiree pays 100% of the retiree health only coverage for Administration and 55% for high risk less the FRS health insurance subsidy (HIS) reimbursement amount until age 65. The retiree may purchase dependent coverage through the District. At age 65 the retiree then must move to Medicare but may continue to purchase dental and vision coverage through the District. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due.

The District subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the plan on average than those of active employees.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The 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.

**NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Actuarial Methods and Assumptions, continued

At September 30, 2018, the District's Net OPEB Liability of \$507,058 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date using the alternate measurement method. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

The following simplifying assumptions were made:

Mortality - Life expectancies were based on RP2000 Mortality Tables for Males and Females projected 10 years.

Annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with an initial rate of 4.6% per year trending to 4.70% by 2028.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits paid.

Amortization Period: Rolling 20 year amortization

Amortization Method: level percentage of payroll

The discount rate was 4.23% (for 2018) (2.8% for 2017) and was based on the 20 Year Municipal Bond Rate with AA/Aa or higher.

Entry age normal cost method was used.

Salary Increases	2.50%
Discount Rate	4.23%

The FRS salary scale was used

Participation percentage: 50%

The actuarial assumptions used in the September 30, 2018 valuation were based on results of an actuarial experience study performed for the FRS Retirement Plan.

The rationales for selecting each of the assumptions used in the financial accounting valuation and for the assumptions changes summarized above are to best reflect the current market conditions and recent plan experience.

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

**NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Changes in the Net OPEB Liability

	<u>Amount</u>
Balance at September 30, 2017	\$ 471,759
Changes for the Year:	
Service Cost	31,359
Interest Cost on Total OPEB Liability	13,731
Change in Benefit Terms	-
Difference Between Expected and Actual Experience	116,389
Changes in Assumptions	(100,573)
Benefit Payments	<u>(25,607)</u>
Net Changes	<u>35,299</u>
Balance at September 30, 2018	<u>\$ 507,058</u>

The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or 1 percent lower than the current discount rate.

	1% Decrease	Current Rate	1% Increase
	<u>3.23%</u>	<u>4.23%</u>	<u>5.23%</u>
Net OPEB Liability	\$ 575,197	\$ 507,058	\$ 448,049

The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using healthcare trend rates that are 1 percent higher or 1 percent lower than the current healthcare trend rate.

	1% Decrease	Trend Rate	1% Increase
	<u>2.0-6.6%</u>	<u>3.0-7.6%</u>	<u>4.0-8.6%</u>
Net OPEB Liability	\$ 432,637	\$ 507,058	\$ 597,947

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

**NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(OPEB), CONTINUED**

Changes in the Net OPEB Liability, continued

For the year ended September 30, 2018, the District recognized OPEB expense credit of \$35,299. At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources*	Deferred Inflows of Resources*
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	<u>Amount*</u>
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Total Thereafter	<u>-</u>
	<u>\$ -</u>

*Per GASB No. 75 paragraph 43(a) since the District used the alternative measurement method the effects of assumptions are recognized immediately. As such, since the Plan holds no assets their deferred inflows/outflows are zero.

**IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018**

NOTE M - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)

During the year ended September 30, 2018, the District's unrestricted net position (net assets) balance was again a deficit and totaled \$(1,289,267), due substantially to recording the current year actuarially determined net pension liability of \$4,323,634 and the net OPEB liability of \$507,058. The District's total available fund balance at September 30, 2018 remains approximately equal to five (5) months of actual expenditures. However, the Board has previously assigned \$1,842,867 of the \$1,899,557 available fund balance for specific purposes.

During the year ended September 30, 2017, the District's unrestricted net position (net assets) balance was again a deficit and totaled \$(669,338), due substantially to recording the current year actuarially determined net pension liability of \$4,045,107. The District's total available fund balance at September 30, 2017 remains approximately equal to five (5) months of actual expenditures. However, the Board has previously assigned \$1,455,453 of the \$1,656,297 available fund balance for specific purposes.

During the year ended September 30, 2016, the District's unrestricted net position (net assets) balance was again a deficit and totaled \$(157,053), due substantially to recording the current year actuarially determined net pension liability of \$2,991,948. The District's total available fund balance at September 30, 2016 remains approximately equal to six (6) months of actual expenditures. However, the Board has assigned \$1,340,382 of the \$1,705,121 available fund balance for specific purposes.

During the year ended September 30, 2015, the District's unrestricted net position (net assets) balance became a deficit and totaled \$(58,458), due substantially to recording the current year actuarially determined net pension liability of \$1,226,192. The District's total available fund balance at September 30, 2015 remains approximately equal to four (4) months of actual expenditures. However, the Board assigned \$1,057,074 of the \$1,472,132 available fund balance for specified purposes.

**IMMOKALEE FIRE CONTROL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2018**

NOTE N - COMMITMENTS

In September 2018, the District entered into an agreement with Collier County (the “County”) with the intention of constructing a multi-purpose public safety center (PSC) in the Town of Ave Maria. The County is in possession of four acres of land, three of which are known as demised premises. The demised premises are intended to be developed into the PSC. This PSC will be utilized for fire, sheriff, and emergency medical services. In connection to the cost of constructing the PSC, Immokalee Fire Control District paid \$121,000 as the District intends to own the PSC. In doing so, the County agreed to pay the District annual rent in the amount of \$4,033 over the course of 30 years. The District is responsible for all costs associated with the construction of the building, including surveying, permitting, architect fees, consultant fees, and other professional services relating to the construction of the PSC.

During the year ended September 30, 2018, the District recorded the \$121,000 payment as construction in progress for the building in addition to \$9,406 for architect fees.

NOTE O - CHANGES IN ACCOUNTING PRINCIPLE

During the year ended September 30, 2018, the District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The implementation of the pronouncement required the restatement of the District's September 30, 2017 governmental activities - net position as follows:

<u>Governmental Activities</u>	<u>Amount</u>
Net Position, as Previously Reported	\$ 1,412,636
Cummulative Affect of GASB No. 75 Other Post Employment Liability (OPEB)	<u>(268,334)</u>
Net Position, As Restated	<u>\$ 1,144,302</u>

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

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
Year Ended September 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 3,341,146	\$ 3,423,167	\$ 3,423,086	\$ (81)
Intergovernmental revenues:				
Federal public safety grant - SAFER/AFG	431,660	311,450	327,554	16,104
State grant	-	-	-	-
State firefighter supplemental	3,840	3,840	3,710	(130)
Local government grant - CDGB	350,000	-	-	-
Inspection fees	-	-	-	-
Public safety services	-	-	-	-
Miscellaneous:				
Interest	8,000	15,000	14,856	(144)
Other	197,370	138,870	124,405	(14,465)
Reserves brought forward	1,600,000	1,723,068	-	(1,723,068)
TOTAL REVENUES	<u>5,932,016</u>	<u>5,615,395</u>	<u>3,893,611</u>	<u>(1,721,784)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	3,572,897	3,479,549	3,459,410	20,139
Operating expenditures	698,674	823,674	749,119	74,555
Capital outlay	362,000	49,305	178,940	(129,635)
Debt service				
Principal reduction	-	-	11,575	(11,575)
Interest and fiscal charges	-	-	-	-
Assigned - 90 day reserve	900,000	1,100,000	-	1,100,000
Assigned- Fleet Reserves	-	250,000	-	250,000
Assigned- Accrued Liabilities	-	-	-	-
Assigned- Disaster Reserves	270,933	492,867	-	492,867
Assigned- 800 Radio Reserves	-	-	-	-
Assigned - GASB reserve	-	-	-	-
Reserves- unassigned	127,512	-	-	-
TOTAL EXPENDITURES	<u>5,932,016</u>	<u>6,195,395</u>	<u>4,399,044</u>	<u>1,796,351</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	-	(580,000)	(505,433)	74,567
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Proceeds from capital leases	-	-	101,432	101,432
Proceeds from disposition of capital assets	-	580,000	580,491	491
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>580,000</u>	<u>681,923</u>	<u>101,923</u>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	176,490	\$ 176,490
FUND BALANCE - Beginning			<u>1,723,067</u>	
FUND BALANCE - Ending			<u>\$ 1,899,557</u>	

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
DETAILED STATEMENT
Year Ended September 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 3,341,146	\$ 3,423,167	\$ 3,423,086	\$ (81)
Intergovernmental revenues:				-
Federal public safety grants - SAFER/AFG	431,660	311,450	327,554	16,104
State grant	-	-	-	-
State firefighter supplemental	3,840	3,840	3,710	(130)
Local government grants - CDGB	350,000	-	-	-
Inspection fees	-	-	-	-
Public safety services	-	-	-	-
Miscellaneous:				
Interest income	8,000	15,000	14,856	(144)
Seminole contract	50,000	-	-	-
PILT farm workers village	56,650	56,650	56,150	(500)
Donations	100	100	-	(100)
User fees - rent	6,120	6,120	7,915	1,795
Other income	84,500	76,000	60,340	(15,660)
Subtotal	4,332,016	3,892,327	3,893,611	1,284
Reserves brought forward	1,600,000	1,723,068	-	(1,723,068)
TOTAL REVENUES	5,932,016	5,615,395	3,893,611	(1,721,784)
EXPENDITURES				
PERSONNEL SERVICES				
Salaries				
Firefighters & administrative	1,984,722	1,876,374	1,761,622	114,752
EMT incentive pay	-	-	4,463	(4,463)
Overtime pay	170,000	190,000	281,113	(91,113)
Holiday pay	50,000	50,000	50,577	(577)
Vacation & sick sell back pay	64,000	19,000	26,024	(7,024)
Separation pay	-	-	-	-
Payroll taxes				
Social Security	151,831	171,831	160,489	11,342
Benefits				
Retirement	460,578	480,578	489,104	(8,526)
Group insurance	587,972	587,972	587,561	411
Workers compensation	103,794	103,794	98,457	5,337
Unemployment	-	-	-	-
SUBTOTAL - PERSONNEL SERVICES	3,572,897	3,479,549	3,459,410	20,139
OPERATING				
Contracted Services				
Physicals	8,300	8,300	8,443	(143)
Bank service charges	-	-	-	-
Legal fees	31,000	31,000	22,678	8,322
Property appraiser fees	23,353	23,353	23,104	249
Tax collection fees	63,211	63,211	69,810	(6,599)
Contracted services	122,060	122,060	128,501	(6,441)
Generators	2,000	2,000	1,147	853
Pest control	1,125	1,125	680	445
Subtotal - Contracted services	251,049	251,049	254,363	(3,314)

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
DETAILED STATEMENT - CONTINUED
Year Ended September 30, 2018

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
OPERATING, CONTINUED				
Operating				
Education and training	52,500	52,500	32,830	19,670
Travel	12,500	12,500	16,645	(4,145)
Communications - telephone	15,000	15,000	18,665	(3,665)
Postage	600	600	204	396
Utilities	20,500	20,500	20,218	282
Explorer program	2,000	2,000	-	2,000
Liability insurance	57,400	57,400	54,706	2,694
Subtotal - Operating	<u>160,500</u>	<u>160,500</u>	<u>143,268</u>	<u>17,232</u>
Maintenance				
Vehicle	61,500	151,500	115,705	35,795
Equipment - firefighter and rescue	39,000	39,000	12,475	26,525
Office equipment	-	-	-	-
Computer	-	-	-	-
Communications - radio	-	-	-	-
Building	22,500	37,500	37,381	119
Bunker gear	7,500	7,500	654	6,846
Cascade system	-	-	-	-
Subtotal - Maintenance	<u>130,500</u>	<u>235,500</u>	<u>166,215</u>	<u>69,285</u>
Legal advertising	<u>2,800</u>	<u>2,800</u>	<u>5,902</u>	<u>(3,102)</u>
Supplies				
Office	3,000	3,000	3,538	(538)
Shipping	900	900	3,468	(2,568)
Firefighter rescue	39,500	39,500	23,885	15,615
Station - janitorial	5,750	5,750	6,678	(928)
Training	-	-	-	-
Fuel and oil	40,625	40,625	48,710	(8,085)
Uniforms	21,000	21,000	28,863	(7,863)
Employee	-	-	-	-
Physical fitness equipment	1,200	1,200	-	1,200
Inter-departmental	-	-	-	-
Computer software and training	5,500	5,500	19,834	(14,334)
Miscellaneous	1,750	21,750	18,300	3,450
Bunker gear	15,000	15,000	19,652	(4,652)
Fire prevention	-	-	-	-
Communication (radio)	-	-	-	-
Communication (phone)	-	-	-	-
Station - non janitorial	-	-	-	-
Public education	2,500	2,500	524	1,976
Furniture	7,800	7,800	458	7,342
Computer equipment	-	-	-	-
Fire Inspection	-	-	-	-
Operating	-	-	-	-
Minor equipment	4,500	4,500	1,573	2,927
Tires & batteries	-	-	-	-

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
DETAILED STATEMENT - CONTINUED
Year Ended September 30, 2018

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Books and dues	4,800	4,800	3,888	912
Subtotal - Supplies	153,825	173,825	179,371	(5,546)
SUBTOTAL - OPERATING EXPENDITURES	698,674	823,674	749,119	74,555
Capital Outlay				
Land	350,000	2,000	-	2,000
Firefighter rescue equipment	-	35,305	45,430	(10,125)
Communication equipment	-	-	-	-
Building	-	-	-	-
Vehicles	8,500	8,500	133,510	(125,010)
Bunker gear	-	-	-	-
Furniture - Office	3,500	3,500	-	3,500
Station equipment	-	-	-	-
Computer equipment	-	-	-	-
SUBTOTAL - CAPITAL OUTLAY	362,000	49,305	178,940	(129,635)
Debt service				
Principal retirement	-	-	11,575	(11,575)
Interest charges and fiscal	-	-	-	-
SUBTOTAL - DEBT SERVICE	-	-	11,575	(11,575)
Assigned - 90 day OPS	900,000	1,100,000	-	1,100,000
Assigned- Fleet Reserves	-	250,000	-	250,000
Assigned- Accrued Liabilities	-	-	-	-
Assigned- Disaster Reserves	270,933	492,867	-	492,867
Assigned- 800 Radio Reserves	-	-	-	-
Assigned - GASB Reserves	-	-	-	-
Reserves - Unassigned	127,512	-	-	-
TOTAL EXPENDITURES	5,932,016	6,195,395	4,399,044	1,796,351
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(580,000)	(505,433)	74,567
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	-	-	101,432	101,432
Proceeds from disposition of capital assets	-	580,000	580,491	491
TOTAL OTHER FINANCING SOURCES (USES)	-	580,000	681,923	101,923
NET CHANGE IN FUND BALANCE	\$ -	\$ -	176,490	\$ 176,490
FUND BALANCE - BEGINNING			1,723,067	
FUND BALANCE - ENDING			<u>\$ 1,899,557</u>	

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
SUMMARY STATEMENT
Year Ended September 30, 2018

	Impact Fee Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -
Impact fees	397,500	955,464	109,670	(845,794)
Intergovernmental revenue - grants	-	-	-	-
Miscellaneous:				
Interest	5,000	30,285	30,285	-
Other	-	-	-	-
Cash brought forward	3,900,000	4,147,806	-	(4,147,806)
TOTAL REVENUES	<u>4,302,500</u>	<u>5,133,555</u>	<u>139,955</u>	<u>(4,993,600)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	-	-	-	-
Operating expenditures	5,963	10,000	9,549	451
Capital outlay	3,300,000	9,500	130,406	(120,906)
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Cash carried forward	996,537	5,114,055	-	5,114,055
TOTAL EXPENDITURES	<u>4,302,500</u>	<u>5,133,555</u>	<u>139,955</u>	<u>4,993,600</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - Beginning			<u>-</u>	
FUND BALANCE - Ending			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM (FRS) PENSION
PLAN (1)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.012139622%	0.011523968%	0.009463726%	0.006183105%
District's proportionate share of the net pension liability	\$ 3,656,517	\$ 3,408,712	\$ 2,389,598	\$ 798,631
District's covered-employee payroll	\$ 2,199,804	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	166.22%	160.97%	137.66%	61.50%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 454,867	\$ 381,858	\$ 365,318	\$ 236,175
Contributions in relation to the contractually required contribution	<u>454,867</u>	<u>381,858</u>	<u>365,318</u>	<u>236,175</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,199,804	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578
Contributions as a percentage of covered-employee payroll	20.68%	18.03%	21.05%	18.19%

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

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

2014
0.006001750%
\$ 366,195
\$ 1,199,275
30.53%
96.09%

2014
\$ 209,820
209,820
\$ -
\$ 1,199,275
17.50%

**IMMOKALEE FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION
PLAN (1)**

	2018	2017	2016	2015
District's proportion of the net pension liability	0.006303007%	0.005951814%	0.005168356%	0.004192421%
District's proportionate share of the net pension liability	\$ 677,117	\$ 636,395	\$ 602,350	\$ 427,561
District's covered-employee payroll	\$ 2,199,804	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.78%	30.05%	34.70%	32.93%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 34,237	\$ 28,742	\$ 29,194	\$ 19,237
Contributions in relation to the contractually required contribution	<u>34,237</u>	<u>28,742</u>	<u>29,194</u>	<u>19,237</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,199,804	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578
Contributions as a percentage of covered-employee payroll	1.56%	1.36%	1.68%	1.48%

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

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

2014
0.004035317%
\$ 377,312
\$ 1,199,275
31.46%
0.99%

2014
\$ 14,244
14,244
\$ -
\$ 1,199,275
1.19%

Changes of Assumptions

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was reduced from 7.10% to 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate was increased from 3.58% to 3.87% and was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Florida Retirement System Pension Plan

There were changes in actuarial assumptions. As of June 30, 2018, the inflation rate assumption remained at 2.6 percent, the real payroll growth assumption was 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 7.10 percent to 7.00 percent.

Health Insurance Subsidy Pension Plan

The municipal rate used to determine total pension liability increased from 3.58 percent to 3.87 percent.

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2018, remained at 6.4 years for FRS and 7.2 years for HIS.

**IMMOKALEE FIRE CONTROL DISTRICT
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
 RELATED RATIOS GASB 75**

Changes in Employer's Net OPEB Liability and Related Ratios as of September 30:

Net OPEB Liability	2018
Service Cost	\$ 31,359
Interest Cost on Total OPEB Liability	13,731
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	116,389
Changes in Assumptions	(100,573)
Benefit Payments	<u>(25,607)</u>
Net Change in net OPEB Liability	35,299
Net OPEB Liability - Beginning of Year	<u>471,759</u>
Net OPEB Liability - End of Year	<u><u>\$ 507,058</u></u>

NOTE: Information for FY 2017 and earlier is not available.

Plan Fiduciary Net Position as of September 30:

	2018
Contributions - Employer	\$ 25,607
Net Investment Income	-
Benefit Payments	(25,607)
Administrative Expense	<u>-</u>
Net Change in Fiduciary Net Position	-
Fiduciary Net Position - Beginning of Year	<u>-</u>
Fiduciary Net Position - End of Year	<u><u>\$ -</u></u>
Net OPEB Liability	507,058
Fiduciary Net Position as a % of Net OPEB Liability	0.00%
Covered-Employee Payroll *	
Net OPEB Liability as a % of Payroll *	

* Because this OPEB plan does not depend of salary, no information is provided.

NOTE: Information for FY 2017 and earlier is not available.

Notes to the Schedule:

Benefit Changes	None
Changes of Assumptions	The discount rate was changed as follows:
9/30/17	2.80%
9/30/18	4.23%

Population covered by Plan: 32 active 1 retired

Plan has no specific trust established. \$0 assigned for OPEB.

ADDITIONAL REPORTS

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

Board of Commissioners
Immokalee Fire Control District
502 East New Market Road
Immokalee, Florida 34142

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Immokalee 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 and have issued our report thereon dated February 25, 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 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Immokalee Fire Control District's basic financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Immokalee Fire Control District's basic 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 basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. Such matters are noted in our Independent Auditor's Report to Management dated February 25, 2019.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying Management's Response to Independent Auditor's Report to Management. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

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


TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 25, 2019

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

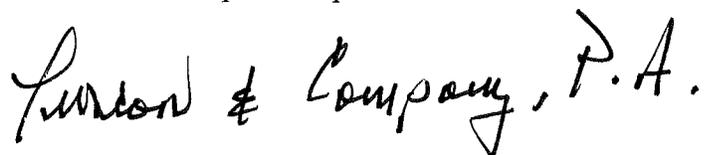
Board of Commissioners
Immokalee Fire Control District
502 East New Market Road
Immokalee, Florida 34142

We have examined Immokalee Fire Control District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management is responsible for Immokalee Fire Control District's compliance with those requirements. Our responsibility is to express an opinion on Immokalee Fire Control District's compliance based on our examination.

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

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

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, slightly slanted script.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 25, 2019

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
Immokalee Fire Control District
502 East New Market Road
Immokalee, Florida 34142

We have audited the accompanying basic financial statements of Immokalee Fire Control District (the "District") as of and for the year ended September 30, 2018 and have issued our report thereon dated February 25, 2019.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated February 25, 2019, should be considered in conjunction with this report to management.

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

- 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. Prior year comments that have not been resolved are repeated and updated below.
- 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. Such recommendations were noted to improve financial management.

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did have such comments as noted below.
- 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 the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this District (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated February 25, 2019, included herein.

PRIOR YEAR COMMENTS:

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

2016-01 Fixed Assets Must Have Permanent Tag Numbers

During the audit, we noted eight (8) out of twenty-five (25) fixed assets selected for testing did not have permanent tag (markings) numbers. Per Florida Administrative Code 69I-73.004, each fixed asset shall be permanently marked with the identification number assigned to that fixed asset to establish its identity and ownership by the governmental unit holding title to the fixed asset.

We recommend all fixed assets be properly marked.

2017 Addendum

During the audit for the year ended September 30, 2017, we noted none of the current year fixed asset additions were assigned permanent tag numbers. We, subsequently, retested ten (10) current year additions for permanent tag numbers and determined seven (7) current year additions had been properly tagged. Three of the items were not properly tagged. We continue to recommend all fixed assets be properly assigned and marked with identification numbers.

Current Year Addendum

During the audit for the year ended September 30, 2018, we tested twenty-five (25) fixed assets. We noted all fixed assets tested were assigned permanent tag numbers. This comment has been resolved.

2016-05 District Accounting and Reporting Responsibility Should Be Determined and Assigned

We have, in the past, recommended that the District increase accounting resources. In response to that comment the District contracted a third party CPA to assist and hired a part-time in-house assistant. For various reasons this took time to implement. Simultaneously, the District brought payroll in-house and decided to convert to QuickBooks. As such, effort and resources had to be focused on the payroll and QuickBooks conversion and current FY 2017 accounting activity. Reconciliation and clean-up for FY 2016 was delayed until the audit process began. As such, the contracted CPA, in-house personnel, employees from North Collier Fire Control and Rescue District along with the audit staff worked through the FY 2016 audit process which took an extended effort.

The Board did hire a part time administrative assistant to help with accounting and administrative functions. The District, however, does not have adequate resources in-house to perform the complete accounting function. It should be noted since the new person is related to other District personnel, it inherently can cause independence issues and put the assistant in difficult situations. We recommend the Board consider this issue when assigning duties as part of resolving the District accounting issues.

The accounting function is extremely important to ensure public funds are properly expended and, ultimately, it is the Board's responsibility.

We recommend the future Chief coordinate with the Board and ensure proper and timely accounting so that the Board can make timely and informed financial decisions.

We recommend that Board discuss and specifically determine who they want to be in charge of the District accounting function to ensure timely reporting. The Board then should communicate that direction and follow up monthly.

2017 Addendum

On October 1, 2017 the District entered into an Interlocal Agreement with North Collier Fire Control and Rescue District to perform certain management and administrative services which included the financial accounting function. As a result, the accounting data for the year ended September 30, 2017 was reanalyzed and adjusted prior to audit and the previous year's comments were addressed and most were resolved.

Current Year Addendum

During the audit for the year ended September 30, 2018 we noted accounting and financial reporting responsibilities have been fully transitioned to North Collier Fire Control and Rescue District, per their Interlocal Agreement with the District. Monthly financial reports are prepared for the Board of Commissioners and included in their Board packets. Included in this report is the financial statement with budget to actual comparison of current year-to-date to prior year-to-date revenues and expenses. This comment has been resolved.

2017-01 Non-Compliance with Florida Statute Chapter 189.015

During the audit, the District was unable to determine and provide support that the schedule of the Board of Commissioners meetings was sent to the Collier County Clerk.

We recommend the District ensure compliance with the above Florida Statute and retain documentation of compliance.

Current Year Addendum

During the audit for the year ended September 30, 2018 we noted evidence of the 2017-2018 schedule of Board of Commissioners meetings was provided timely to the Collier County Clerk. This comment has been resolved.

2017-02 Grant Related Internal Control Should be Consistently Maintained

During the audit, we noted a lack of internal controls and oversight over grant purchases and reporting in the first part of the year ended September 30, 2017. This is consistent with prior year finding 2016-16, SAFER grant reimbursement requests submitted did not agree to actual expenses incurred. As a result of the prior year finding, the District established an inter-local agreement with another District to provide accounting assistance and oversight. With the assistance of the other District, internal controls over grants have improved and the SAFER reimbursement requests were subsequently reviewed, revised, and corrected during fiscal year 2017.

Again, prior to the inter-local agreement, the District purchased items, with the intent of obtaining reimbursement through the Assistance to Firefighters Grant. Some of the items that were purchased were not approved under the grant agreement resulting in a denial for reimbursement by the grantor. With the assistance of the other District, the reimbursement request was subsequently revised and approved for payment by the grantor. However, subsequent to the year ended September 30, 2017 it was determined that there was a mathematical error in the reimbursement request submission and the amount requested was incorrect, resulting in an overpayment. Due to the unapproved purchases and incorrect submissions the District was unable to maximize the grant. The District is working with the grantor agency on corrective action which may result in a request for reimbursement by the grantor in an amount of approximately \$5,300.

Current Year Addendum

During the audit for the year ended September 30, 2018 we noted financial and administrative services are provided by North Collier Fire Control and Rescue District, per their Interlocal Agreement. Any future grants will be administered, maintained, and reviewed to ensure compliance with grantor requirements, and that all requests for reimbursements are submitted accurately. This comment has been resolved.

CURRENT YEAR COMMENTS:**2018-01 Non-Compliance with Florida Statute Chapter 189.016 (3)**

During the audit, we noted the District held timely meetings to adopt both the tentative and final budgets for the year ended September 30, 2018. However, a technical error occurred when preparing the DR 420 form forcing the District to hold an additional final budget hearing meeting after the September 30, 2017 deadline to formerly adopt the final budget.

We recommend the District ensure compliance with the above Florida Statute.

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

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

February 25, 2019

EXHIBIT



Immokalee Fire Control District

502 New Market Road East, Immokalee, FL. 34142

Michael J. Choate, Fire Chief

May 1, 2019

Auditor General's Office
Local Government Audits/342
Claude Pepper Building, Room 401
111 West Madison Street
Tallahassee, FL 32399-1450

The following details the Immokalee Fire Control District's response to the audit comments (prior and current) for the fiscal year ended 9-30-18:

PRIOR YEAR COMMENTS:

2016-01 Fixed Assets Must Have Permanent Tag Numbers
FYE 16/17 Comment: During the audit for the fiscal year ended 9-30-16, eight out of twenty five fixed assets selected for testing did not have permanent tag (markings) numbers. Per Florida Administrative Code 691-73.004, each fixed asset shall be permanently marked with the identification number assigned to that fixed asset to establish its identity and ownership by the governmental unit holding title to the fixed asset. During the audit for the year ended September 30, 2017 items were identified that were not property tagged and the recommendation continued to mark appropriately all fixed assets

Current Year Addendum: All items tested were property identified. Comment has been resolved.

2016-05 District Accounting and Reporting Responsibility Should be Determined and Assigned

FYE 16/17 Comment (Summarized): We recommend the future Chief coordinate with the Board and ensure proper and timely accounting so that the Board can make timely and informed financial decisions. We recommend that Board discuss and specifically determine who they want to be in charge of the District accounting function to ensure timely reporting. The Board then should communicate that direction and follow up monthly. On October 1, 2017 the district entered into an Interlocal Agreement ("ILA") with North Collier Fire Control and Rescue District ("NCFR") to perform certain management and administrative services which included the financial accounting function. As a result, the

accounting data for the year ended September 30, 2017 was reanalyzed and adjusted prior to audit and the previous year's comments were addressed and most were resolved.

Current Year Addendum: This comment has been resolved.

2017-01 Non-Compliance with Florida Statute Chapter 189.015: During the Audit the District was unable to determine and provide support that the schedule of the Board of Commissioners meetings was sent to the Collier County Clerk. We recommend the District ensure compliance with the above Florida Statute and retain documentation of compliance.

Current Year Addendum: This comment has been resolved.

2017-02 Grant Related Internal Control Should be Consistently Maintained: During the audit, we noted a lack of internal controls and oversight over grant purchases and reporting in the first part of the year ended September 30, 2017. This is consistent with prior year finding 2016-16,

SAFER grant reimbursement requests submitted did not agree to actual expenses incurred. As a result of the prior year finding, the District established an inter-local agreement with another District to provide accounting assistance and oversight. With the assistance of the other District, internal controls over grants have improved and the SAFER reimbursement requests were subsequently reviewed, revised and corrected during fiscal year 2017. Again, prior to the inter-local agreement, the District purchased items, with the intent of obtaining reimbursement through the Assistance to Firefighters Grant. Some of the items that were purchased were not approved under the grant agreement resulting in a denial for reimbursement. With the assistance of the other District, the reimbursement request was subsequently revised and approved for payment by the grantor. However subsequent to the year ended September 30, 2017 it was determined that there was a mathematical error in the reimbursement request submissions and the amount requested was incorrect, resulting in an overpayment. Due to the unapproved purchases and incorrect submissions the District was unable to maximize the grant. The District is working with the grantor agency on corrective action which may result in a request for reimbursement by the grantor in an amount of approximately \$5,300.

Current Year Addendum: This comment has been resolved.

CURRENT YEAR COMMENTS:

2018-01 Non-Compliance with Florida Statute Chapter 189.016(3): During the audit it was noted the District held timely meetings to adopt both the tentative and final budgets for year ended September 30, 2018. However, a technical error occurred and the District had to held their final budget hearing again after the September 30, 2017 deadline. We recommend the District ensures compliance with the above Florida Statute.

Response: At the time the budget hearings were held in September of 2017, the District had not yet entered into an Interlocal Agreement with North Collier Fire District to perform financial and compliance related functions. The District was also undergoing the transition of a new fire chief who had not yet been through the budgetary process. The District has now secured financial and administrative staff and the budget hearings for the September 30, 2019 fiscal year were held with no compliance issues. This comment has been resolved.

The District continues to improve financial reporting and compliance functions, and address any deficiencies in internal controls, policies and procedures. Close communication with our auditing firm, Tuscan & Co., PA is maintained to ensure all current and prior year comments are resolved. The Board of Fire Commissioners and management staff are committed to addressing and resolving all audit comments, and avoiding future possible comments. We have engaged qualified professionals and maintain our assurance that future audits will reflect the actions we have taken.

Sincerely,

IMMOKALEE FIRE CONTROL DISTRICT