

IMMOKALEE FIRE CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2017

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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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Florida Retirement System Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2017. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2017, and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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, 2017, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INTEGRITY SERVICE EXPERIENCE

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 - vi, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan, Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan, Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan, Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan, and Notes to Required Supplementary Information, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Immokalee Fire Control District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards - year ended September 30, 2017 as required by the U.S. Office of Management and Budget Uniform Guidance, "U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 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 accompanying

Schedule of Expenditures of Federal Awards for the year ended September 30, 2017 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 April 17, 2018 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 April 17, 2018 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Immokalee Fire Control District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
April 17, 2018

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

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2017**

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 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.

As expected, the District's financial position increased during the fiscal year ended September 30, 2016 by \$49,985. The District's revenue was down \$173,266 or 4% while expenses increased \$1,304,731 or 46% as compared to the fiscal year ended September 30, 2015. 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 requires the District to 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.

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.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2017**

Government-wide Financial Statements (continued)

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>2016</u>	<u>2017</u>
Assets:		
Cash and Other Current Assets	\$ 4,981,323	\$6,087,306
Capital Assets, Net of Depreciation	<u>2,131,017</u>	<u>2,081,974</u>
Total Assets	<u>7,112,340</u>	<u>8,169,280</u>
Deferred Outflows of Resources – Pensions	<u>2,162,049</u>	<u>2,390,140</u>
Liabilities:		
Accounts Payable and Other Current Liabilities	95,807	216,432
Unearned Revenue-impact fees	3,180,395	4,147,807
Long Term Liabilities	<u>3,545,809</u>	<u>4,622,831</u>
Total Liabilities	<u>6,822,011</u>	<u>8,987,070</u>
Deferred Inflows of Resources – Pensions	<u>478,414</u>	<u>159,714</u>
Net Position:		
Net Investment in Capital Assets	2,131,017	2,081,974
Unrestricted Net Assets (Deficit)	<u>(157,053)</u>	<u>(669,338)</u>
Total Net Position	<u>\$ 1,973,964</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, 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.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2017**

Government-wide Financial Statements (Continued)

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

	<u>2016</u>	<u>2017</u>
Revenues:		
Program Fees	\$ 49,145	\$ 32,718
Ad Valorem Taxes	2,552,794	2,994,850
Interest Income	22,977	27,467
Grant Revenue	962,772	1,276,664
Impact Fees	399,019	38,159
Other Revenue	<u>226,171</u>	<u>57,268</u>
Total Revenue	4,212,878	4,427,126
Expenses		
Public Safety Expenses	<u>4,162,893</u>	<u>4,988,454</u>
Change in Net Position	49,985	(561,328)
Net Position – Beginning	<u>1,923,979</u>	<u>1,973,964</u>
Net Position - Ending of the fiscal year	<u>\$ 1,973,964</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 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.

During fiscal year 2016, the District received \$260,868 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 11% increase. Other revenues, however, decreased \$434,134 net over the prior fiscal year due to less use of impact fees.

Expenses

During the fiscal year of 2016 expenses increased by \$1,304,731 vs. the prior fiscal year due to increases in costs. These costs included an increase in wages, retirement contribution, health insurance, pension liability, and an increase depreciation expense.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2017**

Government-wide Financial Statements (Continued)

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 2016, net position increased by \$49,985.

Liabilities

There continues to be no long term debt.

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 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.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2017**

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 actual ad valorem revenues were approximately (\$3,912) less than budgeted due to various factors. The actual expenditures in the General Fund were \$1,715,665 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.

Capital Assets

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

Capital Assets September 30		
	2016	2017
Capital Assets not being depreciated:		
Land	\$ 114,916	\$ 114,916
Construction in progress	225,243	229,638
Total Capital Assets not being deprecia	<u>340,159</u>	<u>344,554</u>
Capital Assets being depreciated:		
Buildings and building improvements	455,967	455,967
Machinery & equipment	1,080,037	1,368,178
Vehicles	2,962,609	2,962,609
Total Capital Assets being depreciated	<u>4,498,613</u>	<u>4,786,754</u>
Less: Accumulated Depreciation	<u>(2,707,755)</u>	<u>(3,049,334)</u>
Capital Assets, being depreciated, net	<u>1,790,858</u>	<u>1,737,420</u>

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2017**

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

During the year ended September 30, 2016, the District purchased capital assets of \$479,653 which consisted of construction in progress of \$212,803 related to a new station, \$143,786 in vehicles and \$123,064 in equipment.

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

	<u>2016</u>	<u>2017</u>
Net pension liability - FRS	2,389,598	3,408,712
Net pension liability - HIS	602,350	636,395
Compensated absences	374,551	374,299
Net OPEB obligation	179,310	203,425
	<u>\$ 3,545,809</u>	<u>\$ 4,622,831</u>

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget (2017-2018) 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, 2018. The District has been awarded the Federal SAFER Grant to help fund personnel costs; the grant ended early FY 18. The District has reapplied for the grant but will not know if it was awarded for several months. 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, 2017

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	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,783,979
Restricted cash and cash equivalents	3,966,296
Due from other governments, including restricted amount of \$163,575	270,261
Deposits	-
Prepaid expenses	<u>66,770</u>
Total current assets	<u>6,087,306</u>
Noncurrent assets:	
Capital assets:	
Land	114,916
Construction in progress	229,638
Depreciable buildings, equipment and vehicles (net of \$3,022,131 accumulated depreciation)	<u>1,737,420</u>
Total noncurrent assets	<u>2,081,974</u>
 TOTAL ASSETS	 <u>8,169,280</u>
 DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	 <u>2,390,140</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	76,876
Accrued liabilities	119,501
Unearned revenue - impact fees	4,147,807
Due to other governments	20,055
Current portion of long-term obligations	<u>-</u>
Total current liabilities	4,364,239
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>4,622,831</u>
 TOTAL LIABILITIES	 <u>8,987,070</u>
 DEFERRED INFLOWS OF RESOURCES - PENSIONS	 <u>159,714</u>
 NET POSITION	
Net investment in capital assets	2,081,974
Restricted	-
Unrestricted (deficit)	<u>(669,338)</u>
 TOTAL NET POSITION	 <u><u>\$ 1,412,636</u></u>

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2017

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	Governmental Activities
EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 3,837,657
Operating expenses	809,218
Depreciation	341,579
Interest and fiscal charges	-
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>4,988,454</u>
PROGRAM REVENUES	
Charges for services	32,718
Operating/capital grants and contributions	<u>1,276,664</u>
TOTAL PROGRAM REVENUES	<u>1,309,382</u>
NET PROGRAM EXPENSES	<u>3,679,072</u>
GENERAL REVENUES	
Ad Valorem taxes	2,994,850
Impact fees	38,159
Interest	27,467
Loss on disposition of capital assets	-
Other	<u>57,268</u>
TOTAL GENERAL REVENUES	<u>3,117,744</u>
DECREASE IN NET POSITION	(561,328)
NET POSITION - Beginning of year	<u>1,973,964</u>
NET POSITION - End of the year	<u><u>\$ 1,412,636</u></u>

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2017

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	General Fund	Impact Fee Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,783,979	\$ -	\$ 1,783,979
Restricted cash and cash equivalents	-	3,966,296	3,966,296
Due from other governments	106,686	163,575	270,261
Due from other funds	-	18,456	18,456
Deposits	-	-	-
Prepaid expenditures	66,770	-	66,770
TOTAL ASSETS	<u>\$ 1,957,435</u>	<u>\$ 4,148,327</u>	<u>\$ 6,105,762</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 76,356	\$ 520	\$ 76,876
Accrued liabilities	119,501	-	119,501
Due to other funds	18,456	-	18,456
Due to other governments	20,055	-	20,055
Unearned revenue - impact fees	-	4,147,807	4,147,807
TOTAL LIABILITIES	<u>234,368</u>	<u>4,148,327</u>	<u>4,382,695</u>
FUND BALANCE			
Nonspendable	66,770	-	66,770
Assigned	1,455,453	-	1,455,453
Unassigned	200,844	-	200,844
TOTAL FUND BALANCE	<u>1,723,067</u>	<u>-</u>	<u>1,723,067</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,957,435</u>	<u>\$ 4,148,327</u>	<u>\$ 6,105,762</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, 2017

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	<u>Amount</u>
Total fund balance for governmental funds	\$ 1,723,067
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets not being depreciated:	
Land	114,916
Construction in progress	<u>229,638</u>
	344,554
Governmental capital assets being depreciated:	
Building, Equipment and Vehicles	4,759,551
Less accumulated depreciation	<u>(3,022,131)</u>
	1,737,420
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows related to pensions	2,390,140
Deferred inflows related to pensions	<u>(159,714)</u>
	2,230,426
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Net pension liability - pension FRS	(3,408,712)
Net pension liability - HIS	(636,395)
Compensated absences	(374,299)
Net OPEB obligation	<u>(203,425)</u>
	<u>(4,622,831)</u>
Elimination of interfund amounts:	
Due from other funds	18,456
Due to other funds	<u>(18,456)</u>
	<u>-</u>
Total net position of governmental activities	<u><u>\$ 1,412,636</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, 2017

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	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Ad Valorem taxes	\$ 2,994,850	\$ -	\$ 2,994,850
Intergovernmental revenues:			
Federal public safety grants - SAFER/AFG	1,262,651	-	1,262,651
State grant	9,525	-	9,525
State firefighter supplemental	4,488	-	4,488
Fees:			
Inspection fees	29,394	-	29,394
Impact fees	-	38,159	38,159
Public safety services	3,324	-	3,324
Miscellaneous:			
Interest	10,157	17,310	27,467
Other	57,268	-	57,268
TOTAL REVENUES	<u>4,371,657</u>	<u>55,469</u>	<u>4,427,126</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	3,307,426	-	3,307,426
Operating expenditures	799,166	10,052	809,218
Capital outlay	247,119	45,417	292,536
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>4,353,711</u>	<u>55,469</u>	<u>4,409,180</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>17,946</u>	<u>-</u>	<u>17,946</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Proceeds from disposition of capital assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	17,946	-	17,946
FUND BALANCE - Beginning of the year	<u>1,705,121</u>	<u>-</u>	<u>1,705,121</u>
FUND BALANCE - End of the year	<u>\$ 1,723,067</u>	<u>\$ -</u>	<u>\$ 1,723,067</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**

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Year Ended September 30, 2017

	<u>Amount</u>
Net change (excess of revenues over (under) expenditures) in fund balance - total governmental funds	\$ 17,946

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	292,536	
Less: proceeds from disposition of capital assets	-	
Plus: gain on disposition of capital assets	-	
Less: loss on disposition of capital assets	-	
Less: current year depreciation	<u>(341,579)</u>	
		(49,043)

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.

Repayments (principal retirement):		
Note payable	<u>-</u>	-

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	228,091	
(Increase) decrease in deferred inflows	318,700	
(Increase) decrease in net pension liability - pension (FRS)	(1,019,114)	
(Increase) decrease in net pension liability - HIS	(34,045)	
(Increase) decrease in compensated absences, net	252	
(Increase) decrease in net OPEB obligation	<u>(24,115)</u>	
		<u>(530,231)</u>

Decrease in net position of governmental activities	<u>\$ (561,328)</u>
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The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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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, 2017.

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 \$500 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, 2017.

The District did not amend the Impact Fee Fund budget during the year ended September 30, 2017.

**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, 2017.

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, 2017.

**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 \$1,455,453 for various uses at September 30, 2017. 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 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 is reported only in the government-wide Statement of Net Position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings which are amortized over five to seven years.

Subsequent Events

Subsequent events have been evaluated through April 17, 2018, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2017, cash and cash equivalents were \$5,750,275, which included unrestricted cash of \$1,783,979 in the General Fund (including petty cash of \$100) and restricted cash of \$3,966,296, 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, 2017

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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, 2017, the carrying amounts of the District's deposits were \$1,783,879 and \$3,966,296 in the General Fund and the Impact Fee Fund, respectively. At September 30, 2017, bank balances were \$1,860,287 and \$3,967,411 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, 2017, are as follows:

Description	General Fund
Collier County Tax Collector	\$ 20,111
U.S. Department of Homeland Security	
FEMA - SAFER - Hiring Grant (CFDA 97.83)	78,959
FEMA - SAFER - Hiring Grant (CFDA 97.83)	7,616
	<u>106,686</u>
	<u>Impact Fee Fund</u>
Collier County	163,575
	<u>\$ 270,261</u>

NOTE D - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2017, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund:		
Impact Fee	\$ -	\$ 18,456
Total General Fund	<u>-</u>	<u>18,456</u>
Special Revenue Fund:		
Impact Fee:		
General	18,456	-
Total Special Revenue Fund	<u>18,456</u>	<u>-</u>
Total	<u>\$ 18,456</u>	<u>\$ 18,456</u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Position at September 30, 2017.

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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NOTE E - CAPITAL ASSETS ACTIVITY

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

	Balance October 1 2016	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2017
Capital Assets Not Being Depreciated:					
Land	\$ 114,916	\$ -	\$ -	\$ -	\$ 114,916
Construction in Progress	<u>225,243</u>	<u>4,395</u>	<u>-</u>	<u>-</u>	<u>229,638</u>
Total Capital Assets Not Being Depreciated	<u>340,159</u>	<u>4,395</u>	<u>-</u>	<u>-</u>	<u>344,554</u>
Capital Assets Being Depreciated:					
Buildings	455,967	-	-	-	455,967
Equipment & Machinery	1,080,037	288,141	(27,203)	-	1,340,975
Vehicles	<u>2,962,609</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,962,609</u>
Total Capital Assets Being Depreciated	<u>4,498,613</u>	<u>288,141</u>	<u>(27,203)</u>	<u>-</u>	<u>4,759,551</u>
Less Accumulated Depreciation:					
Buildings	(315,092)	(11,500)	-	-	(326,592)
Equipment & Machinery	(589,050)	(117,016)	27,203	-	(678,863)
Vehicles	<u>(1,803,613)</u>	<u>(213,063)</u>	<u>-</u>	<u>-</u>	<u>(2,016,676)</u>
Total Accumulated Depreciation	<u>(2,707,755)</u>	<u>(341,579)</u>	<u>27,203</u>	<u>-</u>	<u>(3,022,131)</u>
Total Capital Assets Being Depreciated, Net	<u>1,790,858</u>	<u>(53,438)</u>	<u>-</u>	<u>-</u>	<u>1,737,420</u>
Capital Assets, Net	<u>\$ 2,131,017</u>	<u>\$ (49,043)</u>	<u>\$ -</u>	<u>\$ -</u>	2,081,974
				Related debt	-
				Net investment in capital assets	<u>\$ 2,081,974</u>

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

	Amount
General Government	<u>\$ 341,579</u>
Total Depreciation Expense	<u>\$ 341,579</u>

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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NOTE F - LONG-TERM LIABILITIES

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

	Balance		Retirements /	Balance	Amounts
	October 1			September 30	Due Within
	2016	Additions	Adjustments	2017	One Year
Net pension liability - FRS	\$ 2,389,598	\$ 1,019,114	\$ -	\$ 3,408,712	\$ -
Net pension liability - HIS	602,350	34,045	-	636,395	-
Compensated Absences	374,551	-	(252)	374,299	-
Net OPEB Obligation	<u>179,310</u>	<u>24,115</u>	<u>-</u>	<u>203,425</u>	<u>-</u>
	<u>\$ 3,545,809</u>	<u>\$ 1,077,274</u>	<u>\$ (252)</u>	<u>\$ 4,622,831</u>	<u>\$ -</u>

The following is a summary of the long-term obligations at September 30, 2017:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida Retirement Plan.	\$3,408,712
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida Retirement Plan.	636,395
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.	374,299
Net OPEB obligation. Cumulative difference between annual OPEB cost and District payments toward the cost of post employment benefits other than pensions since GASB No. 45 transition date of October 1, 2011.	<u>203,425</u>
Total long-term liabilities	4,622,831
Current portion	<u>-</u>
Noncurrent portion	<u>\$4,622,831</u>

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, 2017, is available from the Florida Department of Management Services' Website (www.dms.myflorida.com).

The District's total pension expense, \$916,968 for the year ended September 30, 2017, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$410,600, \$394,512 and \$255,412 for the years ended September 30, 2017, 2016 and 2015, 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

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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, 2017 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.52	7.92
Florida Retirement System, Senior Management Service	3.00	21.77	22.71
Florida Retirement System, Special Risk	3.00	22.57	23.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.99	13.26
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	42.47	45.50

Notes:

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

* 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, 2017, the District reported a pension liability of \$3,408,712 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At September 30, 2017, the District's proportionate share was .011523968 percent, which was an increase of .002060242 percent from its proportionate share measure as of September 30, 2016.

For the year ended September 30, 2017, the District recognized a pension expense of \$852,780. 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	\$ 312,838	\$ 18,883
Change of assumptions	1,145,567	-
Net difference between projected and actual earnings on pension plan investments	-	84,476
Changes in proportion and differences between District contributions and proportionate share of contributions	612,786	-
District contributions subsequent to the measurement date	65,841	-
Total	<u>\$ 2,137,032</u>	<u>\$ 103,359</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 \$65,841, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 6.4 years as follows:

Fiscal Years Ending September 30	Amount
2018	\$ 358,938
2019	358,938
2020	358,938
2021	358,938
2022	380,057
Thereafter	<u>152,023</u>
Total	<u><u>\$ 1,967,832</u></u>

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

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

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

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

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:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.10 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net FRS pension liability	<u>\$ 6,169,564</u>	<u>\$ 3,408,712</u>	<u>\$ 1,116,573</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, 2017.

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

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

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

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

Payables to the Pension Plan. At September 30, 2017, the District reported a payable of \$16,970 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2017.

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan. At September 30, 2017, the District reported a HIS liability of \$636,395 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net HIS liability was based on the District's

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

HIS Plan, continued

2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At September 30, 2017, the District's proportionate share was .005951814 percent, which was an increase of .000783458 percent from its proportionate share measured as of September 30, 2016.

For the fiscal year ended September 30, 2017, the District recognized HIS expense of \$64,188. 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	\$ -	\$ 1,325
Change of assumptions	89,455	55,030
Net difference between projected and actual earnings on HIS pension plan investments	353	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	156,803	-
District contributions subsequent to the measurement date	6,497	-
Total	<u>\$ 253,108</u>	<u>\$ 56,355</u>

The deferred outflows of resources related to HIS, totaling \$6,497, 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 7.2 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2018	\$ 30,717
2019	30,717
2020	30,717
2021	30,718
2022	30,629
Thereafter	36,758
Total	<u>\$ 190,256</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	3.58 percent

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

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

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

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net HIS liability	\$ 726,211	\$ 636,395	\$ 561,584

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, 2017.

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

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

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

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

Payables to the Pension Plan. At September 30, 2017, the District reported a payable of \$1,277 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2017.

FRS - Defined Contribution Pension Plan

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

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

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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 2016-17 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.52	7.92
Florida Retirement System, Senior Management Service	3.00	21.77	22.71
Florida Retirement System, Special Risk	3.00	22.57	23.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.99	13.26
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	42.47	45.50

Notes:

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

* As defined by the Plan.

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

NOTE 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 \$183,075 for the fiscal year ended September 30, 2017.

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

NOTE 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 2017 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, 2017, \$20,111 was due from the Collier County Tax Collector for ad valorem taxes and excess fees.

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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, 2017, 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 2016 net taxable value of real property located within the District.

NOTE I - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2017, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2016	\$ 3,180,395
Impact fee receipts*	1,005,571
Interest income	17,310
Transfer In from General Fund	-
Commissions (admin fee) - paid to Collier County	(10,052)
Capital outlay	<u>(45,417)</u>
Unearned revenue, September 30, 2017	<u>\$ 4,147,807</u>

* Includes \$163,575 due from Collier County.

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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, 2017:

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Prepaid expenditures	\$ 66,770
Total Nonspendable Fund Balance - General Fund	<u>\$ 66,770</u>
<u>Assigned Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Assigned for fiscal year startup (90 day operations)	\$ 835,794
Fleet reserves	100,000
Accrued liabilities	318,157
Disaster reserves	50,000
OPEB GASB reserves	<u>151,502</u>
Total Assigned Fund Balance - General Fund	<u>\$ 1,455,453</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 benefits to its retired employees. The year ended September 30,

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

Plan Description, continued

2012, was the District's transition year. GASB No. 45 required transition at September 30, 2010. As such, the District implemented GASB No. 45 on a prospective basis. All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2017, there were two retirees receiving these benefits. The benefits are provided both with and without contractual agreements.

Funding Policy

The District's OPEB benefits are unfunded. The retiree is eligible for benefits under the District's health 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.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The District has elected to calculate the ARC and related information and has used the alternative measurement method, in conjunction with an actuarial firm, permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Retiree Health Plan:

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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

Annual OPEB Cost and Net OPEB Obligation, continued

	<u>Amount</u>
Annual required contribution	\$ 44,661
Interest on net OPEB obligation	3,314
Adjustment to annual required contribution	<u>(3,628)</u>
Annual OPEB cost (expense)	44,347
Contributions made	<u>(20,232)</u>
Increase in net OPEB obligation	24,115
Net OPEB obligation - beginning of year	<u>179,310</u>
Net OPEB obligation - end of year	<u><u>\$ 203,425</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/17	\$ 44,347	0.0%	\$ 203,425
09/30/16	\$ 24,115	0.0%	\$ 179,310
09/30/15	\$ 28,898	0.0%	\$ 151,502
09/30/14	\$ 10,352	0.0%	\$ 122,604
09/30/13 (1)	\$ 30,000	0.0%	\$ 112,252
09/30/12	\$ 82,252	0.0%	\$ 82,252

(1) Estimated. No actuarial study performed

Funded Status and Funding Process

As of September 30, 2017, the actuarial accrued liability (AAL) for benefits was \$430,337, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,076,484, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20.72 percent.

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

Funded Status and Funding Process, continued

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.

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.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 56.

Marital status - Marital status of member at the calculation date was assumed to continue throughout retirement.

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

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.

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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

Methods and Assumptions, continued

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on the Getsen model promulgated by the Society for Actuaries for use in long-term trend projection. A rate of 8.0 percent initially, reduced to an ultimate rate of 4.7 percent after ten years was used.

Health insurance premiums - November 1, 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll growth rate - The expected long-term payroll growth rate of 2.5 percent was based on the average annual percentage change in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPA-W) from 2003 - 2008.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll in an open basis. The remaining amortization period at September 30, 2017, was twenty-eight (28) years.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
9/30/17	\$ 129,045	\$ 430,337	\$ 301,292	29.99%	\$2,076,484	14.51%
9/30/16	\$ 129,174	\$ 548,117	\$ 418,943	23.57%	\$1,735,883	24.13%
9/30/15	\$ 129,045	\$ 430,337	\$ 301,292	29.99%	\$1,312,191	22.96%
9/30/14	\$ 85,470	\$ 539,307	\$ 453,837	15.85%	\$1,195,445	37.96%
9/30/13	\$ -	\$ 429,349	\$ 429,349	0.00%	\$ 789,278	54.40%

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2017

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NOTE M - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)

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 of \$(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.

NOTE N - SUBSEQUENT EVENTS

Subsequent to the year ended September 30, 2017, the District's SAFER grant ended. As such, the District has decided to retain the affected employees and fund the related costs through the use of District reserves while it reapplies for the SAFER grant.

**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, 2017

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 2,918,762	\$ 2,998,762	\$ 2,994,850	\$ (3,912)
Intergovernmental revenues:				
Federal public safety grant - SAFER/AFG	1,415,820	1,186,721	1,262,651	75,930
State grant	9,050	9,050	9,525	475
State firefighter supplemental	3,840	3,840	4,488	648
Inspection fees	73,000	73,000	29,394	(43,606)
Public safety services	15,275	15,275	3,324	(11,951)
Miscellaneous:				
Interest	8,000	8,000	10,157	2,157
Other	174,730	69,607	57,268	(12,339)
Reserves brought forward	1,648,566	1,705,121	-	(1,705,121)
TOTAL REVENUES	6,267,043	6,069,376	4,371,657	(1,697,719)
EXPENDITURES				
Current				
Public safety				
Personnel services	3,202,988	3,505,089	3,307,426	197,663
Operating expenditures	679,759	700,716	799,166	(98,450)
Capital outlay	842,269	295,433	247,119	48,314
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Assigned - 90 day reserve	835,794	835,794	-	835,794
Assigned- Fleet Reserves	100,000	100,000	-	100,000
Assigned- Accrued Liabilities	318,157	318,157	-	318,157
Assigned- Disaster Reserves	50,000	50,000	-	50,000
Assigned- 800 Radio Reserves	-	-	-	-
Assigned - GASB reserve	151,502	151,502	-	151,502
Reserves- unassigned	86,574	112,685	-	112,685
TOTAL EXPENDITURES	6,267,043	6,069,376	4,353,711	1,715,665
EXCESS OF REVENUES OVER EXPENDITURES	-	-	17,946	17,946
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from disposition of capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	17,946	\$ 17,946
FUND BALANCE - Beginning			1,705,121	
FUND BALANCE - Ending			\$ 1,723,067	

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, 2017

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 2,918,762	\$ 2,998,762	\$ 2,994,850	\$ (3,912)
Intergovernmental revenues:				
Federal public safety grants - SAFER/AFG	1,415,820	1,186,721	1,262,651	75,930
State grant	9,050	9,050	9,525	475
State firefighter supplemental	3,840	3,840	4,488	648
Inspection fees	73,000	73,000	29,394	(43,606)
Public safety services	15,275	15,275	3,324	(11,951)
Miscellaneous:				
Interest income	8,000	8,000	10,157	2,157
Seminole contract	134,123	-	-	-
PILT farm workers village	6,650	6,650	6,150	(500)
Donations	100	100	200	100
User fees - rent	5,748	5,748	6,121	373
Other income	28,109	57,109	44,797	(12,312)
Subtotal	4,618,477	4,364,255	4,371,657	7,402
Reserves brought forward	1,648,566	1,705,121	-	(1,705,121)
TOTAL REVENUES	6,267,043	6,069,376	4,371,657	(1,697,719)
EXPENDITURES				
PERSONNEL SERVICES				
Salaries				
Firefighters & administrative	1,604,391	1,735,458	1,692,702	42,756
EMT incentive pay	201,840	201,840	3,125	198,715
Overtime pay	119,489	170,493	298,593	(128,100)
Holiday pay	55,301	65,786	62,421	3,365
Vacation & sick sell back pay	14,449	29,671	60,779	(31,108)
Separation pay	-	-	-	-
Payroll taxes				
Social Security	150,117	150,117	159,979	(9,862)
Benefits				
Retirement	425,159	425,159	410,600	14,559
Group insurance	546,327	623,308	552,995	70,313
Workers compensation	85,915	103,257	57,849	45,408
Unemployment	-	-	8,383	(8,383)
SUBTOTAL - PERSONNEL SERVICES	3,202,988	3,505,089	3,307,426	197,663
OPERATING				
Contracted Services				
Physicals	15,960	15,960	5,876	10,084
Bank service charges	-	-	-	-
Legal fees	19,200	19,200	33,939	(14,739)
Property appraiser fees	30,671	30,671	19,603	11,068
Tax collection fees	61,342	61,342	61,639	(297)
Contracted services	132,719	132,719	129,786	2,933
Generators	1,000	1,000	-	1,000
Pest control	1,125	1,125	509	616
Subtotal - Contracted services	262,017	262,017	251,352	10,665

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, 2017

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	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
OPERATING, CONTINUED				
Operating				
Education and training	62,300	62,300	34,791	27,509
Travel	12,548	12,548	7,646	4,902
Communications - telephone	15,216	15,216	16,125	(909)
Postage	750	750	1,434	(684)
Utilities	22,594	22,594	20,707	1,887
Explorer program	3,000	3,000	454	2,546
Liability insurance	54,974	54,974	66,346	(11,372)
Subtotal - Operating	171,382	171,382	147,503	23,879
Maintenance				
Vehicle	41,250	62,207	89,481	(27,274)
Equipment - firefighter and rescue	30,010	30,010	16,609	13,401
Office equipment	-	-	-	-
Computer	-	-	-	-
Communications - radio	-	-	-	-
Building	21,070	21,070	63,230	(42,160)
Bunker gear	-	-	-	-
Cascade system	-	-	-	-
Subtotal - Maintenance	92,330	113,287	169,320	(56,033)
Legal advertising	4,350	4,350	5,904	(1,554)
Supplies				
Office	4,000	4,000	3,809	191
Shipping	750	750	-	750
Firefighter rescue	-	-	75,870	(75,870)
Station - janitorial	4,530	4,530	6,055	(1,525)
Training	-	-	-	-
Fuel and oil	41,500	41,500	48,201	(6,701)
Uniforms	23,000	23,000	22,724	276
Employee	500	500	-	500
Physical fitness equipment	750	750	-	750
Inter-departmental	500	500	8	492
Computer software and training	7,500	7,500	2,097	5,403
Miscellaneous	2,000	2,000	2,153	(153)
Bunker gear	22,500	22,500	25,076	(2,576)
Fire prevention	2,000	2,000	-	2,000
Communication (radio)	1,500	1,500	-	1,500
Communication (phone)	1,000	1,000	51	949
Station - non janitorial	1,800	1,800	1,924	(124)
Public education	3,000	3,000	3,513	(513)
Furniture	4,200	4,200	8,226	(4,026)
Computer equipment	2,250	2,250	608	1,642
Fire Inspection	-	-	-	-
Operating	4,000	4,000	7,908	(3,908)
Minor equipment	9,500	9,500	3,091	6,409
Tires & batteries	7,450	7,450	8,867	(1,417)

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, 2017

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Books and dues	5,450	5,450	4,906	544
Subtotal - Supplies	149,680	149,680	225,087	(75,407)
SUBTOTAL - OPERATING EXPENDITURES	679,759	700,716	799,166	(98,450)
Capital Outlay				
Land	-	-	-	-
Firefighter rescue equipment	-	-	780	(780)
Communication equipment	3,500	3,500	3,174	326
Building	581,261	34,425	-	34,425
Vehicles	-	-	-	-
Bunker gear	-	-	-	-
Furniture - Office	-	-	-	-
Station equipment	252,008	252,008	209,840	42,168
Computer equipment	5,500	5,500	33,325	(27,825)
SUBTOTAL - CAPITAL OUTLAY	842,269	295,433	247,119	48,314
Debt service				
Principal retirement	-	-	-	-
Interest charges and fiscal	-	-	-	-
SUBTOTAL - DEBT SERVICE	-	-	-	-
Assigned - 90 day OPS	835,794	835,794	-	835,794
Assigned- Fleet Reserves	100,000	100,000	-	100,000
Assigned- Accrued Liabilities	318,157	318,157	-	318,157
Assigned- Disaster Reserves	50,000	50,000	-	50,000
Assigned- 800 Radio Reserves	-	-	-	-
Assigned - GASB Reserves	151,502	151,502	-	151,502
Reserves - Unassigned	86,574	112,685	-	112,685
TOTAL EXPENDITURES	6,267,043	6,069,376	4,353,711	1,715,665
EXCESS OF REVENUES OVER EXPENDITURES	-	-	17,946	17,946
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from disposition of capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	17,946	\$ 17,946
FUND BALANCE - BEGINNING			1,705,121	
FUND BALANCE - ENDING			\$ 1,723,067	

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, 2017

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	Impact Fee Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -
Impact fees	775,000	775,000	38,159	(736,841)
Intergovernmental revenue - grants	-	-	-	-
Miscellaneous:				
Interest	5,000	5,000	17,310	12,310
Other	-	-	-	-
Cash brought forward	3,013,680	3,013,680	-	(3,013,680)
TOTAL REVENUES	3,793,680	3,793,680	55,469	(3,738,211)
EXPENDITURES				
Current				
Public safety				
Personnel services	-	-	-	-
Operating expenditures	11,625	11,625	10,052	1,573
Capital outlay	3,347,770	3,347,770	45,417	3,302,353
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	434,285	434,285	-	434,285
TOTAL EXPENDITURES	3,793,680	3,793,680	55,469	3,738,211
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE - Beginning			-	
FUND BALANCE - Ending			\$ -	

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2017

<u>Grantor Agency/Program Title</u>	<u>Federal CFDA/ Number</u>	<u>Grantor's Number</u>	<u>Program or Award Amount</u>
FEDERAL AGENCY			
<u>U.S. Department of Homeland Security</u>			
<u>TYPE A - MAJOR</u>			
Staffing of Adequate Fire and Emergency Response		EMW-2014-FH-00126	
SAFER - Hiring Grant	97.083	2015-F4-C211-P4310000-4101-D	\$ 2,012,052
Staffing of Adequate Fire and Emergency Response		EMW-2013-FF-00593	
SAFER - Recruitment & Retention Grant	97.083	2014-M3-C211-P4310000-4101-D	<u>457,942</u>
			<u>2,469,994</u>
<u>TYPE B - NON MAJOR</u>			
Assistance to Firefighters Grant Program	97.044	EMW-2015-FO-06716	
		DHS-12-GPD-044-000-98	<u>229,099</u>
TOTAL FEDERAL FINANCIAL AWARDS			<u>\$ 2,699,093</u>

(1) Includes receivable of \$78,959

(2) Includes receivable of \$7,616

(3) Does not include the 10% match requirement.

<u>Receipts/ Revenue</u>	<u>Disbursements/ Expenditures</u>	<u>Pass through to Subrecipients</u>
\$ 947,963 (1)	\$ 947,963	\$ -
<u>111,369 (2)</u>	<u>111,369</u>	<u>-</u>
<u>1,059,332</u>	<u>1,059,332</u>	<u>-</u>
<u>203,319 (3)</u>	<u>203,319</u>	<u>-</u>
<u>\$ 1,262,651</u>	<u>\$ 1,262,651</u>	<u>\$ -</u>

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2017

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NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the OMB Uniform Guidance.

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

The District did not routinely allocate indirect costs to Federal Awards. Costs charged to such programs were direct costs.

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

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

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	2017	2016	2015	2014
District's proportion of the net pension liability	0.011523968%	0.009463726%	0.006183105%	0.006001750%
District's proportionate share of the net pension liability	\$ 3,408,712	\$ 2,389,598	\$ 798,631	\$ 366,195
District's covered-employee payroll	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	160.97%	137.66%	61.50%	30.53%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

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

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

	2017	2016	2015	2014
Contractually required contribution	\$ 381,858	\$ 365,318	\$ 236,175	\$ 209,820
Contributions in relation to the contractually required contribution	381,858	365,318	236,175	209,820
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
Contributions as a percentage of covered-employee payroll	18.03%	21.05%	18.19%	17.50%

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.

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

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	2017	2016	2015	2014
District's proportion of the net pension liability	0.005951814%	0.005168356%	0.004192421%	0.004035317%
District's proportionate share of the net pension liability	\$ 636,395	\$ 602,350	\$ 427,561	\$ 377,312
District's covered-employee payroll	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.05%	34.70%	32.93%	31.46%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

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

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

	2017	2016	2015	2014
Contractually required contribution	\$ 28,742	\$ 29,194	\$ 19,237	\$ 14,244
Contributions in relation to the contractually required contribution	28,742	29,194	19,237	14,244
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 2,117,620	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
Contributions as a percentage of covered-employee payroll	1.36%	1.68%	1.48%	1.19%

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.

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 7.60% to 7.10%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate was increased from 2.85% to 3.58% 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, 2017, 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 7.60 percent to 7.10 percent.

Health Insurance Subsidy Pension Plan

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

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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, 2017, remained at 6.4 years for FRS and 7.2 years for HIS.

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, 2017 and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated April 17, 2018.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

A material weakness is a deficiency, or 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We, however, noted certain other items that we reported in our Report to Management dated April 17, 2018.

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 April 17, 2018.

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

April 17, 2018

**Independent Auditor's Report on Compliance for Each Major
Program and on Internal Control Over Compliance Required by
the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

We have audited Immokalee Fire Control District's compliance with the types of compliance requirements described in the OMB Compliance Supplement, as applicable, that could have a direct and material effect on each of Immokalee Fire Control District's major federal programs for the year ended September 30, 2017. Immokalee Fire Control District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Immokalee Fire Control District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes 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 audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Immokalee Fire Control District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Immokalee Fire Control District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2017.

Report on Internal Control Over Compliance

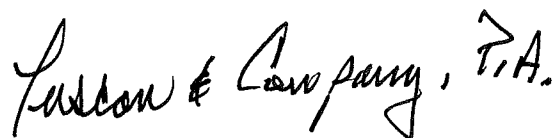
Management of Immokalee Fire Control District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Immokalee Fire Control District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Immokalee Fire Control District's internal control over compliance.

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

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

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 17, 2018

IMMOKALEE FIRE CONTROL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year ended September 30, 2017

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Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	Yes	<u>X</u>	No
Material weakness(es) identified?	Yes	<u>X</u>	None reported
Noncompliance material to financial statements noted?	Yes	<u>X</u>	No

Federal Awards

Internal control over major programs:			
Control deficiency(ies) identified?	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	Yes	<u>X</u>	No
Material weakness(es) identified?	Yes	<u>X</u>	None reported
Type of auditors report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	Yes	<u>X</u>	No

Identification of major programs (Type A):

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	U.S. Department of Homeland Security
97.083	Staffing of Adequate Fire and Emergency Response SAFER - Hiring Grant
97.083	Staffing of Adequate Fire and Emergency Response SAFER - Recruitment and Retention Grant

Dollar threshold used to distinguish between
Type A and Type B programs Threshold used was \$750,000.

Auditee qualified as low-risk auditee?	Yes	<u>X</u>	No
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**IMMOKALEE FIRE CONTROL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS, CONTINUED
Year ended September 30, 2017**

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Listing of Subrecipients and matching amounts passed-through:

None - not applicable

Section II- Financial Statement Findings

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

Section III- Federal Award Findings and Questioned Costs

There were no audit findings related to Federal Awards required to be reported by 2 CFR, Section 200.516(a).

Section IV- Status of Federal Prior Year Findings

Prior year finding (2016-06) appears to have been resolved.

**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, 2017. 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, 2017.

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.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
April 17, 2018

INTEGRITY SERVICE EXPERIENCE

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, 2017 and have issued our report thereon dated April 17, 2018.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and 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 April 17, 2018, should be considered in conjunction with this report to management.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter 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.

INTEGRITY SERVICE EXPERIENCE

- 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.
- Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Pursuant to Section 10.554(1)(i)5.d., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this 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 April 17, 2018, included herein.

PRIOR YEAR COMMENTS:

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

Current Year 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.

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.

Current Year 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 COMMENTS:

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.

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.

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.

A handwritten signature in cursive script that reads "Tuscan & Company, P.A.".

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 17, 2018

EXHIBIT



Immokalee Fire Control District

502 New Market Road East, Immokalee, FL. 34142

Michael J. Choate, Fire Chief

May 3, 2018

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 9-30-17:

PRIOR YEAR COMMENTS:

2016-01 Fixed Assets Must Have Permanent Tag Numbers

FYE 16 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.

Current Year Addendum: During the audit for the year ended 9-30-17, it was noted that none of the current year fixed asset additions were assigned permanent tag numbers. We, subsequently, retested 10 current year additions for permanent tag numbers and determined seven 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.

Response:

A Standard Operating Procedure ("SOP") for the receipt and tagging of fixed assets has been instituted. All fixed assets are now tagged within thirty days of receipt of the item pursuant to that SOP. All items purchased in the 9-30-17 fiscal year have now been properly tagged per Florida Administrative Code 691-73.004. Staff remains committed to property tagging and tracking the District's fixed assets. The Fire Chief has identified compliance as a high priority for District staff.

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

FYE 16 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.

Current Year Addendum: 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.

Response:

With the implementation of the ILA with NCFR, accounting and financial reporting responsibilities have been transitioned to their staff, including payroll, bank reconciliations, and monthly general ledger review and financial statement preparation. A monthly financial report is prepared for the Board of Fire Commissioners and included in their Board packets. Included in this financial report is the financial statement with budget to actual comparison, bank reconciliations, check registers and a comparison of current YTD to prior YTD revenue and expenses.

CURRENT YEAR COMMENTS:

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.

Response:

A compliance checklist has been prepared and provided to staff identifying annual submittal requirements pursuant to Chapter 189.015. The 2017-2018 schedule of Board of Fire Commission meetings was provided to the Collier County Clerk on March 13, 2018.

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.

Response:

Pursuant to the ILA entered into with NCFR, financial and administrative services are provided, including grant report submission and review for compliance. Any future grants will be administered, maintained and reviewed to ensure compliance with the grantors requirements, and that all requests for reimbursement are submitted accurately.

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 current and prior audit comments, and avoiding future possible comments. We have engaged qualified professionals through cooperative efforts with NCFR and maintain our assurance that future audits will reflect the actions we have taken.

Sincerely,

IMMOKALEE FIRE CONTROL DISTRICT