

IMMOKALEE FIRE CONTROL DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2015

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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, 2015, 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, 2015. 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, 2015, 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

INTEGRITY SERVICE EXPERIENCE

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, 2015, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During the year ended September 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27, which is a change in accounting principle that requires an employer participating in a defined benefit pension plan to report the employer's proportionate share of the net pension liability of the defined pension plan. This affects the comparability of amounts reported in the 2014-15 fiscal year with the amount reported for the 2013-14 fiscal year. As a result of the implementation of GASB 68, the District reported a restatement of net position for the change in accounting principle of \$1,204,494 (see Note O). The auditor's opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - v, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), 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 Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), 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 Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), 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.

Other Information

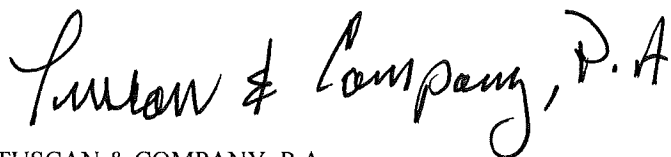
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but 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 June 9, 2016 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 June 9, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Immokalee Fire Control District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
June 9, 2016

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

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2015**

General Information

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

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

Fiscal Year Highlights

As expected, the District's financial position increased during the fiscal year ended September 30, 2015 by \$1,527,982. The District's revenue was up \$1,526,268 or 53% while expenses increased \$350,798 or 14% as compared to the fiscal year ended September 30, 2014. 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 of \$1,226,192 in the government-wide financial statements as of September 30, 2015. It also requires additional disclosure in the notes related to the financial statements and restatement of the prior year net position in the amount of \$1,204,494.

Government-wide Financial Statements

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

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

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2015**

Government-wide Financial Statements (continued)

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.

	<u>2014</u>	<u>2015</u>
Assets:		
Cash and Other Current Assets	\$ 4,533,556	\$3,930,493
Capital Assets, Net of Depreciation	<u>525,364</u>	<u>1,982,437</u>
Total Assets	<u>5,058,920</u>	<u>5,912,930</u>
Deferred Outflows of Resources – Pensions	<u>172,548</u>	<u>584,638</u>
Liabilities:		
Accounts Payable and Other Current Liabilities	177,229	68,608
Unearned Revenue-impact fees	2,909,549	2,388,749
Long Term Liabilities	<u>1,115,158</u>	<u>1,625,291</u>
Total Liabilities	<u>4,201,936</u>	<u>4,082,648</u>
Deferred Inflows of Resources – Pensions	<u>633,535</u>	<u>490,941</u>
Net Position:		
Net Investment in Capital Assets	525,364	1,982,437
Unrestricted Net Assets (Deficit)	<u>(129,367)</u>	<u>(58,458)</u>
Total Net Position	<u>\$ 395,997</u>	<u>\$ 1,923,979</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, 2015**

Government-wide Financial Statements (Continued)

	<u>2014</u>	<u>2015</u>
Revenues:		
Program Fees	\$ 38,623	\$ 34,278
Ad Valorem Taxes	2,166,075	2,291,926
Interest Income	16,694	18,513
Grant Revenue	257,384	239,429
Impact Fees	214,201	1,554,968
Other Revenue	<u>166,899</u>	<u>247,030</u>
Total Revenue	2,859,876	4,386,144
Expenses		
Public Safety Expenses	<u>2,507,364</u>	<u>2,858,162</u>
Change in Net Position	<u>352,512</u>	<u>1,527,982</u>
Net Position – Beginning, prior to restatement	1,242,967	395,997
Prior Period Adjustment – Pensions	(1,204,494)	0
Prior Period Adjustment – Reclassification	<u>5,012</u>	<u>0</u>
Net Position – Beginning, after restatement	<u>43,485</u>	<u>395,997</u>
Net Position - Ending of the fiscal year	<u><u>\$ 395,997</u></u>	<u><u>\$ 1,923,979</u></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 2015, the District received \$125,851 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 6% increase. Other revenues, however, increased \$1,400,417 net over the prior fiscal year due to the allowable use of impact fees.

Expenses

During the fiscal year of 2015 expenses increased by \$350,798 vs. the prior fiscal year due to increases in operating costs. These costs included an increase of \$31,348 in retirement contribution, \$57,162 in health insurance, and increased depreciation expense of \$191,685.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2015**

Government-wide Financial Statements (Continued)

Net Position

During fiscal year 2015, net position increased by \$1,527,982.

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.

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.

**Immokalee Fire Control District
Management's Discussion and Analysis
September 30, 2015**

General Fund Budgetary Highlights

The District adopts an annual appropriated budget for each of its governmental funds. The actual ad valorem revenues were approximately \$52,000 more than budgeted due to various factors. The actual expenditures in the General Fund were \$1,364,633 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 District's net investment in capital assets totaled \$1,982,437 as of September 30, 2015. This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The District purchased capital assets during the year ended September 30, 2015 in the amount of \$1,696,596 which consisted of various new equipment including rescue equipment, a 95' ladder truck and a heavy rescue pumper truck.

Economic Factors and Next Year's Budget Rates

The following were factors considered when next year's budget (2015-2016) was prepared:

- The estimated property assessments increased by approximately \$210,000 or 9% for budgeting purposes for 2016 as compared to 2015. The millage rate stayed consistent at 3.75 mills for the fiscal year ending September 30, 2016. The District was awarded the Federal SAFER Grant to help fund personnel costs in FY 16.
- The District expects to contract for the construction of a permanent fire station facility in the Ave Maria community in FY 16 to replace the current temporary facility. This is intended to be funded through the Impact Fee Fund.

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 Paul Anderson, Fire Chief, telephone (239) 657-2111.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
September 30, 2015

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	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,416,224
Restricted cash and cash equivalents	2,284,214
Due from other governments, including restricted amount of \$111,331	198,909
Deposits	-
Prepaid expenses	<u>31,146</u>
Total current assets	<u>3,930,493</u>
Noncurrent assets:	
Capital assets:	
Land	114,916
CIP	12,440
Depreciable buildings, equipment and vehicles (net of \$2,558,530 accumulated depreciation)	<u>1,855,081</u>
Total noncurrent assets	<u>1,982,437</u>
 TOTAL ASSETS	 <u>5,912,930</u>
 DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	 <u>584,638</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	1,109
Accrued liabilities	37,357
Unearned revenue - impact fees	2,388,749
Current portion of long-term obligations	<u>30,142</u>
Total current liabilities	2,457,357
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>1,625,291</u>
 TOTAL LIABILITIES	 <u>4,082,648</u>
 DEFERRED INFLOWS OF RESOURCES - PENSIONS	 <u>490,941</u>
 NET POSITION	
Net investment in capital assets	1,982,437
Restricted	-
Unrestricted (deficit)	<u>(58,458)</u>
 TOTAL NET POSITION	 <u><u>\$ 1,923,979</u></u>

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2015

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	<u>Governmental Activities</u>
EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 2,055,965
Operating expenses	563,076
Depreciation	239,121
Interest and fiscal charges	<u>-</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	2,858,162
 PROGRAM REVENUES	
Charges for services	34,278
Operating grants and contributions	<u>239,429</u>
NET PROGRAM EXPENSES	<u>2,584,455</u>
 GENERAL REVENUES	
Ad Valorem taxes	2,291,926
Impact fees	1,554,968
Interest	18,513
Gain on disposition of capital assets	89,103
Other	<u>157,927</u>
TOTAL GENERAL REVENUES	<u>4,112,437</u>
 INCREASE IN NET POSITION	1,527,982
 NET POSITION - Beginning, prior to restatement	1,595,479
Prior period adjustment - Pensions	(1,204,494)
Prior period adjustment - Capital Assets	<u>5,012</u>
NET POSITION - Beginning, after restatement	<u>395,997</u>
 NET POSITION - End of the year	<u>\$ 1,923,979</u>

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2015

Page 6 of 65

	General Fund	Impact Fee Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 1,416,224	\$ -	\$ 1,416,224
Restricted cash and cash equivalents	-	2,284,214	2,284,214
Due from other governments	87,578	111,331	198,909
Due from other funds	6,095	-	6,095
Deposits	-	-	-
Prepaid expenditures	31,146	-	31,146
TOTAL ASSETS	\$ 1,541,043	\$ 2,395,545	\$ 3,936,588
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 408	\$ 701	\$ 1,109
Accrued liabilities	37,357	-	37,357
Due to other funds	-	6,095	6,095
Unearned revenue - impact fees	-	2,388,749	2,388,749
TOTAL LIABILITIES	37,765	2,395,545	2,433,310
FUND BALANCE			
Nonspendable	31,146	-	31,146
Assigned	1,057,074	-	1,057,074
Unassigned	415,058	-	415,058
TOTAL FUND BALANCE	1,503,278	-	1,503,278
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,541,043	\$ 2,395,545	\$ 3,936,588

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, 2015

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	<u>Amount</u>	
Total fund balance for governmental funds	\$ 1,503,278	
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	
CIP	<u>12,440</u>	
		127,356
Governmental capital assets being depreciated:		
Building, Equipment and Vehicles	4,413,611	
Less accumulated depreciation	<u>(2,558,530)</u>	
		1,855,081
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	584,638	
Deferred inflows related to pensions	<u>(490,941)</u>	
		93,697
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	(798,631)	
Net pension liability - HIS	(427,561)	
Termination benefits	(30,142)	
Compensated absences	(247,597)	
Net OPEB obligation	<u>(151,502)</u>	
		<u>(1,655,433)</u>
Elimination of interfund amounts:		
Due from other funds	6,095	
Due to other funds	<u>(6,095)</u>	
		<u>-</u>
Total net position of governmental activities	<u>\$ 1,923,979</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, 2015

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	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Ad Valorem taxes	\$ 2,291,926	\$ -	\$ 2,291,926
Intergovernmental revenues:			
Public safety grants - SAFER	239,429	-	239,429
Firefighter supplemental	-	-	-
Fees:			
Inspection fees	33,138	-	33,138
Impact fees	-	1,554,968	1,554,968
Plan review fees	1,140	-	1,140
Miscellaneous:			
Interest	9,143	9,370	18,513
Other	157,927	-	157,927
Proceeds from disposition of capital assets	89,505	-	89,505
TOTAL REVENUES	<u>2,822,208</u>	<u>1,564,338</u>	<u>4,386,546</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	2,100,516	-	2,100,516
Operating expenditures	493,290	69,786	563,076
Capital outlay	122,539	1,574,057	1,696,596
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>2,716,345</u>	<u>1,643,843</u>	<u>4,360,188</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>105,863</u>	<u>(79,505)</u>	<u>26,358</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	79,505	79,505
Operating transfers out	(79,505)	-	(79,505)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(79,505)</u>	<u>79,505</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	26,358	-	26,358
FUND BALANCE - Beginning of the year	<u>1,476,920</u>	<u>-</u>	<u>1,476,920</u>
FUND BALANCE - End of the year	<u>\$ 1,503,278</u>	<u>\$ -</u>	<u>\$ 1,503,278</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, 2015

	<u>Amount</u>
Net change (excess of revenues over expenditures) in fund balance - total governmental funds	\$ 26,358

The increase (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	1,696,596	
Less: proceeds from disposition of capital assets	(89,505)	
Plus: gain on disposition of capital assets	89,103	
Less: loss on disposition of capital assets	-	
Less: current year depreciation	<u>(239,121)</u>	
		1,457,073

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	412,090	
(Increase) decrease in deferred inflows	142,594	
(Increase) decrease in net pension liability - pension (FRS)	(432,436)	
(Increase) decrease in net pension liability - HIS	(50,249)	
(Increase) decrease in termination benefits	30,142	
(Increase) decrease in compensated absences, net	(28,692)	
(Increase) decrease in net OPEB obligation	<u>(28,898)</u>	
		<u>44,551</u>

Increase in net position of governmental activities	<u>\$ 1,527,982</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, 2015**

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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. 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," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34". 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".

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, "(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 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.

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

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

Measurement Focus and Basis of Accounting, continued

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 general 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 another 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," in which all investments are reported at fair value.

The District held no investments at September 30, 2015.

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 \$750 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 expenditures 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	3-15
Vehicles	5-8

**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 budget during the year ended September 30, 2015 to the General Fund.

The District did amend the Impact Fee Fund budget during the year ended September 30, 2015.

**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 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 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 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 is 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, 2015.

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 balances at September 30, 2015.

**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 \$1,057,074 for various uses at September 30, 2015 (see Note J). The Board's minimum fund balance policy is to maintain not less than three (3) month's 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 plan 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 pension 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.

Change in Accounting Principles

Effective September 30, 2015, the District adopted the provisions of Government Accounting Standards Board Statement No. 68 "Accounting and Financial Reporting for Pensions" (Statement No. 68). The implementation required the District to report its proportionate share of the actuarially determined net pension liability of defined benefit plans in the statement of net position, in the District's financial statements. The District participates in the FRS defined benefit pension plan and the HIS defined benefit plan administered by the Florida Department of Management Services, Division of Retirement. The effects of implementing this Statement are discussed in a subsequent note.

Subsequent Events

Subsequent events have been evaluated through June 9, 2016, which is the date the financial statements were available to be issued.

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2015, cash and cash equivalents were \$3,700,438, which included \$100 cash on hand (General Fund), unrestricted cash of \$1,416,124 (General Fund) and restricted cash of \$2,284,214, 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.

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, 2015, the carrying amounts of the District's deposits were \$1,416,124 and \$2,284,214 in the General Fund and the Impact Fee Fund, respectively. At September 30, 2015, bank balances were \$1,443,696 and \$2,284,214 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 FUNDS

Interfund receivables and payables at September 30, 2015, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund:		
Impact Fee	\$ 6,095	\$ -
Total General Fund	<u>6,095</u>	<u>-</u>
Special Revenue Fund:		
Impact Fee:		
General	-	6,095
Total Special Revenue Fund	<u>-</u>	<u>6,095</u>
Total	<u>\$ 6,095</u>	<u>\$ 6,095</u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Position at September 30, 2015.

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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NOTE D - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2015:

	Balance October 1 2014	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2015
Capital Assets Not Being Depreciated:					
Land	\$ 114,916	\$ -	\$ -	\$ -	\$ 114,916
Construction in Progress	-	12,440	-	-	12,440
Total Capital Assets Not Being Depreciated	114,916	12,440	-	-	127,356
Capital Assets Being Depreciated:					
Buildings	455,967	-	-	-	455,967
Equipment & Machinery	727,109	323,163	(54,463)	5,012	1,000,821
Vehicles	1,932,703	1,360,993	(336,873)	-	2,956,823
Total Capital Assets Being Depreciated	3,115,779	1,684,156	(391,336)	5,012	4,413,611
Less Accumulated Depreciation:					
Buildings	(292,092)	(11,500)	-	-	(303,592)
Equipment & Machinery	(512,110)	(78,299)	54,061	-	(536,348)
Vehicles	(1,906,141)	(149,322)	336,873	-	(1,718,590)
Total Accumulated Depreciation	(2,710,343)	(239,121)	390,934	-	(2,558,530)
Total Capital Assets Being Depreciated, Net	405,436	1,445,035	(402)	5,012	1,855,081
Capital Assets, Net	\$ 520,352	\$ 1,457,475	\$ (402)	\$ 5,012	1,982,437
				Related debt	-
				Net investment in capital assets	\$ 1,982,437

Depreciation expense was charged to the following functions during the year ended September 30, 2015:

	Amount
General Government	\$ 239,121
Total Depreciation Expense	\$ 239,121

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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NOTE E - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2015:

	Balance October 1 2014	Additions	Retirements / Adjustments	Balance September 30 2015	Amounts Due Within One Year
Net pension liability - FRS*	\$ 366,195	\$ 432,436	\$ -	\$ 798,631	\$ -
Net pension liability - HIS*	377,312	50,249	-	427,561	-
Termination Benefits	60,284	-	(30,142)	30,142	30,142
Compensated Absences	218,905	28,692	-	247,597	-
Net OPEB Obligation	<u>122,604</u>	<u>28,898</u>	<u>-</u>	<u>151,502</u>	<u>-</u>
	<u>\$ 1,145,300</u>	<u>\$ 540,275</u>	<u>\$ (30,142)</u>	<u>\$ 1,655,433</u>	<u>\$ 30,142</u>

* As restated - see prior period adjustment Note O

The following is a summary of the long-term obligations at September 30, 2015:

	Amount
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 798,631
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	427,561
Early termination benefits. During the year ended September 30, 2011, the District accepted the voluntary early retirement of a long term employee to reduce long term operating costs (see Note L). The benefits are payable over a five (5) year period ending October 2015. See Note L for the five (5) year payment requirements.	30,142
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.	247,597
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>151,502</u>
Total long-term liabilities	1,655,433
Current portion	<u>30,142</u>
Noncurrent portion	<u>\$ 1,625,291</u>

NOTE F - 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 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, 2015, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The District's total pension expense, \$105,111 for the year ended September 30, 2015, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$255,412 for the year ended September 30, 2015. The District contributed 100% of the required contributions.

NOTE F - 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 F - 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

IMMOKALEE FIRE CONTROL DISTRICT
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September 30, 2015

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NOTE F - 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, 2015 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.37	7.26
Florida Retirement System, Senior Management Service	3.00	21.14	21.43
Florida Retirement System, Special Risk	3.00	19.82	22.04
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.28	12.88
Florida Retirement System, Reemployed Retiree	(2)	(2)	N/A
Florida Retirement System, Elected Official	3.00	43.24	42.27

Notes:

- (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan. Rates for 7/1/14 - 6/30/15.
- (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 .04 percent for administrative costs for the Investment Plan. Rates for 7/1/15 - 6/30/16.

* As defined by the Plan.

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NOTE F - 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, 2015, the District reported a pension liability of \$798,631 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net pension liability was based on the District's 2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At September 30, 2015, the District's proportionate share was .006183105 percent, which was an increase of .000181356 percent from its proportionate share measure as of September 30, 2014.

For the year ended September 30, 2015, the District recognized a pension expense of \$66,314. 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	\$ 84,312	\$ 18,941
Change of assumptions	53,008	-
Net difference between projected and actual earnings on pension plan investments	281,300	472,000
Changes in proportion and differences between District contributions and proportionate share of contributions	44,123	-
District contributions subsequent to the measurement date	44,528	-
Total	<u>\$ 507,271</u>	<u>\$ 490,941</u>

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

FRS Pension Plan, continued

The deferred outflows of resources related to the FRS pension, totaling \$44,528, 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, 2016. 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 6.3 years as follows:

Fiscal Years Ending September 30	Amount
2016	\$ (17,014)
2017	(17,014)
2018	(17,014)
2019	(17,014)
2020	30,661
Thereafter	9,197
Total	<u>\$ (28,198)</u>

Actuarial Assumptions. The total pension liability in the July 1, 2015, 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	7.65 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, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

NOTE F - 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%	3.2%	3.1%	1.7%
Fixed income	18.00%	4.8%	4.7%	4.7%
Global equity	53.00%	8.5%	7.2%	17.7%
Real estate (property)	10.00%	6.8%	6.2%	12.0%
Private equity	6.00%	11.9%	8.2%	30.0%
Strategic investments	<u>12.00%</u>	6.7%	6.1%	11.4%
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 7.65 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 F - 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 7.65 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 (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
District's proportionate share of the net FRS pension liability	<u>\$ 2,069,434</u>	<u>\$ 798,631</u>	<u>\$ (258,885)</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 dated June 30, 2015.

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, 2015, the District reported a payable of \$8,428 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2015.

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

HIS Plan

Plan Description. The HIS 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, 2015, 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, 2015, the contribution rate ranged between 1.26 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, 2015, the District reported a HIS liability of \$427,561 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015. The District's proportionate share of the net HIS liability was based on the District's

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

HIS Plan, continued

2014-15 fiscal year contributions relative to the total 2014-15 fiscal year contributions of all participating members. At September 30, 2015, the District's proportionate share was .004192421 percent, which was an increase of .000157104 percent from its proportionate share measured as of September 30, 2014.

For the fiscal year ended September 30, 2015, the District recognized HIS expense of \$38,797. 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	\$ -	\$ -
Change of assumptions	33,638	-
Net difference between projected and actual earnings on HIS pension plan investments	231	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	38,074	-
District contributions subsequent to the measurement date	<u>5,424</u>	<u>-</u>
Total	<u>\$ 77,367</u>	<u>\$ -</u>

The deferred outflows of resources related to HIS, totaling \$5,424, 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, 2016. 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>
2016	\$ 11,624
2017	11,624
2018	11,624
2019	11,623
2020	11,566
Thereafter	<u>13,882</u>
Total	<u>\$ 71,943</u>

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

HIS Plan, continued

Actuarial Assumptions. The total pension liability in the July 1, 2015, 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	3.80 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 3.80 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 3.80 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 (2.80 percent) or 1-percentage-point higher (4.80 percent) than the current rate:

	1% Decrease (2.80%)	Current Discount Rate (3.80%)	1% Increase (4.80%)
District's proportionate share of the net HIS liability	\$ 487,186	\$ 427,561	\$ 377,843

NOTE F - 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 dated June 30, 2015.

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, 2015, the District reported a payable of \$687 for the outstanding amount of contributions to the HIS plan required for the fiscal ended September 30, 2015.

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 F - 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 amount various approved investment choices. Costs of administering plans, including FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.37	7.26
Florida Retirement System, Senior Management Service	3.00	21.14	21.43
Florida Retirement System, Special Risk	3.00	19.82	22.04
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.28	12.88
Florida Retirement System, Reemployed Retiree	(2)	(2)	N/A
Florida Retirement System, Elected Official	3.00	43.24	42.27

Notes:

- (1) Employer rates include 1.26 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.04 percent for administrative costs of the Investment Plan. Rates for 7/1/14 - 6/30/15.
 - (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 .04 percent for administrative costs for the Investment Plan. Rates for 7/1/15 - 6/30/16.
- * 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, 2015, 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 F - 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 \$154,459 for the fiscal year ended September 30, 2015.

Payables to the Investment Plan. At September 30, 2015, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2015.

NOTE G - 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 2015 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, 2015, \$18,613 was due from the Collier County Tax Collector for ad valorem taxes and excess fees.

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NOTE G - 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, 2015, 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 2014 net taxable value of real property located within the District.

NOTE H - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2015, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2014	\$2,909,549
Impact fee receipts*	1,034,168
Interest income	9,370
Transfer In from General Fund	79,505
Operating expenditures**	(58,923)
Capital outlay	(1,574,057)
Commissions (admin fee) - paid to Collier County	(10,863)
Unearned revenue, September 30, 2015	<u>\$2,388,749</u>

* Includes \$111,331 due from Collier County.

** Capital asset purchases with individual item cost below District capitalization threshold of \$750.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE I - 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 worker's compensation.

NOTE J - FUND BALANCE ALLOCATIONS

Fund balance was allocated for the following purposes at September 30, 2015:

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Prepaid expenditures	\$ 31,146
Total Nonspendable Fund Balance - General Fund	<u>\$ 31,146</u>
<u>Assigned Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Assigned for fiscal year startup (90 day operations)	\$ 545,000
Fleet reserves	110,000
Accrued liabilities	147,900
Disaster reserves	125,000
OPEB GASB reserves	129,174
800 MHZ radio reserves	-
Total Assigned Fund Balance - General Fund	<u>\$ 1,057,074</u>

NOTE K - 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 K - 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, 2015, there were no 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:

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**NOTE K - 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	3,315
Adjustment to annual required contribution	<u>(3,628)</u>
Annual OPEB cost (expense)	44,348
Contributions made	<u>(15,450)</u>
Increase in net OPEB obligation	28,898
Net OPEB obligation - beginning of year	<u>122,604</u>
Net OPEB obligation - end of year	<u><u>\$ 151,502</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 2015 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>
09/30/15	\$ 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, 2015, the actuarial accrued liability for benefits was \$430,337, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,312,191, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 22.96 percent.

**NOTE K - 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 59.

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, 2015

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NOTE K - 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, 2015, 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)
9/30/14	\$ 129,045	\$ 430,337	\$ 301,292	29.99%	\$1,312,191	22.96%
9/30/13	\$ 85,470	\$ 539,307	\$ 432,837	15.85%	\$1,195,445	37.9%
9/30/12	\$ -	\$ 429,349	\$ 429,349	0.00%	\$ 789,278	54.4%

NOTE L - TERMINATION BENEFITS

During the year ended September 30, 2011, the District accepted the early retirement offer of a long term employee in exchange for severance pay in the gross amount of \$140,000 to reduce long-term operating costs. The severance package

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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NOTE L - TERMINATION BENEFITS, CONTINUED

is payable in equal annual installments over five (5) years beginning October 15, 2011.

During the year ended September 30, 2015, the District paid \$30,142 in termination benefits and related FICA payroll taxes under the terms of this agreement.

The future cost of the severance agreement including related payroll taxes is as follows:

<u>Year Ending</u> <u>September 30</u>	<u>Amount</u>
2016	\$ 30,142
	<u>\$ 30,142</u>

NOTE M - SUBSEQUENT EVENTS

On February 22, 2016, the District received approximately \$76,000 from the Greater Naples Fire Rescue District from the dissolution of the Fire Code Official's office and subsequent sale of the building of which the District was a member. These funds will be designated for fire prevention.

NOTE N - COMMITMENTS

On November 20, 2014, the District entered into an agreement for design and preliminary construction services for construction of a new fire Station #31 in the amount of \$19,155. The term of this agreement is for three (3) years commencing on December 1, 2014 and continuing thereafter until the regularly scheduled District Board meeting held in November 2017. The District has the option to extend this agreement for additional three year periods thereafter. The balance remaining on this contract at September 30, 2015 was \$13,835. The cost of this project is to be financed through the use of impact fees.

On November 20, 2014, the District entered into an agreement for architect and engineering services for construction of a new fire Station #31 in the amount of \$261,400. The term of this agreement is for three years commencing on December 1, 2014 and ending on November 30, 2017 with an option to renew for an additional three year period ending on November 30, 2020. The balance remaining on this contract at September 30, 2015 was \$254,280. The cost of this project is to be financed through the use of impact fees.

IMMOKALEE FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2015

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NOTE O - PRIOR PERIOD ADJUSTMENTS

GASB Statement No. 68

The beginning net position of the District was decreased by \$1,204,494 due to the adoption of the new GASB Pronouncement, Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68 requires the District to recognize its proportionate share of the net pension liabilities and related pension amounts of the cost-sharing multiple-employer FRS and HIS defined benefit plans.

Capital Assets

During the year ended September 30, 2015, it was determined that a correcting entry to adjust beginning capital assets to the District's inventory balance was required. The prior period adjustment increased beginning capital assets by \$5,012.

The prior period adjustments had the following effect:

	<u>Amount</u>
Net Position beginning balance at October 1, 2015, as originally stated	\$ 1,595,479
Prior period adjustment - Pensions (GASB 68)	(1,204,494)
Prior period adjustment - Capital Assets	<u>5,012</u>
Net Position beginning balance at October 1, 2015, as restated	<u><u>\$ 395,997</u></u>

NOTE P - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)

During the year ended September 30, 2014, the District's unrestricted net position (net assets) balance became a deficit of \$(129,367), due substantially to recording the current year actuarially determined net pension liability of \$743,507. The District's total available fund balance at September 30, 2014 remains approximately equal to seven (7) months of actual expenditures. However, the Board assigned \$1,012,016 of the \$1,459,768 available fund balance for specific purposes.

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

**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, 2015

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 2,239,753	\$ 2,239,753	\$ 2,291,926	\$ 52,173
Intergovernmental revenues:				
Public safety grant - SAFER	304,384	143,796	239,429	95,633
Firefighter supplemental	-	-	-	-
Inspection fees	50,000	50,000	33,138	(16,862)
Plan review fees	15,000	5,000	1,140	(3,860)
Miscellaneous:				
Interest	6,000	7,000	9,143	2,143
Other	151,322	158,009	157,927	(82)
Proceeds from disposition of capital assets	500	500	89,505	89,005
Reserves brought forward	1,329,150	1,420,920	-	(1,420,920)
Cash brought forward	15,000	56,000	-	(56,000)
TOTAL REVENUES	4,111,109	4,080,978	2,822,208	(1,258,770)
EXPENDITURES				
Current				
Public safety				
Personnel services	2,079,400	2,150,408	2,100,516	49,892
Operating expenditures	518,526	547,586	493,290	54,296
Capital outlay	22,000	155,160	122,539	32,621
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Assigned - 90 day reserve	545,000	545,000	-	545,000
Assigned- Fleet Reserves	165,000	110,000	-	110,000
Assigned- Accrued Liabilities	154,638	147,900	-	147,900
Assigned- Disaster Reserves	150,000	125,000	-	125,000
Assigned- 800 Radio Reserves	10,500	-	-	-
Assigned - GASB reserve	129,045	129,174	-	129,174
Reserves- unassigned	337,000	170,750	-	170,750
TOTAL EXPENDITURES	4,111,109	4,080,978	2,716,345	1,364,633
EXCESS OF REVENUES OVER EXPENDITURES	-	-	105,863	105,863
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(79,505)	(79,505)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(79,505)	(79,505)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	26,358	\$ 26,358
FUND BALANCE - Beginning			1,476,920	
FUND BALANCE - Ending			<u>\$ 1,503,278</u>	

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
DETAILED STATEMENT
Year Ended September 30, 2015

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 2,239,753	\$ 2,239,753	\$ 2,291,926	\$ 52,173
Intergovernmental revenues:				
Public safety grants - SAFER/AFG	304,384	143,796	239,429	95,633
Firefighter supplemental	-	-	-	-
Inspection fees	50,000	50,000	33,138	(16,862)
Plan review fees	15,000	5,000	1,140	(3,860)
Miscellaneous:				
Interest income	6,000	7,000	9,143	2,143
Proceeds from disposition of capital assets	500	500	89,505	89,005
Seminole contract	129,412	130,059	130,060	1
PILT farm workers village	6,650	6,650	6,650	-
Donations	100	100	-	(100)
User Fees	10,000	7,500	-	(7,500)
Other income	5,160	13,700	21,217	7,517
Subtotal	2,766,959	2,604,058	2,822,208	218,150
Reserves brought forward	1,329,150	1,420,920	-	(1,420,920)
Cash brought forward	15,000	56,000	-	(56,000)
TOTAL REVENUES	4,111,109	4,080,978	2,822,208	(1,258,770)
EXPENDITURES				
PERSONNEL SERVICES				
Salaries				
Firefighters & administrative	1,126,077	1,147,860	1,241,900	(94,040)
EMT incentive pay	82,500	83,250	-	83,250
Overtime pay	73,950	74,610	82,946	(8,336)
Holiday pay	29,664	30,628	-	30,628
Separation pay	28,000	28,000	28,000	-
Bonuses	-	-	-	-
Payroll taxes				
Social Security	96,108	102,242	101,251	991
Benefits				
Retirement	245,118	260,214	255,412	4,802
Group insurance	305,951	338,748	321,461	17,287
Workers compensation	76,232	77,756	68,007	9,749
Unemployment	-	-	-	-
Physicals	15,800	7,100	1,539	5,561
SUBTOTAL - PERSONNEL SERVICES	2,079,400	2,150,408	2,100,516	49,892
OPERATING				
Contracted Services				
Bank service charges	300	-	-	-
Legal fees	18,500	18,500	17,230	1,270
Property appraiser fees	19,950	19,950	17,253	2,697
Tax collection fees	49,289	49,289	47,604	1,685
Audit	18,000	29,254	30,254	(1,000)
Contracted services	45,185	40,266	29,609	10,657
Generators	-	-	925	(925)
Pest control	-	-	600	(600)
Subtotal - Contracted services	151,224	157,259	143,475	13,784

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, 2015

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING, CONTINUED				
Operating				
Education and training	38,700	38,700	29,822	8,878
Travel	5,880	5,880	4,322	1,558
Communications - telephone	13,842	11,842	7,604	4,238
Postage	500	500	431	69
Utilities	27,000	25,000	22,009	2,991
Explorer program	3,000	2,000	-	2,000
Liability insurance	48,270	43,270	43,445	(175)
Subtotal - Operating	137,192	127,192	107,633	19,559
Maintenance				
Vehicle	45,000	70,000	82,291	(12,291)
Equipment - firefighter and rescue	10,000	7,500	2,382	5,118
Office equipment	1,500	1,500	2,044	(544)
Computer	2,000	2,000	237	1,763
Communications - radio	2,250	2,250	1,556	694
Building	12,000	10,000	11,506	(1,506)
Bunker gear	4,000	2,000	880	1,120
Cascade system	2,500	2,500	3,767	(1,267)
Subtotal - Maintenance	79,250	97,750	104,663	(6,913)
Legal advertising	1,500	1,500	1,072	428
Supplies				
Office	3,500	3,500	2,079	1,421
Shipping	500	500	316	184
Firefighter rescue	12,500	15,000	59,863	(44,863)
Station - janitorial	4,000	4,000	3,306	694
Training	5,000	5,000	1,200	3,800
Fuel and oil	50,000	46,000	38,014	7,986
Uniforms	12,000	21,000	8,026	12,974
Uniforms- explorer program	2,400	2,400	-	2,400
Employee	500	500	56	444
Physical fitness equipment	600	600	-	600
Inter-departmental	500	500	100	400
Computer software and training	9,785	9,785	11,174	(1,389)
Miscellaneous	750	750	937	(187)
Bunker gear	24,375	31,400	2,500	28,900
Fire prevention	2,000	2,000	70	1,930
Communication (radio)	1,500	1,500	(783)	2,283
Communication (phone)	1,000	1,000	51	949
Station - non janitorial	1,000	1,000	974	26
Public education	3,000	3,000	3,577	(577)
Furniture	1,500	1,500	-	1,500
Computer equipment	8,700	8,700	1,610	7,090
Fire Inspection	1,000	1,000	280	720
PETC	-	-	-	-
Public safety grants	-	-	-	-

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, 2015

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	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Books and dues	3,250	3,250	3,097	153
Subtotal - Supplies	149,360	163,885	136,447	27,438
 SUBTOTAL - OPERATING EXPENDITURES	 518,526	 547,586	 493,290	 54,296
Capital Outlay				
Firefighter rescue equipment	10,000	10,000	9,398	602
Communication equipment	12,000	145,160	113,141	32,019
Building	-	-	-	-
Furniture - Office	-	-	-	-
Station equipment	-	-	-	-
Computer equipment	-	-	-	-
SUBTOTAL - CAPITAL OUTLAY	22,000	155,160	122,539	32,621
Debt service				
Principal retirement	-	-	-	-
Interest charges and fiscal	-	-	-	-
SUBTOTAL - DEBT SERVICE	-	-	-	-
Assigned - 90 day OPS	545,000	545,000	-	545,000
Assigned- Fleet Reserves	165,000	110,000	-	110,000
Assigned- Accrued Liabilities	154,638	147,900	-	147,900
Assigned- Disaster Reserves	150,000	125,000	-	125,000
Assigned- 800 Radio Reserves	10,500	-	-	-
Assigned - GASB Reserves	129,045	129,174	-	129,174
Reserves - Unassigned	337,000	170,750	-	170,750
TOTAL EXPENDITURES	4,111,109	4,080,978	2,716,345	1,364,633
EXCESS OF REVENUES OVER EXPENDITURES	-	-	105,863	105,863
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(79,505)	(79,505)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(79,505)	(79,505)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	26,358	\$ 26,358
FUND BALANCE - BEGINNING			1,476,920	
FUND BALANCE - ENDING			<u>\$ 1,503,278</u>	

The accompanying notes are an integral part of this statement.

IMMOKALEE FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
SUMMARY STATEMENT
Year Ended September 30, 2015

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	Impact Fee Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ -	\$ -	\$ -	\$ -
Impact fees	400,000	800,000	1,554,968	754,968
Intergovernmental revenue - grants	-	-	-	-
Miscellaneous:				
Interest	4,000	6,000	9,370	3,370
Other	-	-	-	-
Cash brought forward	1,342,000	1,342,000	-	(1,342,000)
TOTAL REVENUES	<u>1,746,000</u>	<u>2,148,000</u>	<u>1,564,338</u>	<u>(583,662)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	-	-	-	-
Operating expenditures	-	-	69,786	(69,786)
Capital outlay	1,637,025	1,839,355	1,574,057	265,298
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	108,975	308,645	-	308,645
TOTAL EXPENDITURES	<u>1,746,000</u>	<u>2,148,000</u>	<u>1,643,843</u>	<u>504,157</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(79,505)	(79,505)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	79,505	79,505
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>79,505</u>	<u>79,505</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - Beginning			<u>-</u>	
FUND BALANCE - Ending			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

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

Page 52 of 65

	2015	2014
District's proportion of the net pension liability	0.006183105%	0.006001750%
District's proportionate share of the net pension liability	\$ 798,631	\$ 366,195
District's covered-employee payroll	\$ 1,298,578	\$ 1,199,275
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.50%	30.53%
Plan fiduciary net position as a percentage of the total pension liability	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 PENSION PLAN (1)

	2015	2014
Contractually required contribution	\$ 236,175	\$ 209,820
Contributions in relation to the contractually required contribution	236,175	209,820
Contribution deficiency (excess)	-	-
District's covered-employee payroll	\$ 1,298,578	\$ 1,199,275
Contributions as a percentage of covered-employee payroll	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'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION
PLAN (1)

Page 53 of 65

	2015	2014
District's proportion of the net pension liability	0.004192421%	0.004035317%
District's proportionate share of the net pension liability	\$ 427,561	\$ 377,312
District's covered-employee payroll	\$ 1,298,578	\$ 1,199,275
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.93%	31.46%
Plan fiduciary net position as a percentage of the total pension liability	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)

	2015	2014
Contractually required contribution	\$ 19,237	\$ 14,244
Contributions in relation to the contractually required contribution	19,237	14,244
Contribution deficiency (excess)	-	-
District's covered-employee payroll	\$ 1,298,578	\$ 1,199,275
Contributions as a percentage of covered-employee payroll	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 is 7.65%. 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 of 3.80% 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 no changes in actuarial assumptions. As of June 30, 2015, 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 remained at 7.65 percent.

Health Insurance Subsidy Pension Plan

The municipal rate used to determine total pension liability decreases from 4.29 percent to 3.80 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, 2015, was 6.3 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, 2015, 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 June 9, 2016.

Internal Control Over Financial Reporting

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

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

INTEGRITY SERVICE EXPERIENCE

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 financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

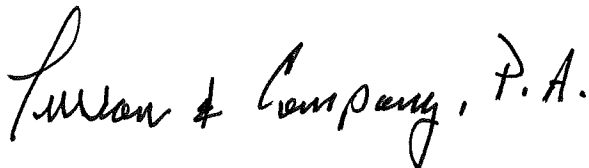
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did, however, identify certain deficiencies in internal control, described in the accompanying Report to Management and identified as items 2014-05 and 2014-06, that we consider to be material weaknesses, as defined previously. However, material weaknesses may exist that have not been identified. In addition, we noted certain other items that we reported in our Report to Management dated June 9, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Immokalee Fire Control District's basic financial statements are free of 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 Report to Management dated June 9, 2016.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing 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.

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

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
June 9, 2016

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

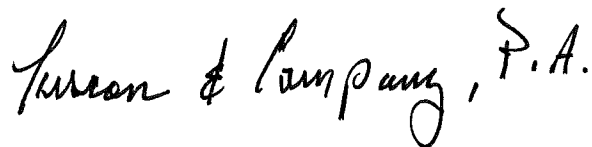
Board of Commissioners
Immokalee Fire Control District
502 East New Market Road
Immokalee, Florida 34142

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, 2015. 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, 2015.

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
June 9, 2016

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, 2015 and have issued our report thereon dated June 9, 2016.

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 Florida Auditor General. Disclosures in those reports, which are dated June 9, 2016, 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 appear to 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., Rule 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, 2015, 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, 2015. 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 entity (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 entity'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 June 9, 2016, included herein.

PRIOR YEAR COMMENTS:

Prior year comments that appear to 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.

2013-01 Non Compliance Noted

Department of Financial Services Rule 69I-73.006 requires an annual physical inventory of capital assets. The District did not take the required inventory.

Current Year Addendum: We recommend the District ensure future compliance.

2014-01 Compensated Absences Should be Monitored for all Employees (as revised)

During the FY15 audit, we noted the Chief had a payout of vacation and sick time during this fiscal year, which was allowed under the Chief's contract. However, the District had not been tracking the Chief's balance of sick and vacation hours and no record of time off taken was available to us. Therefore, we were unable to test the Chief's accrued compensated absences during fieldwork.

We recommend the District track all employees' balances of sick and vacation hours throughout the year to ensure that compensated absences are complete and accurate. Additionally, the Chief's vacation and sick accrual and time taken should be Board approved.

Current Year Addendum: We continue to recommend the above.

2014-02 Accounts Payable Function Should be Utilized in the Impact Fee Fund

During the audit, it was noted that the District was not utilizing the accounts payable function in the accounting software for the impact fee fund. As a result, the District is not tracking accounts payable for items purchased with impact fees which resulted in proposed audit adjustments.

We recommend that the District utilize the accounts payable function in their accounting software to track and monitor accounts payable disbursements for the impact fee fund and ensure proper recording of all liabilities.

Current Year Addendum: We continue to recommend the above.

2014-03 Maintain a Check Register for the Impact Fee Operating Account

During the audit, it was noted that the District is not maintaining a check register for disbursements processed utilizing impact fee funds. The District is currently hand writing impact fee checks and posting the checks with a journal entry.

2014-03 Maintain a Check Register for the Impact Fee Operating Account (continued)

We recommend that the District maintain a check register for all disbursements and perform all disbursements via the accounting software.

Current Year Addendum: We continue to recommend the above.

2014-04 Increase Support for Justification of Use of Impact Fees (as revised)

During the FY15 audit, it was noted that the District purchased many items below the capitalization threshold in which they utilized impact fee funds and posted the purchases to the capital outlay account line item. The items should be separately recorded in a non-capital outlay account or grouped if part of a larger purchase like a truck. In addition, supporting documentation for capital assets purchased with impact fees should include support that justifies the use of impact fees.

We recommend the District's attorney render a written opinion on the intended purchase using impact fees prior to purchase. The opinion should be filed with the item's invoice.

Current Year Addendum: We continue to recommend the above.

2014-05 Material Weakness: Reconciliation of Fixed Asset and Accounting Software Should be Performed Monthly (as revised)

Condition: There is no procedure for reconciling the detailed fixed asset schedules to the general ledger or capital outlay disbursements on a regular basis.

Questioned Costs: None

Criteria: The activity included in the capital outlay accounts on the general ledger should agree to the additions to the fixed asset schedule for the same time period.

Context: Several adjustments were proposed during the audit to both the fixed asset schedule and the general ledger to reflect the proper balance of fixed assets and capital outlay. This was primarily due to the following reasons:

- Recording items in capital outlay that were below the capitalization policy amount.
- Not recording items in the fixed asset schedule that were expensed through capital outlay.
- Recording components of an invoice in the fixed asset schedule when the entire invoice amount was expensed in capital outlay.

2014-05 Material Weakness: Reconciliation of Fixed Asset and Accounting Software Should be Performed Monthly (as revised) (continued)

Cause: Lack of reconciliation and understanding of the relationship between the items recorded in capital outlay and the recording as a fixed asset.

Effect: The lack of proper reconciliation of fixed assets caused the audit process to be extended and more time consuming and does not provide the required level of control for the District or accurate reporting in the District's books and records.

Recommendation: We recommend that the general ledger fixed asset and capital outlay accounts be reconciled to the general ledger on a monthly basis.

2014-06 Material Weakness: Increased Training for Accounting Staff (as revised)

Condition: A significant amount of journal entries were proposed during the FY15 audit of the financial statements. We have for the last several years recommended additional accounting resources for the District.

Questioned Costs: None

Criteria: Financial reporting of the District should be prepared in accordance with generally accepted account principles and government accounting standards and routinely reconciled.

Context: During the year ended September 30, 2015 financial audit, we proposed twenty-one (21) journal entries. The entries primarily resulted from financial areas that were not properly reconciled.

Cause: Although District staff works very hard and makes every effort to perform the accounting duties, the District does not have personnel who possess the proper experience, accounting training and skills to enable the preparation of financial statements in accordance with generally accepted accounting principles and government accounting standards.

Effect: Misstatement of monthly and annual internally prepared financial reports that are presented to the Board, management and the auditor. In addition, the numerous amount of journal entries proposed by the auditor causes the audit process to be more time consuming and confirms that the District does not have the required level of internal control.

2014-06 Material Weakness: Increased Training for Accounting Staff (as revised)
(continued)

Recommendation: We recommend that the District assess and monitor the needs of the administrative staff and ensure that there are adequately trained resources for the accounting function. The District should consider the use of contracted accounting services to review monthly activity and prepare reconciliations.

2014-07 Payroll Reports Should be Reconciled

We noted the District did contract a payroll service as recommended in the prior year. As such, we assisted the District reconcile the payroll reports for a portion of the year.

We recommend the District contract a third party accounting firm to assist with this reconciliation in the future. We also recommend the District verify that the payroll service timely makes the IRS payroll deposits.

Current Year Addendum: During our audit procedures, we prepared a reconciliation of the trial balance wage accounts to the 941's. Differences were noted and the reasons for the differences were indeterminable. We recommend that a reconciliation of wage accounts be performed with each pay period and to the 941's quarterly and any differences investigated and properly adjusted. Further, we recommend not to bring payroll in house until additional accounting resources are available.

CURRENT YEAR COMMENTS:

2015-01 Additional Oversight Should be Provided by the Board of Commissioners

Due to the District's size, the administrative staff of the District is limited and therefore does not provide for adequate separation of duties. Based on this and the comments noted above, it is our recommendation that the Commissioners perform additional oversight functions to ensure the District is maintaining proper internal controls and financial reporting.

Oversight and monitoring functions should include the following:

- Review monthly bank reconciliations to ensure they are being performed correctly and in a timely manner.
- Review budget vs. actual statement on a monthly basis and investigate any unusual variances.
- Review monthly internal financial reports for any unusual or unexpected transactions or balances.
- Review payroll reports to ensure compensation agrees with approved rates.

2015-01 Additional Oversight Should be Provided by the Board of Commissioners
(continued)

- Review the policies and procedures with respect to benefits of key employees and officers and ensure adherence to written policies.
- Inquire of management and the independent auditors about significant risks or exposures facing the District. Assess the steps management has taken to minimize such risks to the District and review compliance with such steps.
- Review key internal controls with the management team and understand how these controls will be tested, maintained and monitored during the year.

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
June 9, 2016

EXHIBIT



Immokalee Fire Control District

502 New Market Road East, Immokalee, FL. 34142

Office of the Fire Chief



DATE: June 15, 2016

TO: Tuscan & Company, PA

FROM: Paul Anderson, Jr., Fire Chief

SUBJECT: Reply to Comments on Annual Financial Statement Year Ended September 30, 2015

The following are replies to financial audit comments included in the independent auditor financial statement for year ended September 30, 2015:

PRIOR YEAR COMMENTS

2013-01 Non Compliance Noted

- Audit is currently underway. A new inventory system was implemented, which delayed completion of the inventory prior to the audit. The complete inventory of all capital assets as well as non-capital assets is currently underway and should be completed within the next few weeks.

2014-01 Compensated Absences Should be Monitored for all Employees

- A tracking system has been incorporated into the payroll system where up-to-date accrued hours for vacation, sick, and compensatory time, as well as YTD hours used for each, is shown on each individual's paycheck stub as well as on the weekly payroll report. The Fire Chief's accrued time is included in this payroll tracking. The Fire Chief's use of accrued leave and/or leave buy-back in accordance with District Policy is approved by either the Commission Chairman or the Commission Secretary/Treasurer.

2014-02 Accounts Payable Function Should be Utilized in the Impact Fee Fund

- The current process for Impact Fee Fund expenditures utilizes hand-written checks. This is in the process of being changed to utilize the same financial software program utilized for the District's General Fund expenditures by creating a separate "company" in the software for the Impact Fee account, which will be associated with the Impact Fee bank account.
- We are currently in the process of purchasing and moving to a new software platform that will be provisioned with the appropriate "companies" and associated line item accounts for planned transfer to the new system October 1st, 2016 to coincide with the new fiscal year.

2014-03 Maintain a Check register for the Impact Fee Operating Account

- This will be accomplished upon switching to the financial software process noted in 2014-02 above.

2014-04 Increase Support for Justification of Use of Impact Fees

- Fire District's Attorney is providing written legal opinion on purchases utilizing Impact Fees, we had not received those as of the date of the audit. They will be placed in the file upon receipt.
- We are in receipt of an opinion letter from the District's Attorney dated January 14, 2016, which has been forwarded to the auditor's office.

2014-05 Material Weakness: Reconciliation of Fixed Asset and Accounting Software Should be Performed Monthly

- Discrepancies were discovered regarding amount of expenditures for fixed assets between the financial accounting software and the fixed asset records during the audit. These discrepancies were due to fixed asset records including the cost of shipping in the cost/value of some of the items, while the financial accounting software did not include the cost of shipping in the cost of a specific fixed asset. Those numbers were reconciled upon being discovered.
- A procedure has been established for staff that take care of the financial accounting software data and the fixed asset records to reconcile those records monthly. This procedure will also be added to the District's Purchasing Policy.

2014-06 Material Weakness: Increased Training for Accounting Staff

- District staff has already received some assistance and training on accounting software and entries and we will continue to seek training opportunities.
- District staff is in the process of purchasing new accounting software and will be scheduling training on that software upon receipt and in preparation of an October 1st transfer to the new software.
- We are reviewing options of either hiring additional staff with experience in accounting and government operations or partnering with a neighboring government entity for them to provide accounting services through an inter-local agreement.

- We will be contacting a third party accounting firm experienced in government accounting to discuss the possibility of a monthly audit and reconciliation of accounts.

2014-07 Payroll Reports Should be Reconciled

- District staff has already received additional instruction on accounting software and entries and we will continue to seek training opportunities.
- We will be contacting a third party accounting firm experienced in government accounting to discuss the possibility of a monthly audit and reconciliation of accounts, including payroll.
- The District has contracted with a third party payroll service. We have been monitoring the timeliness of payroll deposits by the contracted payroll service, including both IRS and pension. We have found some discrepancies as well as timeliness issues and have addressed those with the payroll service, who has committed to correct any and all deficiencies. We will continue monitoring through the remainder of the year while we review our options to either hire an experienced individual and bring the payroll service back in-house or contract with a neighboring government entity for that service with an effective date of January 1, 2017.
- The District is currently in discussions with a neighboring government entity for them to provide payroll services through an inter-local agreement, to begin January 1st, 2017.

CURRENT YEAR COMMENTS

2015-01 Additional Oversight Should be Provided by the Board of Commissioners

- The Board of Commissioners currently review monthly bank reconciliations, monthly budget vs. actual expenditure statement, and monthly internal financial reports as part of the regular monthly Commission meeting packets.
- Two Commissioners currently review weekly payroll reports and weekly accounts payable reports.
- Commissioners review the policies and procedures with respect to benefits of key employees and officers twice per year; once during budget workshops, and again during annual evaluations and the Fire Chiefs annual contract review.

- We will schedule meetings with individual Commissioners to review significant risks or exposures facing the District, assess the steps management has taken to minimize such risks, and review compliance with such steps.
- We will schedule meetings with Individual Commissioners or schedule a special Board meeting to review key controls with the management team so the Commissioners understand how these controls will be tested, maintained, and monitored throughout the year.

I believe that the above actions have adequately addressed both the prior year and current year comments included in the report from the independent financial auditor for the year ended September 30, 2015 and dated June 9, 2016.

Paul Anderson, Jr.

A handwritten signature in black ink, appearing to read "Paul Anderson, Jr.", with a stylized flourish at the end.

Fire Chief/District Manager

E-Mail: panderson@immfire.com

www.immfire.com