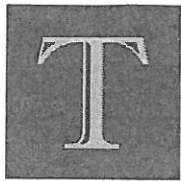


**IMMOKALEE FIRE CONTROL DISTRICT  
BASIC FINANCIAL STATEMENTS  
TOGETHER WITH ADDITIONAL REPORTS  
YEAR ENDED  
SEPTEMBER 30, 2016**

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**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants  
 American Institute of Certified Public Accountants  
 Private Companies Practice Section  
 Tax Division

**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, 2016, 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, 2016. 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, 2016, and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Immokalee Fire Control District's government-wide financial statements, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Immokalee Fire Control District as of September 30, 2016, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INTEGRITY ..... SERVICE ..... EXPERIENCE**

***Other Matters***

***Required Supplementary Information***

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

***Other Required Supplementary Information***

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Immokalee Fire Control District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards - year ended September 30, 2016 as required by the U.S. Office of Management and Budget Uniform Guidance, "U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying

Schedule of Expenditures of Federal Awards for the year ended September 30, 2016 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 23, 2017 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 23, 2017 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 23, 2017

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

**Immokalee Fire Control District  
Management's Discussion and Analysis  
September 30, 2016**

**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, 2016 by \$49,985. The District's revenue was down \$173,266 or 4% while expenses increased \$1,304,731 or 46% as compared to the fiscal year ended September 30, 2015. The District is debt free.

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.

**Immokalee Fire Control District  
Management's Discussion and Analysis  
September 30, 2016**

**Government-wide Financial Statements (continued)**

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

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, the increases or decreases to net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The government-wide financial statements can be found on pages 4 and 5 of this report.

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and Other Current Assets	\$ 4,981,323	\$3,930,493
Capital Assets, Net of Depreciation	<u>2,131,017</u>	<u>1,982,437</u>
Total Assets	<u>7,112,340</u>	<u>5,912,930</u>
Deferred Outflows of Resources – Pensions	<u>2,162,049</u>	<u>584,638</u>
Liabilities:		
Accounts Payable and Other Current Liabilities	95,807	68,608
Unearned Revenue-impact fees	3,180,395	2,388,749
Long Term Liabilities	<u>3,545,809</u>	<u>1,625,291</u>
Total Liabilities	<u>6,822,011</u>	<u>4,082,648</u>
Deferred Inflows of Resources – Pensions	<u>478,414</u>	<u>490,941</u>
Net Position:		
Net Investment in Capital Assets	2,131,017	1,982,437
Unrestricted Net Assets (Deficit)	<u>(157,053)</u>	<u>(58,458)</u>
Total Net Position	<u>\$ 1,973,964</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, 2016**

**Government-wide Financial Statements (Continued)**

	<u>2016</u>	<u>2015</u>
Revenues:		
Program Fees	\$ 49,145	\$ 34,278
Ad Valorem Taxes	2,552,794	2,291,926
Interest Income	22,977	18,513
Grant Revenue	962,772	239,429
Impact Fees	399,019	1,554,968
Other Revenue	<u>226,171</u>	<u>247,030</u>
Total Revenue	4,212,878	4,386,144
Expenses		
Public Safety Expenses	<u>4,162,893</u>	<u>2,858,162</u>
Change in Net Position	49,985	1,527,982
Net Position – Beginning	<u>1,923,979</u>	<u>395,997</u>
Net Position - Ending of the fiscal year	<u>\$1,973,964</u>	<u>\$1,923,979</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 2016, the District received \$260,868 more in ad valorem tax dollars over the prior fiscal year due to an increase in assessable value of property within the District. This represents an 11% increase. Other revenues, however, decreased \$434,134 net over the prior fiscal year due to less use of impact fees.

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

**Immokalee Fire Control District  
Management's Discussion and Analysis  
September 30, 2016**

**Government-wide Financial Statements (Continued)**

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.

Net Position

During fiscal year 2016, net position increased by \$49,985.

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.

**Immokalee Fire Control District  
Management's Discussion and Analysis  
September 30, 2016**

**Notes to the Basic Financial Statements**

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

**General Fund Budgetary Highlights**

The District adopts an annual appropriated budget for each of its governmental funds. The actual ad valorem revenues were approximately \$8,129 more than budgeted due to various factors. The actual expenditures in the General Fund were \$1,616,858 less than the final amended budget. The actual expenditures were less than budget in general due to not having to use any reserves to cover expenditures.

**Capital Assets**

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

Capital Assets September 30		2016	2015
		<u>2016</u>	<u>2015</u>
Capital Assets not being depreciated:			
Land	\$	114,916	\$ 114,916
Construction in progress		<u>225,243</u>	<u>12,440</u>
Total Capital Assets not being depreciated		<u>340,159</u>	<u>127,356</u>
Capital Assets being depreciated:			
Buildings and building improvements		455,967	455,967
Machinery & equipment		1,080,037	1,000,821
Vehicles		<u>2,962,609</u>	<u>2,956,823</u>
Total Capital Assets being depreciated		<u>4,498,613</u>	<u>4,413,611</u>
Less: Accumulated Depreciation		<u>(2,707,755)</u>	<u>(2,558,530)</u>
Capital Assets, being depreciated, net		<u>1,790,858</u>	<u>1,855,081</u>
Capital Assets, Net	\$	<u><u>2,131,017</u></u>	\$ <u><u>1,982,437</u></u>

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

The 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.

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

	September 30 2016	September 30 2015
Net pension liability - FRS	2,389,598	798,631
Net pension liability - HIS	602,350	427,561
Termination benefits	-	30,142 *
Compensated absences	374,551	247,597
Net OPEB obligation	179,310	151,502
	<u>\$ 3,545,809</u>	<u>\$ 1,655,433</u>

\* Due within one year.

### **Economic Factors and Next Year's Budget Rates**

The following were factors considered when next year's budget (2016-2017) was prepared:

- The estimated property assessments increased by approximately \$210,000 or 9% for budgeting purposes for 2017 as compared to 2015. The millage rate stayed consistent at 3.75 mills for the fiscal year ending September 30, 2017. The District was awarded the Federal SAFER Grant to help fund personnel costs in FY 16 and FY17.
- The District was notified that the Seminole Tribe intended to not renew the District's contract to provide fire and rescue service to the Tribe's Reservation within the District boundaries effective December 2, 2016. The District's contract revenue will be reduced by approximately \$130,000 as a result of this action for FY2017.

### **Request for information**

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

**IMMOKALEE FIRE CONTROL DISTRICT  
STATEMENT OF NET POSITION  
September 30, 2016**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 1,705,744
Restricted cash and cash equivalents	3,013,919
Due from other governments, including restricted amount of \$97,573	224,463
Deposits	-
Prepaid expenses	37,197
Total current assets	<u>4,981,323</u>
Noncurrent assets:	
Capital assets:	
Land	114,916
Construction in progress	225,243
Depreciable buildings, equipment and vehicles (net of \$2,707,755 accumulated depreciation)	<u>1,790,858</u>
Total noncurrent assets	<u>2,131,017</u>
<b>TOTAL ASSETS</b>	<u>7,112,340</u>
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</b>	<u>2,162,049</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	58,996
Accrued liabilities	36,811
Unearned revenue - impact fees	3,180,395
Current portion of long-term obligations	-
Total current liabilities	<u>3,276,202</u>
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>3,545,809</u>
<b>TOTAL LIABILITIES</b>	<u>6,822,011</u>
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	<u>478,414</u>
<b>NET POSITION</b>	
Net investment in capital assets	2,131,017
Restricted	-
Unrestricted (deficit)	<u>(157,053)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 1,973,964</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2016**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 3,184,513
Operating expenses	668,255
Depreciation	310,125
Interest and fiscal charges	-
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>4,162,893</u>
 <b>PROGRAM REVENUES</b>	
Charges for services	49,145
Operating grants and contributions	962,772
TOTAL PROGRAM REVENUES	<u>1,011,917</u>
NET PROGRAM EXPENSES	<u>3,150,976</u>
 <b>GENERAL REVENUES</b>	
Ad Valorem taxes	2,552,794
Impact fees	399,019
Interest	22,977
Loss on disposition of capital assets	(20,948)
Other	247,119
TOTAL GENERAL REVENUES	<u>3,200,961</u>
INCREASE IN NET POSITION	49,985
<b>NET POSITION - Beginning of year</b>	<u>1,923,979</u>
<b>NET POSITION - End of the year</b>	<u>\$ 1,973,964</u>

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2016**

	General Fund	Impact Fee Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,705,744	\$ -	\$ 1,705,744
Restricted cash and cash equivalents	-	3,013,919	3,013,919
Due from other governments	126,890	97,573	224,463
Due from other funds	-	69,878	69,878
Deposits	-	-	-
Prepaid expenditures	37,197	-	37,197
	<u>1,869,831</u>	<u>3,181,370</u>	<u>5,051,201</u>
<b>TOTAL ASSETS</b>	<b>\$ 1,869,831</b>	<b>\$ 3,181,370</b>	<b>\$ 5,051,201</b>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 58,021	\$ 975	\$ 58,996
Accrued liabilities	36,811	-	36,811
Due to other funds	69,878	-	69,878
Unearned revenue - impact fees	-	3,180,395	3,180,395
	<u>164,710</u>	<u>3,181,370</u>	<u>3,346,080</u>
<b>TOTAL LIABILITIES</b>	<b>164,710</b>	<b>3,181,370</b>	<b>3,346,080</b>
 <b>FUND BALANCE</b>			
Nonspendable	37,197	-	37,197
Assigned	1,340,382	-	1,340,382
Unassigned	327,542	-	327,542
	<u>1,705,121</u>	<u>-</u>	<u>1,705,121</u>
<b>TOTAL FUND BALANCE</b>	<b>1,705,121</b>	<b>-</b>	<b>1,705,121</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,869,831</b>	<b>\$ 3,181,370</b>	<b>\$ 5,051,201</b>

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, 2016**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 1,705,121
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Capital assets not being depreciated:	
Land	114,916
Construction in progress	<u>225,243</u>
	340,159
Governmental capital assets being depreciated:	
Building, Equipment and Vehicles	4,498,613
Less accumulated depreciation	<u>(2,707,755)</u>
	1,790,858
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows related to pensions	2,162,049
Deferred inflows related to pensions	<u>(478,414)</u>
	1,683,635
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	(2,389,598)
Net pension liability - HIS	(602,350)
Termination benefits	-
Compensated absences	(374,551)
Net OPEB obligation	<u>(179,310)</u>
	<u>(3,545,809)</u>
Elimination of interfund amounts:	
Due from other funds	69,878
Due to other funds	<u>(69,878)</u>
	-
Total net position of governmental activities	<u>\$ 1,973,964</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, 2016**

	General Fund	Impact Fee Fund	Total Governmental Funds
<b>REVENUES</b>			
Ad Valorem taxes	\$ 2,552,794	\$ -	\$ 2,552,794
Intergovernmental revenues:			
Public safety grants - SAFER	956,483	-	956,483
State grant - SHSGP USAR	3,769	-	3,769
Firefighter supplemental	2,520	-	2,520
Fees:			
Inspection fees	41,727	-	41,727
Impact fees	-	399,019	399,019
Plan review fees	7,418	-	7,418
Miscellaneous:			
Interest	9,774	13,203	22,977
Other	247,119	-	247,119
TOTAL REVENUES	<u>3,821,604</u>	<u>412,222</u>	<u>4,233,826</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	2,884,075	-	2,884,075
Operating expenditures	656,352	11,903	668,255
Capital outlay	79,334	400,319	479,653
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>3,619,761</u>	<u>412,222</u>	<u>4,031,983</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>201,843</u>	<u>-</u>	<u>201,843</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Proceeds from disposition of capital assets	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	201,843	-	201,843
FUND BALANCE - Beginning of the year	<u>1,503,278</u>	<u>-</u>	<u>1,503,278</u>
FUND BALANCE - End of the year	<u>\$ 1,705,121</u>	<u>\$ -</u>	<u>\$ 1,705,121</u>

The accompanying notes are an integral part of this statement.

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

**Year Ended September 30, 2016**

	<u>Amount</u>
Net change (excess of revenues over (under) expenditures) in fund balance - total governmental funds	\$ 201,843

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	479,653	
Less: proceeds from disposition of capital assets	-	
Plus: gain on disposition of capital assets	-	
Less: loss on disposition of capital assets	(20,948)	
Less: current year depreciation	<u>(310,125)</u>	
		148,580

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	1,577,411	
(Increase) decrease in deferred inflows	12,527	
(Increase) decrease in net pension liability - pension (FRS)	(1,590,967)	
(Increase) decrease in net pension liability - HIS	(174,789)	
(Increase) decrease in termination benefits	30,142	
(Increase) decrease in compensated absences, net	(126,954)	
(Increase) decrease in net OPEB obligation	<u>(27,808)</u>	
		<u>(300,438)</u>

Increase in net position of governmental activities	<u>\$ 49,985</u>
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The accompanying notes are an integral part of this statement.

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

**Organization**

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

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

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

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

**Government-wide Financial Statements**

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

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

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

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

**Government-wide Financial Statements, continued**

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

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

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

**Fund Financial Statements**

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

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

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

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

**Governmental Funds**

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

**Measurement Focus and Basis of Accounting, continued**

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

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

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

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

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

Separate financial statements are provided for governmental funds.

**Non-current Government Assets/Liabilities**

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

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

**Major Funds**

The District reports the following major governmental funds:

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

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

**Budgetary Information**

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

**Investments**

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

The District held no investments at September 30, 2016.

**Capital Assets**

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

The District follows a capitalization policy which calls for capitalization of all fixed assets that have a cost or donated value of \$500 or more and have a useful life in excess of one year.



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

**Capital Assets, continued**

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

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

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

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as 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 General Fund budget during the year ended September 30, 2016.

The District did amend the Impact Fee Fund budget during the year ended September 30, 2016.

**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, 2016.

Committed fund balance consists of amounts that represent resources whose use is constrained by limitations the Board (highest decision making) imposes upon itself. These constraints made by the Board remain binding unless removed in the same manner. The District maintained no committed fund balance at September 30, 2016.

**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 \$1,340,382 for various uses at September 30, 2016. The Board's minimum fund balance policy is to maintain not less than three (3) months budgeted expenditures in assigned fund balance as well as other specifically assigned amounts.

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

**Interfund Transactions**

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

**Pensions**

In the government-wide Statement of Net Position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) defined benefit 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 pensions is reported only in the government-wide Statement of Net Position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions through the pension plan except earnings which are amortized over five to seven years.

**Subsequent Events**

Subsequent events have been evaluated through June 23, 2017, which is the date the financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

At September 30, 2016, cash and cash equivalents were \$4,719,663, which included \$200 cash on hand (General Fund), unrestricted cash of \$1,705,544 (General Fund) and restricted cash of \$3,013,919, which was held in the Impact Fee Fund. Restricted cash is comprised of impact fees which are restricted for capital asset acquisition and/or improvement due to growth within the District.

**IMMOKALEE FIRE CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED**

**Deposits**

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

At September 30, 2016, the carrying amounts of the District's deposits were \$1,705,544 and \$3,013,919 in the General Fund and the Impact Fee Fund, respectively. At September 30, 2016, bank balances were \$1,752,305 and \$3,013,919 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, 2016, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund:		
Impact Fee	\$ -	\$ 69,878
Total General Fund	-	69,878
Special Revenue Fund:		
Impact Fee:		
General	69,878	-
Total Special Revenue Fund	69,878	-
Total	\$ 69,878	\$ 69,878

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Position at September 30, 2016.

**NOTE D - DUE TO/FROM OTHER GOVERNMENTS**

Due from other governments at September 30, 2016, are as follows:

Description	General Fund
Collier County Tax Collector	\$ 20,389
U.S. Department of Homeland Security	
FEMA - SAFER - Hiring Grant (CFDA 97.83)	101,142
FEMA - SAFER - Hiring Grant (CFDA 97.83)	5,359
	126,890
	<u>Impact Fee Fund</u>
Collier County	97,573
	\$ 224,463

**IMMOKALEE FIRE CONTROL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2016**

**NOTE E - CAPITAL ASSETS ACTIVITY**

The following is a summary of changes in capital assets activity for the year ended September 30, 2016:

	Balance October 1 2015	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2016
Capital Assets Not Being Depreciated:					
Land	\$ 114,916	\$ -	\$ -	\$ -	\$ 114,916
Construction in Progress	<u>12,440</u>	<u>212,803</u>	<u>-</u>	<u>-</u>	<u>225,243</u>
Total Capital Assets Not Being Depreciated	<u>127,356</u>	<u>212,803</u>	<u>-</u>	<u>-</u>	<u>340,159</u>
Capital Assets Being Depreciated:					
Buildings	455,967	-	-	-	455,967
Equipment & Machinery	1,000,821	123,064	(43,848)	-	1,080,037
Vehicles	<u>2,956,823</u>	<u>143,786</u>	<u>(138,000)</u>	<u>-</u>	<u>2,962,609</u>
Total Capital Assets Being Depreciated	<u>4,413,611</u>	<u>266,850</u>	<u>(181,848)</u>	<u>-</u>	<u>4,498,613</u>
Less Accumulated Depreciation:					
Buildings	(303,592)	(11,500)	-	-	(315,092)
Equipment & Machinery	(536,348)	(95,602)	42,900	-	(589,050)
Vehicles	<u>(1,718,590)</u>	<u>(203,023)</u>	<u>118,000</u>	<u>-</u>	<u>(1,803,613)</u>
Total Accumulated Depreciation	<u>(2,558,530)</u>	<u>(310,125)</u>	<u>160,900</u>	<u>-</u>	<u>(2,707,755)</u>
Total Capital Assets Being Depreciated, Net	<u>1,855,081</u>	<u>(43,275)</u>	<u>(20,948)</u>	<u>-</u>	<u>1,790,858</u>
Capital Assets, Net	<u>\$ 1,982,437</u>	<u>\$ 169,528</u>	<u>\$ (20,948)</u>	<u>\$ -</u>	2,131,017
				Related debt	<u>-</u>
				Net investment in capital assets	<u>\$ 2,131,017</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2016:

	Amount
General Government	<u>\$ 310,125</u>
Total Depreciation Expense	<u>\$ 310,125</u>



**IMMOKALEE FIRE CONTROL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2016**

**NOTE F - LONG-TERM LIABILITIES**

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

	Balance October 1 2015		Retirements / Adjustments	Balance September 30 2016	Amounts Due Within One Year
Net pension liability - FRS	\$ 798,631	\$ 1,590,967	\$ -	\$ 2,389,598	\$ -
Net pension liability - HIS	427,561	174,789	-	602,350	-
Termination Benefits	30,142	-	(30,142)	-	-
Compensated Absences	247,597	126,954	-	374,551	-
Net OPEB Obligation	<u>151,502</u>	<u>27,808</u>	<u>-</u>	<u>179,310</u>	<u>-</u>
	<u>\$ 1,655,433</u>	<u>\$ 1,920,518</u>	<u>\$ (30,142)</u>	<u>\$ 3,545,809</u>	<u>\$ -</u>

The following is a summary of the long-term obligations at September 30, 2016:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida Retirement Plan.	\$ 2,389,598
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida Retirement Plan.	602,350
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. The benefits are payable over a five (5) year period ending October 2015.	-
Non-current portion of compensated absences. Employees of the District are entitled to paid leave (sick, vacation and comp time) based on length of service and job classification.	374,551
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>179,310</u>
Total long-term liabilities	3,545,809
Current portion	<u>-</u>
Noncurrent portion	<u>\$ 3,545,809</u>

**NOTE G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN**

**General Information about the Florida Retirement System**

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2016, is available from the Florida Department of Management Services' Website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's total pension expense, \$570,330 for the year ended September 30, 2016, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$394,512, \$255,412 and \$224,064 for the years ended September 30, 2016, 2015 and 2014, respectively. The District contributed 100% of the required contributions.

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

**FRS Pension Plan**

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

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

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

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

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

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

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

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

**FRS Pension Plan, continued**

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

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

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

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

**FRS Pension Plan, continued**

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2016 were as follows:

Class	Percent of Gross Salary*			
	Employee	Employer (1)	Employer (3)	Employer (4)
Florida Retirement System, Regular	3.00	7.37	7.26	7.52
Florida Retirement System, Senior Management Service	3.00	21.14	21.43	21.77
Florida Retirement System, Special Risk	3.00	19.82	22.04	22.57
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.88	12.88	12.99
Florida Retirement System, Reemployed Retiree	(2)	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	43.24	42.27	42.47

Notes:

- (1) Employer rates include 1.26 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 7/1/14 - 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.
- (4) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/16 - 6/30/17.

\* As defined by the Plan.

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

**FRS Pension Plan, continued**

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

September 30, 2016, the District reported a pension liability of \$2,389,598 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At September 30, 2016, the District's proportionate share was .009463726 percent, which was an increase of .003280620 percent from its proportionate share measure as of September 30, 2015.

For the year ended September 30, 2016, the District recognized a pension expense of \$528,126. 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	\$ 182,966	\$ 22,249
Change of assumptions	144,564	-
Net difference between projected and actual earnings on pension plan investments	1,099,304	454,793
Changes in proportion and differences between District contributions and proportionate share of contributions	424,810	-
District contributions subsequent to the measurement date	<u>97,738</u>	<u>-</u>
Total	<u>\$ 1,949,382</u>	<u>\$ 477,042</u>

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

**FRS Pension Plan, continued**

The deferred outflows of resources related to the FRS pension, totaling \$97,738, 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 6.4 years as follows:

Fiscal Years Ending September 30	Amount
2017	\$ 289,623
2018	289,623
2019	289,623
2020	289,625
2021	135,203
Thereafter	<u>80,905</u>
Total	<u>\$ 1,374,602</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2016, 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	7.60 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, 2016, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

**FRS Pension Plan, continued**

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.0%	3.0%	1.7%
Fixed income	18.00%	4.7%	4.6%	4.6%
Global equity	53.00%	8.1%	6.8%	17.2%
Real estate (property)	10.00%	6.4%	5.8%	12.0%
Private equity	6.00%	11.5%	7.8%	30.0%
Strategic investments	<u>12.00%</u>	6.1%	5.6%	11.1%
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 7.60 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.



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

**FRS Pension Plan, continued**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.60 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 (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net FRS pension liability	<u>\$ 4,399,412</u>	<u>\$ 2,389,598</u>	<u>\$ 716,694</u>

**Pension Plan Fiduciary Net Position.** Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report (FRS CAFR) dated June 30, 2016.

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](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2016, the District reported a payable of \$33,706 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2016.

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

**HIS Plan**

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

**Benefits Provided.** For the year ended September 30, 2016, 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, 2016, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan.** At September 30, 2016, the District reported a HIS liability of \$602,350 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of September 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net HIS liability was based on the District's

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

**HIS Plan, continued**

2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At September 30, 2016, the District's proportionate share was .005168356 percent, which was an increase of .000975933 percent from its proportionate share measured as of September 30, 2015.

For the fiscal year ended September 30, 2016, the District recognized HIS expense of \$42,204. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,372
Change of assumptions	94,524	-
Net difference between projected and actual earnings on HIS pension plan investments	305	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	110,047	-
District contributions subsequent to the measurement date	7,791	-
Total	<u>\$ 212,667</u>	<u>\$ 1,372</u>

The deferred outflows of resources related to HIS, totaling \$7,791, 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, 2017. 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>
2017	\$ 32,851
2018	32,851
2019	32,851
2020	32,852
2021	32,775
Thereafter	39,324
Total	<u>\$ 203,504</u>

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

**HIS Plan, continued**

**Actuarial Assumptions.** The total pension liability in the July 1, 2016, 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	2.85 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 2.85 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 2.85 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 (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
District's proportionate share of the net HIS liability	\$ 691,033	\$ 602,350	\$ 528,749

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

**HIS Plan, continued**

**Pension Plan Fiduciary Net Position.** Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report (FRS CAFR) dated June 30, 2016.

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](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2016, the District reported a payable of \$2,694 for the outstanding amount of contributions to the HIS plan required for the fiscal ended September 30, 2016.

**FRS - Defined Contribution Pension Plan**

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

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

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

**FRS - Defined Contribution Pension Plan, continued**

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year were as follows:

Class	Percent of Gross Salary*			
	Employee	Employer (1)	Employer (3)	Employer (4)
Florida Retirement System, Regular	3.00	7.37	7.26	7.52
Florida Retirement System, Senior Management Service	3.00	21.14	21.43	21.77
Florida Retirement System, Special Risk	3.00	19.82	22.04	22.57
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.28	12.88	12.99
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A	N/A
Florida Retirement System, Elected Official	3.00	43.24	42.27	42.47

Notes:

- (1) Employer rates include 1.26 percent for the post-employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .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.
- (4) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/16 - 6/30/17.

\* 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, 2016, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

**FRS - Defined Contribution Pension Plan, continued**

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

The District's Investment Plan pension expense totaled \$179,095 for the fiscal year ended September 30, 2016.

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

**NOTE H - PROPERTY TAXES**

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all property taxes is performed for the District by the Collier County Tax Collector. No accrual for the property tax levy becoming due in November 2016 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, 2016, \$20,389 was due from the Collier County Tax Collector for ad valorem taxes and excess fees.

**IMMOKALEE FIRE CONTROL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016**

**NOTE H - PROPERTY TAXES, CONTINUED**

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2016, 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 2015 net taxable value of real property located within the District.

**NOTE I - IMPACT FEE FUND ACTIVITY**

During the year ended September 30, 2016, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2015	\$ 2,388,749
Impact fee receipts*	1,190,665
Interest income	13,203
Transfer In from General Fund	-
Capital outlay	(400,319)
Commissions (admin fee) - paid to Collier County	(11,903)
Unearned revenue, September 30, 2016	<u>\$ 3,180,395</u>

\* Includes \$97,573 due from Collier County.



**IMMOKALEE FIRE CONTROL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2016**

**NOTE J - RISK MANAGEMENT**

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

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

**NOTE K - FUND BALANCE ALLOCATIONS**

Fund balance was allocated for the following purposes at September 30, 2016:

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Prepaid expenditures	\$ 37,197
Total Nonspendable Fund Balance - General Fund	<u>\$ 37,197</u>
<u>Assigned Fund Balance</u>	<u>Amount</u>
<u>General Fund</u>	
Assigned for fiscal year startup (90 day operations)	\$ 733,437
Fleet reserves	150,000
Accrued liabilities	241,071
Disaster reserves	75,000
800 Radio reserves	11,700
OPEB GASB reserves	129,174
Total Assigned Fund Balance - General Fund	<u>\$ 1,340,382</u>

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

**Plan Description**

The District's defined contribution OPEB Plan provides the opportunity to obtain health insurance benefits to its retired employees. The year ended September 30,

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

**Plan Description, continued**

2012, was the District's transition year. GASB No. 45 required transition at September 30, 2010. As such, the District implemented GASB No. 45 on a prospective basis. All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2016, there were two retirees receiving these benefits. The benefits are provided both with and without contractual agreements.

**Funding Policy**

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

**Annual OPEB Cost and Net OPEB Obligation**

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

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

**Annual OPEB Cost and Net OPEB Obligation, continued**

	<u>Amount</u>
Annual required contribution	\$ 43,572
Interest on net OPEB obligation	3,314
Adjustment to annual required contribution	<u>(3,628)</u>
Annual OPEB cost (expense)	43,258
Contributions made	<u>(15,450)</u>
Increase in net OPEB obligation	27,808
Net OPEB obligation - beginning of year	<u>151,502</u>
Net OPEB obligation - end of year	<u><u>\$ 179,310</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 2016 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>
09/30/16	\$ 27,808	0.0%	\$ 179,310
09/30/15	\$ 28,898	0.0%	\$ 151,502
09/30/14	\$ 10,352	0.0%	\$ 122,604
09/30/13 (1)	\$ 30,000	0.0%	\$ 112,252
09/30/12	\$ 82,252	0.0%	\$ 82,252

(1) Estimated. No actuarial study performed

**Funded Status and Funding Process**

As of September 30, 2016, the actuarial accrued liability (AAL) for benefits was \$548,117, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,735,883, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 24.13 percent.

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

**Funded Status and Funding Process, continued**

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

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

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

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

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

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

**Methods and Assumptions, continued**

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

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

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

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll in an open basis. The remaining amortization period at September 30, 2016, 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)
9/30/16	\$ 129,174	\$ 548,117	\$ 418,943	23.57%	\$1,735,883	24.13%
9/30/15	\$ 129,045	\$ 430,337	\$ 301,292	29.99%	\$1,312,191	22.96%
9/30/14	\$ 85,470	\$ 539,307	\$ 453,837	15.85%	\$1,195,445	37.96%
9/30/13	\$ -	\$ 429,349	\$ 429,349	0.00%	\$ 789,278	54.40%

**NOTE M - 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, 2016**

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**NOTE M - TERMINATION BENEFITS, CONTINUED**

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

During the year ended September 30, 2016, the District made the final payment of \$30,142 in termination benefits and related FICA payroll taxes under the terms of this agreement.

**NOTE N - SUBSEQUENT EVENTS**

Subsequent to the year ended September 30, 2016, the District was informed by the Seminole Tribe that they intended not to renew the District's contract to provide fire and rescue service to the Tribe's reservation within the District's boundaries. The contract ended December 2, 2016 and will reduce District revenue for the year ended September 30, 2017 by approximately \$130,000.

**NOTE O - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)**

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

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

**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, 2016**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 2,507,080	\$ 2,544,665	\$ 2,552,794	\$ 8,129
Intergovernmental revenues:				
Public safety grant - SAFER	1,135,707	916,472	956,483	40,011
State grant - SHSGP USAR	-	-	3,769	3,769
Firefighter supplemental	-	-	2,520	2,520
Inspection fees	65,000	44,250	41,727	(2,523)
Plan review fees	7,500	8,000	7,418	(582)
Miscellaneous:				
Interest	7,000	9,500	9,774	274
Other	157,797	244,331	247,119	2,788
Reserves brought forward	1,420,640	1,468,078	-	(1,468,078)
<b>TOTAL REVENUES</b>	<b>5,300,724</b>	<b>5,235,296</b>	<b>3,821,604</b>	<b>(1,413,692)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	3,030,148	2,929,355	2,884,075	45,280
Operating expenditures	649,834	724,122	656,352	67,770
Capital outlay	34,000	36,500	79,334	(42,834)
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Assigned - 90 day reserve	733,437	733,437	-	733,437
Assigned- Fleet Reserves	125,000	150,000	-	150,000
Assigned- Accrued Liabilities	241,071	241,071	-	241,071
Assigned- Disaster Reserves	150,000	75,000	-	75,000
Assigned- 800 Radio Reserves	11,700	11,700	-	11,700
Assigned - GASB reserve	129,174	129,174	-	129,174
Reserves- unassigned	206,360	206,260	-	206,260
<b>TOTAL EXPENDITURES</b>	<b>5,310,724</b>	<b>5,236,619</b>	<b>3,619,761</b>	<b>1,616,858</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(10,000)</b>	<b>(1,323)</b>	<b>201,843</b>	<b>203,166</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out				
Proceeds from disposition of capital assets	10,000	1,323	-	(1,323)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,000</b>	<b>1,323</b>	<b>-</b>	<b>(1,323)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>201,843</b>	<b>\$ 201,843</b>
<b>FUND BALANCE - Beginning</b>			<b>1,503,278</b>	
<b>FUND BALANCE - Ending</b>			<b>\$ 1,705,121</b>	

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, 2016**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 2,507,080	\$ 2,544,665	\$ 2,552,794	\$ 8,129
Intergovernmental revenues:				
Public safety grants - SAFER/AFG	1,135,707	916,472	956,483	40,011
State grant - SHSGP USAR			3,769	3,769
Firefighter supplemental	-	-	2,520	2,520
Inspection fees	65,000	44,250	41,727	(2,523)
Plan review fees	7,500	8,000	7,418	(582)
Miscellaneous:				
Interest income	7,000	9,500	9,774	274
Seminole contract	132,010	132,140	132,141	1
PILT farm workers village	6,650	6,650	6,150	(500)
Donations	100	10	10	-
User fees - rent	7,500	11,875	10,095	(1,780)
Other income	11,537	93,656	98,723	5,067
Subtotal	3,880,084	3,767,218	3,821,604	54,386
Reserves brought forward	1,420,640	1,468,078	-	(1,468,078)
<b>TOTAL REVENUES</b>	<b>5,300,724</b>	<b>5,235,296</b>	<b>3,821,604</b>	<b>(1,413,692)</b>
<b>EXPENDITURES</b>				
<b>PERSONNEL SERVICES</b>				
Salaries				
Firefighters & administrative	1,620,149	1,592,500	1,662,870	(70,370)
EMT incentive pay	106,875	106,875	2,930	103,945
Overtime pay	92,845	92,845	92,331	514
Holiday pay	41,541	41,541	37,229	4,312
Separation pay	28,000	28,000	-	28,000
Payroll taxes				
Social Security	137,261	127,650	136,395	(8,745)
Benefits				
Retirement	384,383	327,030	394,512	(67,482)
Group insurance	510,020	510,020	443,874	66,146
Workers compensation	78,545	78,545	102,597	(24,052)
Physicals	26,180	20,000	11,337	8,663
Unemployment	4,349	4,349	-	4,349
<b>SUBTOTAL - PERSONNEL SERVICES</b>	<b>3,030,148</b>	<b>2,929,355</b>	<b>2,884,075</b>	<b>45,280</b>
<b>OPERATING</b>				
Contracted Services				
Bank service charges	180	180	5	175
Legal fees	20,900	18,000	27,441	(9,441)
Property appraiser fees	22,387	22,387	19,248	3,139
Tax collection fees	55,309	55,309	52,778	2,531
Contracted services	126,791	131,730	96,707	35,023
Generators	-	-	-	-
Pest control	-	-	-	-
Subtotal - Contracted services	225,567	227,606	196,179	31,427

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, 2016**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
OPERATING, CONTINUED				
Operating				
Education and training	62,700	43,200	44,231	(1,031)
Travel	8,070	8,070	5,267	2,803
Communications - telephone	14,442	14,442	13,294	1,148
Postage	750	750	1,173	(423)
Utilities	27,000	27,000	20,659	6,341
Explorer program	3,000	3,000	1,470	1,530
Liability insurance	<u>45,804</u>	<u>45,804</u>	<u>57,621</u>	<u>(11,817)</u>
Subtotal - Operating	<u>161,766</u>	<u>142,266</u>	<u>143,715</u>	<u>(1,449)</u>
Maintenance				
Vehicle	57,000	92,500	80,204	12,296
Equipment - firefighter and rescue	9,000	15,000	12,144	2,856
Office equipment	12,000	2,000	1,351	649
Computer	2,000	2,000	767	1,233
Communications - radio	2,250	2,000	407	1,593
Building	10,000	40,000	41,351	(1,351)
Bunker gear	3,000	2,500	509	1,991
Cascade system	<u>3,000</u>	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Subtotal - Maintenance	<u>98,250</u>	<u>159,000</u>	<u>136,733</u>	<u>22,267</u>
Legal advertising	<u>1,500</u>	<u>4,000</u>	<u>5,642</u>	<u>(1,642)</u>
Supplies				
Office	3,000	3,000	2,272	728
Shipping	500	750	-	750
Firefighter rescue	-	-	-	-
Station - janitorial	4,000	4,000	5,465	(1,465)
Training	5,000	-	1,317	(1,317)
Fuel and oil	50,000	45,000	40,710	4,290
Uniforms	21,000	33,000	33,106	(106)
Uniforms- explorer program	2,400	2,400	832	1,568
Employee	500	500	-	500
Physical fitness equipment	600	600	-	600
Inter-departmental	500	500	(100)	600
Computer software and training	6,000	6,000	2,038	3,962
Miscellaneous	6,001	1,000	1,649	(649)
Bunker gear	41,000	58,000	57,368	632
Fire prevention	2,000	2,000	-	2,000
Communication (radio)	1,500	1,500	58	1,442
Communication (phone)	1,000	1,000	-	1,000
Station - non janitorial	1,500	1,500	1,729	(229)
Public education	3,000	3,000	-	3,000
Furniture	1,500	2,000	1,706	294
Computer equipment	7,500	5,000	2,243	2,757
Fire Inspection	1,000	1,000	-	1,000
Operating	-	5,000	2,728	2,272
Minor equipment	-	10,000	13,790	(3,790)
Tires & batteries	-	-	-	-

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**DETAILED STATEMENT - CONTINUED**  
**Year Ended September 30, 2016**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Books and dues	3,250	4,500	7,172	(2,672)
Subtotal - Supplies	162,751	191,250	174,083	17,167
<b>SUBTOTAL - OPERATING EXPENDITURES</b>	<b>649,834</b>	<b>724,122</b>	<b>656,352</b>	<b>67,770</b>
Capital Outlay				
Firefighter rescue equipment	22,000	22,000	998	21,002
Communication equipment	12,000	12,000	1,305	10,695
Building	-	-	-	-
Vehicles	-	-	50,610	(50,610)
Bunker gear	-	-	15,753	(15,753)
Furniture - Office	-	-	2,617	(2,617)
Station equipment	-	-	5,651	(5,651)
Computer equipment	-	2,500	2,400	100
<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>34,000</b>	<b>36,500</b>	<b>79,334</b>	<b>(42,834)</b>
Debt service				
Principal retirement	-	-	-	-
Interest charges and fiscal	-	-	-	-
<b>SUBTOTAL - DEBT SERVICE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Assigned - 90 day OPS	733,437	733,437	-	733,437
Assigned- Fleet Reserves	125,000	150,000	-	150,000
Assigned- Accrued Liabilities	241,071	241,071	-	241,071
Assigned- Disaster Reserves	150,000	75,000	-	75,000
Assigned- 800 Radio Reserves	11,700	11,700	-	11,700
Assigned - GASB Reserves	129,174	129,174	-	129,174
Reserves - Unassigned	206,360	206,260	-	206,260
<b>TOTAL EXPENDITURES</b>	<b>5,310,724</b>	<b>5,236,619</b>	<b>3,619,761</b>	<b>1,616,858</b>
EXCESS OF REVENUES OVER EXPENDITURES	(10,000)	(1,323)	201,843	203,166
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Proceeds from disposition of capital assets	10,000	1,323	-	(1,323)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>10,000</b>	<b>1,323</b>	<b>-</b>	<b>(1,323)</b>
NET CHANGE IN FUND BALANCE	\$ -	\$ -	201,843	\$ 201,843
<b>FUND BALANCE - BEGINNING</b>			1,503,278	
<b>FUND BALANCE - ENDING</b>			\$ 1,705,121	

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, 2016**

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad Valorem taxes	\$ -	\$ -	\$ -	-
Impact fees	750,000	992,400	399,019	(593,381)
Intergovernmental revenue - grants	-	-	-	-
Miscellaneous:				
Interest	4,000	11,750	13,203	1,453
Other	-	-	-	-
Cash brought forward	2,282,826	2,282,826	-	(2,282,826)
<b>TOTAL REVENUES</b>	<b>3,036,826</b>	<b>3,286,976</b>	<b>412,222</b>	<b>(2,874,754)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	-	-	-	-
Operating expenditures	-	57,375	11,903	45,472
Capital outlay	2,515,594	706,217	400,319	305,898
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Contingency	521,232	2,523,384	-	2,523,384
<b>TOTAL EXPENDITURES</b>	<b>3,036,826</b>	<b>3,286,976</b>	<b>412,222</b>	<b>2,874,754</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
<b>FUND BALANCE - Beginning</b>			<b>-</b>	
<b>FUND BALANCE - Ending</b>			<b>\$ -</b>	

The accompanying notes are an integral part of this statement.

**IMMOKALEE FIRE CONTROL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended September 30, 2016**

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

(1) Includes receivable of \$101,142

(2) Does not receivable of \$5,359

<u>Receipts/ Revenue</u>	<u>Disbursements/ Expenditures</u>	<u>Pass through to Subrecipients</u>
\$ 865,606 (1)	\$ 865,606	\$ -
<u>90,877 (2)</u>	<u>90,877</u>	<u>-</u>
<u>956,483</u>	<u>956,483</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 956,483</u>	<u>\$ 956,483</u>	<u>\$ -</u>

**IMMOKALEE FIRE CONTROL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended September 30, 2016**

**NOTE A - BASIS OF PRESENTATION**

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

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

**NOTE B - INDIRECT COSTS**

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

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

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

	2016	2015	2014
District's proportion of the net pension liability	0.009463726%	0.006183105%	0.006001750%
District's proportionate share of the net pension liability	\$ 2,389,598	\$ 798,631	\$ 366,195
District's covered-employee payroll	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.65%	61.50%	30.53%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

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

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

	2016	2015	2014
Contractually required contribution	\$ 365,318	\$ 236,175	\$ 209,820
Contributions in relation to the contractually required contribution	<u>365,318</u>	<u>236,175</u>	<u>209,820</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
Contributions as a percentage of covered-employee payroll	21.04%	18.19%	17.50%

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

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



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

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

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

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

	2016	2015	2014
Contractually required contribution	\$ 29,194	\$ 19,237	\$ 14,244
Contributions in relation to the contractually required contribution	<u>29,194</u>	<u>19,237</u>	<u>14,244</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 1,735,883	\$ 1,298,578	\$ 1,199,275
Contributions as a percentage of covered-employee payroll	1.70%	1.48%	1.19%

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

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

**Changes of Assumptions**

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was reduced from 7.65% to 7.60%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate was reduced from 3.80% to 2.85% and was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**Florida Retirement System Pension Plan**

There were changes in actuarial assumptions. As of June 30, 2016, the inflation rate assumption remained at 2.6 percent, the real payroll growth assumption was 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 7.65 percent to 7.60 percent.

**Health Insurance Subsidy Pension Plan**

The municipal rate used to determine total pension liability decreased from 3.80 percent to 2.85 percent.

**Pension Expense and Deferred Outflows/Inflows of Resources**

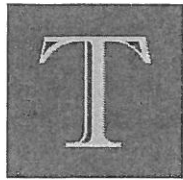
In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance 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, 2016, was increased from 6.3 years to 6.4 years for FRS and 7.2 years for HIS.

**ADDITIONAL REPORTS**



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL  
 CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
 AND OTHER MATTERS BASED ON AN AUDIT OF 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, 2016 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 June 23, 2017.

**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.

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A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Immokalee Fire Control District's basic financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Report to Management and identified as item 2014-05, that we consider to be material weaknesses, as defined previously. In addition, we noted certain other items that we reported in our Report to Management dated June 23, 2017.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Immokalee Fire Control District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. Such matters are noted in our Report to Management dated June 23, 2017.

#### **The District's Response to Findings**

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

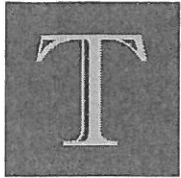
#### **Purpose of This Report**

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

*Tuscan & Company, P.A.*  
TUSCAN & COMPANY, P.A.

Fort Myers, Florida

June 23, 2017



**TUSCAN**  
 & Company, PA

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Immokalee Fire Control District's compliance with the types of compliance requirements described in the OMB Compliance Supplement , as applicable, that could have a direct and material effect on each of Immokalee Fire Control District's major federal programs for the year ended September 30, 2016. Immokalee Fire Control District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Immokalee Fire Control District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Immokalee Fire Control District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Immokalee Fire Control District's compliance with those requirements.

### **Opinion on Each Major Federal Program**

In our opinion, Immokalee Fire Control District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2016.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2016-06. Our opinion on each major federal program is not modified with respect to these matters.

### **Report on Internal Control Over Compliance**

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

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



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2016-06, that we consider to be a material weakness.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Purpose of the Report**

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

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

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

June 23, 2017

**IMMOKALEE FIRE CONTROL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED  
 COSTS - FEDERAL AWARDS  
 Year ended September 30, 2016**

*Section I – Summary of Auditor’s Results*  
Financial Statements

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

Federal Awards

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

Identification of major programs (Type A):

CFDA

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

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

Auditee qualified as low-risk auditee?    \_\_\_\_\_ Yes     X     No

IMMOKALEE FIRE CONTROL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS - FEDERAL AWARDS  
Year ended September 30, 2016

Listing of Subrecipients and matching amounts passed-through:

None - not applicable

**Section II- Financial Statement Findings**

There were deficiencies, material weaknesses, and instances of noncompliance related to the financial statements as reported in our Report to Management dated June 23, 2017.

**Section III- Federal Award Findings and Questioned Costs**

There were audit findings related to Federal Awards required to be reported by 2 CFR, Section 200.516(a) as reported below:

**U.S. Department of Homeland Security**

Questioned  
Costs

---

Staffing of Adequate Fire and Emergency Response (SAFER) - CFDA No. 97.083 Grant No. 2015-F4-C211-P1410000-4101-D, EMW-2014-FH-00126

2016-06 **Condition:** The District has submitted and received reimbursement for pay and benefits that did not correspond to actual amounts paid.

**Criteria:** Requested reimbursement amounts should correspond to payroll and related benefits allowable by the grant and paid during the reimbursement period (B - allowable costs/cost principles).

**Cause:** The reimbursement requests for all quarters were prepared at the beginning of the grant period for expected hours and rates and did not necessarily agree to actual amounts paid during the reimbursement period.

**Effect:** The reimbursement requests did not reflect actual wages and benefits provided during the time period. The net effect was that reimbursements were understated. We considered this noncompliance a finding and material weakness deficiency in internal control over grant related reporting.

**Context:** All reimbursement requests were understated and therefore there were no questioned costs. Corrections were resubmitted resulting in \$33,832 additional funds requested.

\$0

**Recommendation:** The reimbursement requests should be prepared based on the actual wages and benefits paid to the respective firefighters allowed under the terms of the grant.

**Views of Responsible Officials and Planned Corrective Actions:**

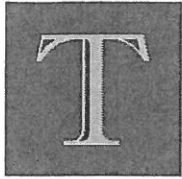
The District is in agreement and has been in contact with the grantor agency. Based on discussions with the grantor agency, the District has will submit revised reimbursement requests.

Total - U.S. Department of Homeland Security	<u>\$0</u>
Total	<u><u>\$0</u></u>

**Management Response:** We are committed to correcting this issue this year.

***Section IV- Status of Federal Prior Year Findings***

There were no prior year findings as the audit for the year ended September 30, 2016 is the initial audit for the District required by Uniform Guidance.



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**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, 2016. 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.

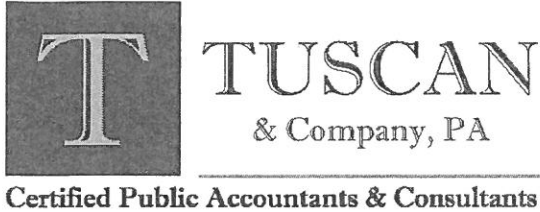
In our opinion, Immokalee Fire Control District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2016.

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.*

TUSCAN & COMPANY, P.A.  
 Fort Myers, Florida  
 June 23, 2017

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Tax Division

**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, 2016 and have issued our report thereon dated June 23, 2017.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the (Florida) Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 23, 2017, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. Prior year comments that have not been resolved are repeated and updated below.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. Such recommendations were noted to improve financial management.

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- 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, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)5.c. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
- Pursuant to Section 10.554(1)(i)5.d., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this District (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated June 23, 2017, included herein.

**PRIOR YEAR COMMENTS:**

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

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

During the 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. However, we noted the District did implement a new timekeeping software. This issue, also, is specifically related to the prior Chief's contract being vague as to payment for time off versus the recording of actual time taken off.

**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. However, the District has purchased accounting software (QuickBooks) that is being used in fiscal year 2017, that will likely eliminate this issue.

**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. However, the District has purchased accounting software (QuickBooks) that is being used in fiscal year 2017, that will likely eliminate this issue.

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

During the 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. We, further, recommend that the District obtain a legal opinion specifically addressing the intended use of impact fees by specific intended asset purchase prior to purchase rather than on a general purchase basis. The Board should not approve an asset purchase using Impact Fees without a written legal opinion in hand related to the specific asset purchase.

**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:

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

- 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.

**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.

**Current Year Addendum:** Some improvements were noted. We noted during the audit, the District deleted assets in the current year that were approved deletions in the prior year. However, we continue to recommend the fixed asset listing be reconciled monthly to the general ledger and capital outlay expense account and between the General Fund and Impact Fee Fund. Great effort was required this year during the audit to reconcile these accounts.

**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 the policies and procedures with respect to benefits of key employees and officers and ensure adherence to written policies as it specifically related to compensation and paid time off.

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

- Review key internal controls with the management team and understand how these controls will be tested, maintained and monitored during the year.

We recommend the Board require the Staff provide, as part of the monthly board packet, the following:

- Month and year to date budget vs. actual statement by budgeted line item for each fund
- Balance sheet by fund
- Monthly check register
- Copies of bank reconciliation by account
- Use of impact fee schedule

The Board should approve the package and note such approval in the official Board Minutes.

**CURRENT YEAR COMMENTS:**

**2016-01 Fixed Assets Must Have Permanent Tag Numbers**

During the audit, we noted eight (8) out of twenty-five (25) fixed assets selected for testing did not have permanent tag (markings) numbers. Per Florida Administrative Code 691-73.004, each fixed asset shall be permanently marked with the identification number assigned to that fixed asset to establish its identity and ownership by the governmental unit holding title to the fixed asset.

We recommend all fixed assets be properly marked.

**2016-02 Audited Budget Carryforward Not Included in Budget**

During the audit, we noted that the amended budget did not include the prior year's audited fund balance carryover per Florida Statute 189.016(3).

We recommend the District include in its annual budget the estimated carryforward from prior year. Once the audit is completed for the prior year, the budget of the current fiscal year should be officially amended to update the estimated carryforward to the audited balance.

**2016-03 Fund Balance Should Be Assigned for Specific Purposes**

During the audit, we noted the District did not specifically assign its fund balance for specific purposes. All assignment of fund balance should be correlated with the District's five year plan and include amounts for items such as emergencies, capital replacements, and operations (approximately 3 months). For example, we noted

**2016-03 Fund Balance Should Be Assigned for Specific Purposes (continued)**

approved line items assigned for "accrued liabilities and disaster" which are not specific. Specifically, we recommend the District approve an assignment of 30 to 45 days for an emergency reserve at a minimum.

**2016-04 Documentation in Personnel Files Should Be Improved**

During our testing of payroll, we noted that three (3) of the twenty-five (25) employees tested did not have completed I-9's documented in the respective personnel files.

We recommend that completed I-9's be maintained in the respective personnel file or other file for all District employees.

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

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

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

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

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

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

**2016-06 Single Audit Findings**

See the Schedule of Findings and Questioned costs.

**2016-07 Consideration Should be Given to Specific Details in Any Future Chief's Contract**

We reported in the past and continue to note that the previous Chief's contract did not clearly state how paid time off was earned, accrued and paid. Further, it was not clear what circumstances constituted time off. The combination of these two issues made it vague as to the amount of paid time off was properly due the Chief.

We recommend any future contract clearly describe how paid time off was to be earned, accrued, used and paid.

**2016-08 Responsibility for Administering the Single Audit Should be Determined and Assigned**

The District is receiving and must administer the SAFER and other grants. During the current audit, we determined the District was improperly filing the SAFER reimbursement requests. North Collier Fire Control and Rescue District volunteered to correct the District reporting.

The Board should designate a specific individual or position to administer the grant and related reporting. Additionally, reimbursement requests should be reviewed by responsible staff or Board member to ensure accuracy. We recommend the District immediately take action on this item.

It should be noted this comment is related to the Finding 2016-06.

**2016-09 The District's Construction in Progress (CIP) Account Should be Reviewed**

During the audit, we noted the District expended impact fees for design of a new station. We were told the project has been put on hold and possibly scrapped.

As such, the Staff and Board should analyze the recorded costs and determine any future value. Those costs determined to be of no future value should be submitted to the Board for formal action. The Board should formally vote to write off those costs.

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

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

June 23, 2017

**EXHIBIT**



# Immokalee Fire Control District

502 New Market Road East, Immokalee, FL. 34142

Michael J. Choate, Interim Fire Chief

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June 26, 2017

Commissioners, Tuscan & Company, et al.;

The following is the response drafted by this administration to the accountant's report on compliance and Auditor's report to management from the audit performed for the period ending September 30, 2016. With the recent change in administrations, frankly comes an undue burden to rectify these problem areas. Please note that considerable considerations have been taken here. We will work tirelessly to rectify these issues and bring our fire district back into compliance.

**2014-01 Compensated Absences Should be Monitored for all Employees**

We have purchased and put into place a time keeping software called "Plan-it." All employees including the Chief will have their time tracked in this new software.

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

We've purchased software named "Quick books," now all transactions for the Impact Fee fund will be tracked and all checks will cut through the same Quick Books software.

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

In prior years this was tracked manually by staff. The purchase of Quick Books will allow us to maintain a check register in an electronic version with separation of duties performed for all Impact Fee Expenditures.

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

Suggest we obtain a letter of justification from an attorney for all purchases of Impact Fees. Further, suggest that all capital expenditures be purchased out of general revenue initially. Once receipt of justification letter, funds be transferred from Impact Fees back into the general fund for reimbursement.

**2014-05 Material Weakness; Reconciliation of Fixed Assets and Accounting Software Should be Performed Monthly**

This administration will continue to apply great effort to resolve all monthly reconciliations. We will ensure staff reconciles the first of each month for the prior month.

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

All recommended items per auditor's request will be placed in Commissioners packets for review 7 days prior to the public meeting each month.



**2016-01 Fixed Assets Must Have Permanent Stickers**

Currently we have an employee contracted for three days a week that performs multiple task including fixed asset inventory. All fixed assets will be inventoried to ensure that they are properly marked and we will work together as a team moving forward to comply with the Florida Administrative code.

**2016-02 Audited Budget Carried Forward Not Included in Budget**

All budget responsibilities are under new administration. Current administration will ensure all budget amendments will include the carry-forward line item as part of the total amendment.

**2016-03 Fund Balance Should be Assigned for all Purposes**

All budget responsibilities are under new administration. Current administration will ensure that appropriate fund balances will be assigned appropriately and for specific purposes.

**2016-04 Documentation and Personnel Files Should be Improved**

All personnel files will be promptly inventoried to ensure compliance.

**2016-05 District Accounting and Reporting Responsibilities Should be Determined and Assigned**

This administration is currently working with the administration with North Collier Fire Control Rescue District on an inter-local agreement. This agreement will include all accounting functions. Further, this administration will work with the Board to ensure proper and timely information is presented for financial decisions.

**2016-06 Single Audit Findings**

The District will ensure all single audit reporting is timely and accurate. See Pages 63 and 64 of the audit report.

**2016-07 Consideration Should be Given to Specific Details in Any Future Chief's Contract**

Speaking for this administrator, the next Chief contract has been drafted and is very clear on how time is earned, accrued, carried and paid.

**2016-08 Responsibility for Administrating the Single Audit Should be Determined and Assigned**

This administration is currently working with the administration with North Collier Fire Control Rescue District on an inter-local agreement. This agreement will include all grant management functions. Until that takes effect, the grant responsibilities are under new administration. Current administration will ensure compliance with grant management and reimbursements.

**2016-09 The Districts' Construction in Progress (CIP) Account Should be Reviewed**

The District is under new administration, current administration is in the process of re-prioritizing all CIP projects. Funds previously spent may be able to remain ear-marked for projects initially approved for.

Should you have any further questions or concerns on any of the topics discussed, please feel free to contact me at any time.

Respectfully,

Michael J. Choate  
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