

**BONITA SPRINGS FIRE CONTROL
AND RESCUE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2016**

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	3 - 9
 BASIC FINANCIAL STATEMENTS	
 GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	10
Statement of Activities.....	11
 FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet.....	12
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	15
Fiduciary Funds	
Firefighters' Pension Plan	
Statement of Fiduciary Net Position.....	16
Statement of Changes in the Fiduciary Net Position.....	17
General Employee Pension Plan	
Statement of Fiduciary Net Position.....	18
Statement of Changes in the Fiduciary Net Position.....	19
Retiree Insurance Trust Fund (VEBA)	
Statement of Fiduciary Net Position.....	20
Statement of Changes in the Fiduciary Net Position.....	21
 NOTES TO THE FINANCIAL STATEMENTS.....	 22 - 80
 REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A	
 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	
	81
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	
	82 - 85
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	
	86
Schedule of the District's Proportionate Share of the Net Pension Liability- Florida Retirement System.....	
	87
Health Insurance Subsidy.....	
	88
Schedule of Changes in Net Pension Liability and Related Ratios	
Firefighters' Pension Trust Fund.....	
	89
General Employees' Pension Trust Fund.....	
	90

TABLE OF CONTENTS

	<u>Page(s)</u>
Notes to the Schedule of Changes in Net Pension Liability and Related Ratios.....	91
Schedule of Contributions	
Florida Retirement System.....	92
Health Insurance Subsidy.....	93
Firefighters' Pension Trust Fund.....	94
General Employees' Pension Trust Fund.....	95
Components of Pension Expense	
Firefighters' Pension Trust Fund.....	96
General Employees' Pension Trust Fund.....	97
 ADDITIONAL REPORTS OF INDEPENDENT AUDITOR	
Independent Auditor's Report on Internal Control over Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	98 - 99
Management Letter.....	100 - 102
Management Letter Response.....	103
Independent Accountant's Examination Report.....	104

Independent Auditor's Report

Honorable Board of Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Bonita Springs Fire Control and Rescue District, (the "District") as of and for the fiscal 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as provided 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
June 27, 2017

Bonita Springs Fire Control & Rescue District, Florida

Management's Discussion and Analysis (Unaudited)

This discussion and analysis of the Bonita Springs Fire Control & Rescue District's (the "District") financial statements are designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2016. The basic financial statements are comprised of the government-wide financial statements, governmental and fiduciary fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- The Governmental Accounting Standards Board (GASB) statement 68- which requires governments providing defined benefit pensions (1) to recognize their long-term obligations for pension benefits as a liability on the balance sheet for the first time, (2) more comprehensively and comparably measure the annual costs of pension benefits and (3) enhance note disclosures and Required Supplementary Information for pension plans.
- At the close of fiscal year 2016 the District's assets exceeded its liabilities, resulting in a net position of \$4,249,501.
- The District's total net position increased \$2,685,040 or 63.1 percent, in comparison to prior year.
- The District had \$8,486,964 of assigned fund balances and \$2,423,855 of unassigned net fund balance that can be used to meet the District's ongoing obligations.
- Total revenues increased \$1,297,135, or 6.4 percent, in comparison to prior year.
- Total expenses increased \$595,708 or 3.1 percent, in comparison to prior year.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 10 and 11) are intended to allow a reader to assess a Government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The Statement of Net Position (Page 10) presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. The District's capital assets (property, plant and equipment) are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities (Page 11) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements

The accounts of the District are organized on the basis of governmental 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. 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.

Governmental fund financial statements (found on pages 12 and 14) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Fiduciary Fund Financial Statements

Fiduciary funds reflect the net assets available for the District's firefighter retirement plan, the general employees plan and the retiree insurance trust fund plan, as well as the related financial activity. These assets are not available to fund the District's operations, but are held strictly to fund the respective retirement benefits.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 22. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year.

The following is a condensed summary of net assets for the primary government for fiscal years 2015 and 2016:

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2016**

	2015	2016
ASSETS		
Current assets	\$ 9,682,028	\$ 11,383,576
Capital assets	15,819,062	15,533,096
Total Assets	<u>25,501,090</u>	<u>26,916,672</u>
Deferred Outflows of Resources	4,435,704	8,011,048
LIABILITIES		
Current liabilities:	1,069,313	835,606
Noncurrent liabilities:	26,140,271	28,509,018
Total Liabilities	<u>27,209,584</u>	<u>29,344,624</u>
Deferred Inflows of Resources	1,162,749	1,333,595
NET POSITION		
Investment in capital assets, net of related debt	12,790,258	12,859,571
Restricted for:		
Capital projects	94,086	84,487
Unrestricted	<u>(11,319,883)</u>	<u>(8,694,557)</u>
Total Net Position	<u>\$ 1,564,461</u>	<u>\$ 4,249,501</u>

Current and other assets represent 42.2 percent of total assets. Current assets are comprised of unrestricted cash and investment balances of \$11,326,635, restricted cash of \$56,941. The balances of unrestricted cash represent amounts that are available for spending at the District's discretion. Restricted cash balances are comprised of impact fee funds, which are restricted for the purchase of capital assets. The District is using the Impact fees to pay off the loan which was used to build Station 4.

The investment in capital assets, net of related debt represent 302.1 percent of net position and are comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The balance of net position restricted for capital projects is impact fees. The unrestricted net position of (\$8,694,557) represents the impact of reporting GASB 68 requirements on the financial statements this year.

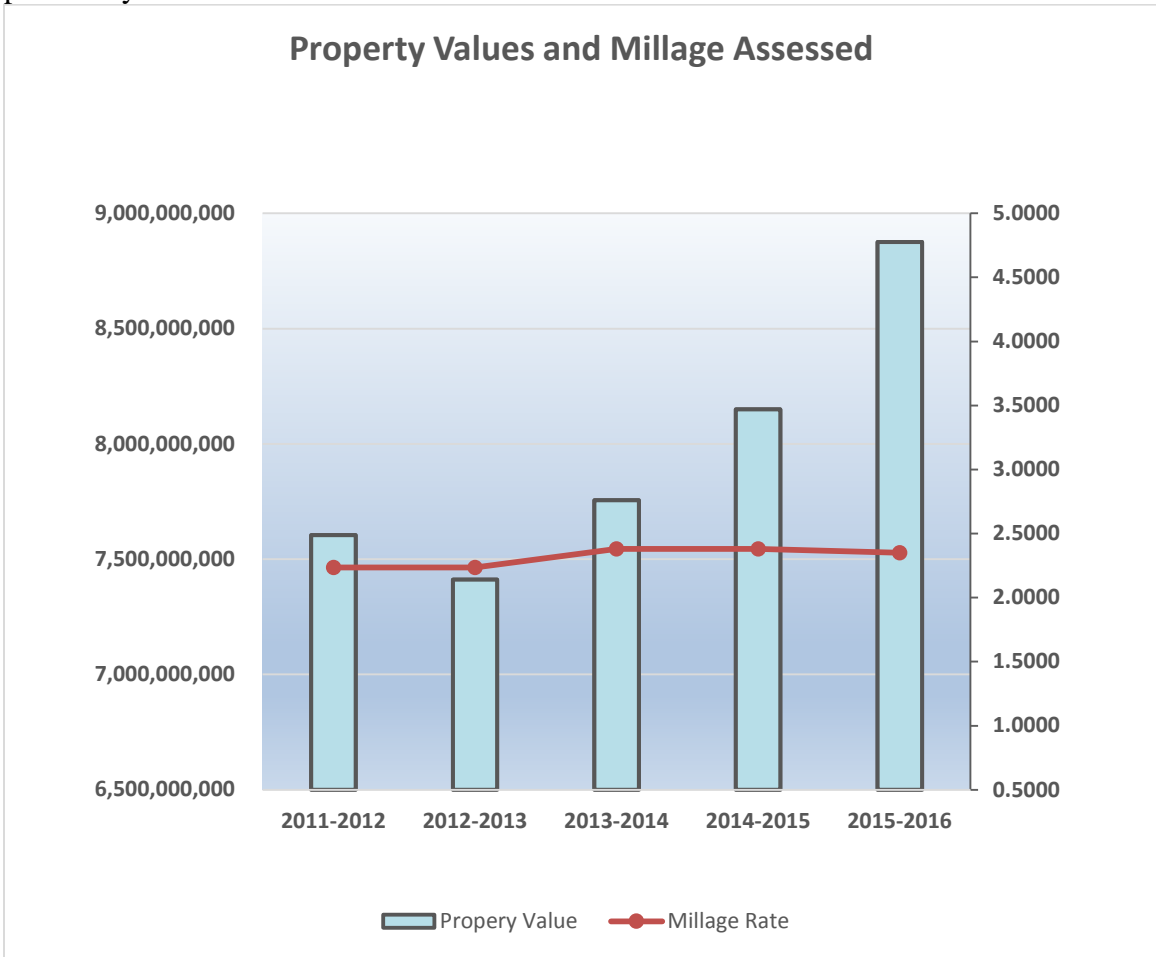
The following schedule reports the revenues, expenses, and changes in net position for the District for the current and previous fiscal year.

Bonita Springs Fire Control and Rescue District
Summary of Revenues, Expenses, and Changes in Net Position
September 30, 2016

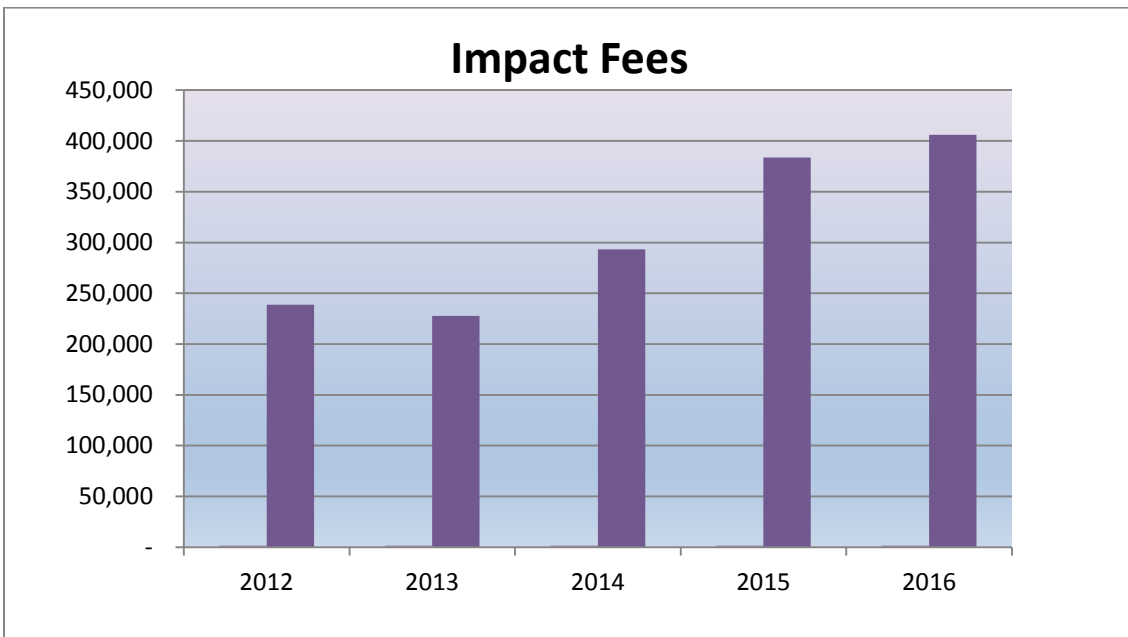
REVENUES	2015	2016
Ad Valorem taxes	\$ 18,844,235	\$ 20,183,301
Intergovernmental	39,763	41,190
Charges for services	628,947	562,726
Impact fees	383,795	406,025
Investment earnings	37,636	29,820
Gain on Disposal Cap Assets	-	1,700
Other	100,364	107,112
Total Revenue	<u>20,034,740</u>	<u>21,331,874</u>
EXPENDITURES		
Public safety-Fire and Rescue Services	<u>21,725,360</u>	<u>18,646,834</u>
(Decrease)/Increase in net position	(1,690,620)	2,685,040
Net Position- Beginning of the year	(2,801,121)	1,564,461
Prior Period Adjustment	6,176,973	-
Net Position- October 1, 2014, restated	3,255,081	-
Net Position- End of the year	<u>\$ 1,564,461</u>	<u>\$ 4,249,501</u>

Assessed property value increased 8.91 percent; the District assessed a millage rate of 2.3500. The increased revenue was needed to replace outdated equipment, and for the construction of Station 26 located East Bonita Beach Road. Total expenses decreased \$3,078,526 or 14.2 percent, in comparison to prior year.

The following schedule compares the change in property value and millage rates for the past five years.



Impact fees increased \$22,229, or 5.8 percent, in comparison to the prior year. The increase of Impact Fees shows the increase of new construction within the District’s boundaries continues.



Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 81 through 86.

Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable assets include buildings, improvements other than buildings, office equipment, machinery & equipment and vehicles.

The following is a schedule of the District's Capital Assets as of September 30, 2016.

**Bonita Springs Fire Control & Rescue District
Capital Assets
September 30, 2016**

CAPITAL ASSETS	2015	2016
Land	\$ 2,699,136.00	\$ 2,699,136.00
Construction in progress	-	84,232
Total Capital Assets not depreciated	<u>2,699,136</u>	<u>2,783,368</u>
Buildings	14,873,517	14,873,517
Office equipment	524,099	573,300
Vehicles	4,253,114	4,454,835
Machinery & equipment	2,316,859	2,567,009
Total Capital Assets being depreciated	<u>21,967,589</u>	<u>22,468,661</u>
ACCUMULATED DEPRECIATION		
Buildings	(4,869,482)	(5,395,211)
Office equipment	(448,194)	(421,242)
Vehicles	(2,111,169)	(2,353,142)
Machinery & equipment	(1,418,818)	(1,549,338)
Total accumulated depreciation	<u>(8,847,663)</u>	<u>(9,718,933)</u>
CAPITAL ASSETS, NET	<u>\$ 15,819,062</u>	<u>\$ 15,533,096</u>

Noteworthy capital asset purchases or projects that took place in fiscal year 2016 were as follows:

- The District leased property on Hickory Boulevard for a satellite, which incurred remodeling, and the purchase of a new engine and equipment for the station.
- The District purchased replaced various items of equipment such as:
 - Vehicle extrication equipment,
 - Updated the communications in the emergency vehicles with mobile data terminals to include vehicle locators,
 - Updated computers and software,
 - Replaced thermal imaging cameras for emergency vehicles,
 - Replaced bunker gear for suppression employees,

- Prepaid for a new 107 foot ladder truck

Additional information on the District’s capital assets can be found in Note D on pages 36 and 37.

Debt Administration

At September 30, 2016, the District had \$28,871,867 of outstanding debt. The following is a schedule of the District’s outstanding debt at September 30, 2016.

Net pension liability	\$	23,840,260
Note payable		2,673,525
Retiree health insurance		1,614,105
Compensated absences		743,977
Total	\$	28,871,867

The Impact Fee Fund and the General Fund are currently using funds in an amount equal to the principal and interest owed on the Station #4 Note Payable for payment of the debt. The Station #4 Note Payable will be repaid in fiscal year ending September 30, 2023. Retiree Health Insurance is the actuarially estimated Net OPEB (Other Postemployment Benefits) obligation at the end of the year. The Net Pension Liability reporting requirement is a new Governmental Accounting Standards Statement 68, requiring that the District record the actuarially determined liability on the District’s financial statements. The current amount reported as compensated absences decreased \$10,753 or 1.4 percent. This liability represents the total amount the District has due at the termination of all employees’ employment.

Economic Factors and Next Year’s Budget Rates

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

- Property values increased by \$860 million or 9.69% to \$9.7 billion. The District assessed a millage rate of 2.3500.
- The District adopted a capital improvement plan for the 2016-2017 Budget to assist in replacement of capital assets and long term budgeting for the future growth of the District.
- The District is also being mindful of additional community needs as construction is continuing to grow.
- Personnel received a 2% increase in wages.

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: Bonita Springs Fire & Rescue District, Lisa Gendron, Administration-Finance Director, 27701 Bonita Grande Drive, Bonita Springs, Florida, 34135, phone (239) 390-7953.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 10,064,467
Cash and cash equivalents - restricted	56,941
Account Receivable	863
Pre Paid Expenses	139,558
Other Assets	898,600
Due from other governments	223,147
Total current assets	<u>11,383,576</u>
Noncurrent assets:	
Capital assets:	
Land	2,699,136
Construction in Progress	84,232
Depreciable buildings, equipment, office equipment and vehicles (net of \$9,718,933 accumulated depreciation)	<u>12,749,728</u>
Total noncurrent assets	<u>15,533,096</u>
TOTAL ASSETS	26,916,672
DEFERRED OUTFLOW OF RESOURCES	
Related to pensions	<u>8,011,048</u>
Total Deferred Outflow of Resources	<u>8,011,048</u>
LIABILITIES	
Current liabilities:	
Accounts payable	161,108
Accrued expenses	311,649
Current portion of long-term obligations	<u>362,849</u>
Total current liabilities	835,606
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>28,509,018</u>
TOTAL LIABILITIES	29,344,624
DEFERRED INFLOW OF RESOURCES	
Related to pensions	<u>1,333,595</u>
Total Deferred Inflows of Resources	<u>1,333,595</u>
NET POSITION	
Investment in capital assets, net of related debt	12,859,571
Restricted for:	
Capital projects	84,487
Unrestricted	<u>(8,694,557)</u>
TOTAL NET POSITION	<u>\$ 4,249,501</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2016

EXPENSES

Governmental Activities	
Public Safety - Fire Protection	
Personal services	\$ 15,755,932
Operating expenses	1,822,977
Depreciation	987,999
Loss on the disposition of capital assets	19,441
Interest and fiscal charges	60,485
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>18,646,834</u>
Charges for services	439,332
Operating Grants and Contributions	1,100
NET PROGRAM EXPENSES	<u>18,206,402</u>

GENERAL REVENUES

Ad Valorem taxes	20,183,301
State supplemental compensation	40,090
Impact fees	406,025
Interest	29,820
Gain on the disposition of capital assets	1,700
Other	230,506
TOTAL GENERAL REVENUES	<u>20,891,442</u>
INCREASE(DECREASE) IN NET POSITION	2,685,040

NET POSITION - October 1, 2015 1,564,461

NET POSITION - September 30, 2016 \$ 4,249,501

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2016

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and Cash Equivalents	\$ 10,064,467	\$ -	\$ 10,064,467
Cash and Cash Equivalents - Restricted	-	56,941	56,941
Accounts receivable	863	-	863
Due from other governments	195,601	27,546	223,147
Prepaid Expenses	139,558	-	139,558
Other Assets-General	898,600	-	898,600
TOTAL ASSETS	<u>\$ 11,299,089</u>	<u>\$ 84,487</u>	<u>\$ 11,383,576</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 161,108	\$ -	\$ 161,108
Accrued expenses	311,649	-	311,649
TOTAL LIABILITIES	<u>472,757</u>	<u>-</u>	<u>472,757</u>
 FUND BALANCES			
Restricted: Capital additions	-	84,487	84,487
Assigned:			
Operations	4,670,766	-	4,670,766
Emergency/disaster	286,459	-	286,459
Insurance	480,000	-	480,000
Future Capital Planning	2,422,082	-	2,422,082
Debt Service	415,764	-	415,764
Radio/Car seat	127,406	-	127,406
Assigned	<u>8,402,477</u>	<u>84,487</u>	<u>8,486,964</u>
Unassigned	2,423,855	-	2,423,855
TOTAL FUND BALANCES	<u>10,826,332</u>	<u>84,487</u>	<u>10,910,819</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,299,089</u>	<u>\$ 84,487</u>	<u>\$ 11,383,576</u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2015**

Total fund balances for governmental funds \$ 10,910,819

Amounts reported for governmental activities in the statement of net assets 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	\$ 2,699,136	
Construction in Progress	84,232	

Governmental capital assets being depreciated:

Building, Equipment and Vehicles	22,468,661	
Less accumulated depreciation	<u>(9,718,933)</u>	
		15,533,096

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	8,011,048	
Deferred inflows related to pensions	<u>(1,333,595)</u>	
		6,677,453

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Notes payable	(2,673,525)	
OPEB	(1,614,105)	
Compensated absences	(743,977)	
Net pension liability	<u>(23,840,260)</u>	
		<u>(28,871,867)</u>

Total net position of governmental activities \$ 4,249,501

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
September 30, 2016

	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Ad Valorem taxes	\$ 20,183,301	\$ -	\$ 20,183,301
State supplemental compensation	40,090	-	40,090
Grant- Boat	1,100	-	1,100
Fees:			
Inspection fees	362,619	-	362,619
Impact fees	-	406,025	406,025
Fire flow fees	1,815	-	1,815
Fleet maintenance	69,572	-	69,572
CPR classes	5,326	-	5,326
Disposition of fixed assets	1,700	-	1,700
USAR reimbursement	322	-	322
Facilities rental	123,394	-	123,394
Interest	29,681	139	29,820
Insurance proceeds	5,865	-	5,865
Other	100,925	-	100,925
TOTAL REVENUES	<u>20,925,710</u>	<u>406,164</u>	<u>21,331,874</u>
EXPENDITURES			
Public safety			
Personal services	16,273,575	-	16,273,575
Operating expenditures	1,979,186	-	1,979,186
Capital outlay	720,524	-	720,524
Debt service			
Principal reduction	355,279	-	355,279
Interest and fiscal charges	60,485	-	60,485
TOTAL EXPENDITURES	<u>19,389,049</u>	<u>-</u>	<u>19,389,049</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,536,661	406,164	1,942,825
OTHER FINANCING SOURCES (USES)			
Operating transfers in	415,764	-	415,764
Operating transfers out	-	(415,764)	(415,764)
TOTAL OTHER FINANCING SOURCES (USES)	<u>415,764</u>	<u>(415,764)</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,952,425	(9,600)	1,942,825
FUND BALANCES - October 1, 2015	<u>8,873,908</u>	<u>94,086</u>	<u>8,967,994</u>
FUND BALANCES - September 30, 2016	<u>\$ 10,826,333</u>	<u>\$ 84,486</u>	<u>\$ 10,910,819</u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
September 30, 2016**

Net change (expenditures in excess of revenues and other financing sources) in fund balances - total governmental funds \$ 1,942,825

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

Expenditures for various services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition. 156,207

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. Additionally, dispositions of capital assets resulted in an increase to net assets. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.

Net loss on the disposition of capital assets	\$ (19,441)	
Expenditures for capital assets	720,524	
Depreciation expense	<u>(987,999)</u>	(286,916)

The issuance of debt is reported as a financing source in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, 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):		
Notes payable		355,279

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.

Decrease in Pension Expense	852,114	
Increase in OPEB	(345,222)	
Decrease in compensated absences	<u>10,753</u>	
		<u>517,645</u>
Increase in net position of governmental activities		<u>\$ 2,685,040</u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2016

For the plan year ended date September 30, 2015 and the reporting period of the District for the year ended September 30, 2016.

	Firefighters' Pension Plan
ASSETS	
Cash and Cash Equivalents	\$ 2,235,130
Receivables	344,901
Investments	54,256,804
TOTAL ASSETS	<u>\$ 56,836,835</u>
LIABILITIES AND NET POSITION	
Payables	\$ 6,865
Prepaid Member Contribution	69
TOTAL LIABILITIES	<u>6,934</u>
NET POSITION	
Held in trust for pension benefits and other purposes	56,829,901
TOTAL LIABILITIES AND NET POSITION	<u>\$ 56,836,835</u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2016**

	Firefighters' Pension Plan
	<u>Plan</u>
ADDITIONS	
Contributions:	
Employer	\$ 3,656,157
Plan members	498,703
State of Florida, insurance premiums	567,162
Miscellaneous	-
Total contributions	<u>4,722,022</u>
Investment income:	
Net increase in fair value of investments	3,273,247
Interest and dividends	1,204,774
Net investment income	<u>4,478,021</u>
TOTAL ADDITIONS	<u>9,200,043</u>
DEDUCTIONS	
Actuarial Fees	23,715
Benefits paid	4,128,916
Consultant Fees	15,500
Dues	600
Insurance	4,920
Investment Management Fees	310,351
Legal Fees	4,674
Miscellaneous	5,040
Custodial Fees	10,338
TOTAL DEDUCTIONS	<u>4,504,054</u>
CHANGE IN NET POSITION	4,695,989
NET POSITION - BEGINNING	<u>52,133,912</u>
NET POSITION - ENDING	<u><u>\$ 56,829,901</u></u>

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2016

	General Employees' Retirement System
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 169,655
Receivables	13,078
Investments	2,878,189
TOTAL ASSETS	<u><u> \$ 3,060,922</u></u>
 LIABILITIES AND NET ASSETS	
 Payable to Firefighters' Trust	 \$ 151,964
TOTAL LIABILITIES	<u> 151,964</u>
 NET POSITION	
Held in trust for pension benefits and other purposes	<u> 2,908,958</u>
TOTAL LIABILITIES AND NET POSITION	<u><u> \$ 3,060,922</u></u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2016**

	<u>General Employees' Retirement System</u>
ADDITIONS	
Contributions:	
Employer	\$ 133,167
Plan members	48,551
Total contributions	<u>181,718</u>
Investment income:	
Net appreciation in fair value of investments	134,923
Interest and dividends	58,040
Net investment income	<u>192,963</u>
TOTAL ADDITIONS	<u>374,681</u>
DEDUCTIONS	
Actuarial Fees	9,950
Consultant Fees	7,875
Custodial Fees	4,030
Dues	600
Insurance	1,611
Investment Management Fees	1,268
Legal Fees	2,778
Miscellaneous	1,843
Distributions	294,631
TOTAL DEDUCTIONS	<u>324,586</u>
CHANGE IN NET POSITION	50,095
NET POSITION - BEGINNING	<u>2,858,863</u>
NET POSITION - ENDING	<u><u>\$ 2,908,958</u></u>

The accompanying notes are an integral part of this statement.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 STATEMENT OF FIDUCIARY NET POSITION -
 FIDUCIARY FUNDS
 September 30, 2016**

	Retiree Insurance Trust Fund
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 183,895
Investments	1,677,193
TOTAL ASSETS	<u>\$ 1,861,088</u>
NET POSITION	
Held in trust for VEBA Retiree Health Insurance Benefits	\$ 1,861,088
TOTAL NET POSITION	<u>\$ 1,861,088</u>

Note: VEBA trust was established in September 2010.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2016**

	<u>Retiree Insurance Trust Fund</u>
ADDITIONS	
Contributions:	
Employer	\$ 168,077
Employees	-
Total contributions	<u>168,077</u>
Investment income:	
Realized Gain/(Loss) on sale of investments	(38,732)
Unrealized Gain/(Loss) on sale of investments	136,016
Interest and dividends	<u>33,802</u>
Net investment income	<u>131,086</u>
TOTAL ADDITIONS	<u>299,163</u>
DEDUCTIONS	
Benefits paid	134,591
Administrative Expenses	11,057
Legal Fees	-
Investment Management Fees	<u>15,500</u>
TOTAL DEDUCTIONS	<u>161,148</u>
CHANGE IN NET POSITION	138,015
NET POSITION - BEGINNING	<u>1,723,073</u>
NET POSITION - ENDING	<u><u>\$ 1,861,088</u></u>

Note: VEBA trust was established in September 2010.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Bonita Springs Fire Control and Rescue District (the "District") is an independent special taxing district located in southern Lee County, Florida. The District was originally established by Laws of Florida, Chapter 65-1828 and was then amended several times including Laws of Florida Chapter 97-340, as amended. The District's governing legislation was recreated, re-enacted and codified by Laws of Florida, Chapter 98-464 on May 28, 1998. The District is governed by a five-member elected Board of Commissioners. Commissioners serve on a staggered four-year term basis.

The District provides fire control and protection services, fire safety inspections, code enforcement, fire hydrant maintenance, firefighter training, and fire rescue services as well as advanced life support services. The District operates and maintains five stations with the related equipment. The District employs approximately 103 full-time professional firefighters, administrative staff and Board members.

Summary of Significant Accounting Policies

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

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

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information other than MD&A

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units." This Statement requires the 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 14, as amended, there are no component units required to be included.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

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, as are the pension fund financial statements. 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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33, "Accounting and Financial Reporting for Non-exchange Transactions."

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.

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 for 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 service performed and/or by fees charged such as inspection fees, plan review, flow testing, fleet maintenance, CPR and facilities rental.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

Fund Financial Statements

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 and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds, in aggregate, for governmental funds. The fiduciary statement includes financial information for the firefighters' pension fund. The fiduciary fund represents assets held by the District in a custodial capacity for the benefit of other individuals.

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 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 34. The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

Fiduciary Fund

The pension trust fund accounts for the activities of the Firefighters' Pension Plan and the General Employees' Retirement System Plan. These plans accumulate resources for the pension benefit payments to qualified firefighters and the fire chief and the qualified General Employees respectively. The Retiree Insurance Trust Fund (VEBA) accounts for health insurance for retirees of both the General and Firefighters upon retirement.

Measurement Focus and Basis of Accounting

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

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

Governmental fund financial statements are reported using the current financial resources management 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.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

Measurement Focus and Basis of Accounting, continued

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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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.

Major Funds

The District reports the following major governmental funds:

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

The Impact Fee Fund consists of fees imposed by the City of Bonita Springs and collected by the City based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures associated with growth within the District.

Budgetary Information

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

Investments

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

Investments, including restricted investments, U.S. Government securities, corporate debt securities, and securities of government agencies unconditionally guaranteed by the U.S. Government.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment and vehicles, are reported in the government-wide financial statements in the statement of net position.

The District follows a capitalization policy which calls for capitalization of all fixed assets that have a cost or donated value of \$750 or more and have a useful life in excess of one year.

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 Statement No. 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 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	10-30
Improvements Other Than Buildings	10-20
Equipment	3-20
Vehicles	7-20

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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, which included budgeted expenditures over revenue of \$8,979,973 which was intended to be funded through prior year unreserved, undesignated fund balance.

The District has also adopted an annual budget for the Special Revenue Fund - Impact Fee, which included budgeted revenues over expenditures of \$294,750 which was intended to be funded through prior year fund balance.

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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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

Impact Fees

Through an inter-local agreement, the District levies an impact fee on new construction within the District via a City of Bonita Springs ordinance. The intent of the fee is to pay for capital improvements needed due to the growth within the District. The fee is collected by the City of Bonita Springs and remitted to the District monthly. The fee is refundable if not expended by the District within twenty years from the date of collection. The District therefore records this fee as restricted cash. When the funds are expended they are charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements. Lee County collects any fees that are outside of the City boundaries but are within the District and remits quarterly.

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 personal benefits is recorded in the government-wide financial statements - 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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

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.

Fund Equity

In the governmental fund financial statements, reservation of fund balance indicates amounts that are limited for a specific purpose, not appropriable for expenditure, or are legally segregated for a specific future use. Designations of fund balance represent tentative management plans. Restricted fund balance includes funds limited by enabling legislation (Impact Fees). Assigned fund balance are limited by the intended use and unassigned fund balance indicates funds that are available for current expenditure.

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/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing funds and as reduction of expenditures/expenses in the fund that is reimbursed.

New Accounting Pronouncement

Effective October 1, 2014, the County adopted provisions GASB Statement No. 68, Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE B - CASH AND CASH EQUIVALENTS

Deposits

The District's deposit policy allows deposits to be held in demand deposit accounts. All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2016.

District deposits consist of the following at September 30, 2016:

Unrestricted Cash	Carrying Amount	Bank Balance
Depository Accounts	\$ 10,064,168	\$ 10,262,877
Total Unrestricted Deposits	10,064,168	10,262,877
Petty Cash	300	-
Total Unrestricted Cash	10,064,468	10,262,877
Restricted Cash		
Impact Fee - Depository Account	56,941	56,941
Total Restricted Cash	56,941	56,941
 Total Cash and Cash Equivalents	 <u>\$ 10,121,409</u>	 <u>\$ 10,319,818</u>

These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida. Bank balances approximate market value.

Restricted Cash and Cash Equivalents

The Impact Fee Fund is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisitions associated with growth within the District. Impact fees are collected by the City of Bonita Springs for the District pursuant to an ordinance and District resolution.

NOTE C - INVESTMENTS

Investments were \$61,599,947 at September 30, 2016, of which \$56,829,901 was held in the Firefighters' Pension Plan, \$2,908,958 was held in the General Employees Pension Plan and \$1,861,088 was held in the Retiree Insurance Trust Fund.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE C - INVESTMENTS, CONTINUED

In accordance with GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Purchase Agreements," as amended by GASB Statement No. 40, the District's Investments are categorized as follows to give an indication of the level of risk assumed by the District:

- Category 1 Includes investments that are insured or registered, or securities held by the District or its agents in the District's name, or held by the District's agents in a Depository Trust Company custodial account.
- Category 2 Includes uninsured and unregistered investments held by a counterparty's trust department or agent in the District's name.
- Category 3 Includes uninsured and unregistered investments for which securities are held by a counterparty, its trust department or agent, but not in the District's name.

There were no losses during the period due to default by counterparties to investment transactions, and transactions, and the District had no other types of investments during the year other than those listed below.

	Category 3	Total	Cost
Firefighters' Pension Trust Fund			
Cash & Money Market Funds	\$ 1,512,201	\$ 1,512,201	\$ 1,512,201
Corporate Bonds	15,245,589	15,245,589	15,245,589 *
Corporate Security Equities	25,145,097	25,145,097	25,145,097
Real Estate Investments	4,744,304	4,744,304	4,744,304
Alternative Strategies	2,899,038	2,899,038	2,899,038
RBC Global Mutual Funds	7,283,672	7,283,672	7,283,672
Total Firefighters' Pension Trust Fund	<u>56,829,901</u>	<u>56,829,901</u>	<u>56,829,901</u>
General Employees' Retirement System			
Cash & Money Market Funds	23,936	23,936	23,936
Domestic Equity Composite	1,350,256	1,350,256	1,296,138
International Equity Composite	408,589	408,589	398,933 *
Fixed Income	1,012,104	1,012,104	983,571
Global Fixed Income	114,073	114,073	133,372
Total General Employees' Retirement	<u>2,908,958</u>	<u>2,908,958</u>	<u>2,835,950</u>
Retiree Insurance Trust Fund (VEBA)			
Cash & Money Market Funds	258,739	258,739	258,739
Equities	1,095,474	1,095,474	1,095,474
Fixed Income & Preferreds	492,174	492,174	492,174
Alternatives	14,701	14,701	14,701
Total Retiree Insurance Trust Fund	<u>1,861,088</u>	<u>1,861,088</u>	<u>1,861,088</u>
TOTAL INVESTMENTS	<u><u>\$ 61,599,947</u></u>	<u><u>\$ 61,599,947</u></u>	<u><u>\$ 61,526,942</u></u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE C - INVESTMENTS, CONTINUED

Authorized Plan Investment Limitations:

The following is a summary of investment limitations for the Firefighters' Pension Plan and The General Employees' Retirement System:

	<u>Firefighters' Pension Plan</u>	<u>General Employees' Retirement System</u>
The aggregate investment in common stock, capital stock or convertible securities of any one issuing company shall not exceed the following percentage of the fund assets	5%	5%
The aggregate investment in any one issuing company shall not exceed the following percentage of the outstanding capital stock of that company	5%	5%
The value of bonds issued by any single corporation shall not exceed the following percentage of the total fund	5%	10%
Investments in common stock and convertible bonds shall not exceed the following percentage of the fund assets	70% Market	70% Market
Investments in foreign securities shall not exceed the following percentage of the fund assets	25%	15%

Concentration of Credit Risk:

The investment policies of the Firefighters' Pension Plan and the General Employees' Retirement System contain limitations on the amount that can be invested in any one issuer. There were no individual investments that represented 5% or more of plan net assets at September 30, 2016 for either the Firefighters' Pension Plan or the General Employees' Retirement System.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Firefighters' Pension Plan and General Employees' Retirement System diversify their investment by security type and institution, and limit holdings in any one type of investment with any one issuer with various durations of maturities.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE C - INVESTMENTS, CONTINUED

Information about the sensitivity of the fair values of each Plan's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of each Plan's investment by maturity at September 30, 2016:

Investment Maturities (in years)- Firefighters' Pension Plan

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate Bonds	\$ 15,245,589	\$ 1,457,881	\$ 6,874,991	\$ 5,060,284	\$ 1,855,705
	<u>\$ 15,245,589</u>	<u>\$ 1,457,881</u>	<u>\$ 6,874,991</u>	<u>\$ 5,060,284</u>	<u>\$ 1,855,705</u>

Investment Maturities (in years)- General Employees' Retirement System

<u>Investment Type</u>	<u>Market Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate Bonds	\$ 1,126,177	\$ 71,505	\$ 289,960	\$ 253,070	\$ 511,641
	<u>\$ 1,126,177</u>	<u>\$ 71,505</u>	<u>\$ 289,960</u>	<u>\$ 253,070</u>	<u>\$ 511,641</u>

Note: There is no ownership of the bonds. They are part of a co-mingled fund which the District owns units of the underlying bonds.

Credit Risk:

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The investment policy of the Firefighters' Pension Plan and the General Employees' Retirement System utilized portfolio diversification in order to control this risk.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE C - INVESTMENTS, CONTINUED

The following table discloses credit rating by fixed income investment type at September 30, 2016, if applicable:

	Firefighters' Pension Plan		General Employees' Retirement System	
	Fair Value	Percentage of Portfolio	Fair Value	Percentage of Portfolio
U.S. government guaranteed*	N/A	0.00%	N/A	0.00%
Quality rating of credit risk debt securities				
			<u>Rating</u>	
AAA	\$ 5,919,296	38.83%	AAA	\$ 503,340 44.69%
AA	992,129	6.51%	AA	76,834 6.82%
A	2,889,879	18.96%	A	192,350 17.08%
BBB	4,292,217	28.15%	BBB	275,776 24.49%
BB	674,203	4.42%	BB	46,259 4.11%
B	292,389	1.92%	B	18,121 1.61%
Below B	146,334	0.96%		- 0.00%
NR	34,432	0.23%	NR	13,497 1.20%
Total credit risk debt securities	15,240,879	99.97%		1,126,177 100.00%
Money Market	4,710	0.03%		- 0.00%
Total Bond Fund	<u>\$ 15,245,589</u>	<u>100.00%</u>		<u>\$ 1,126,177</u> <u>100.00%</u>

* Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

Custodial Credit Risk:

This is the risk that in the event of the failure of the counterparty, the Plans will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. Consistent with the each Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE D - 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	\$ 2,699,136	\$ -	\$ -	\$ -	\$ 2,699,136
Construction in Progress	-	84,232	-	-	84,232
Total Capital Assets Not Being Depreciated	<u>2,699,136</u>	<u>84,232</u>	<u>-</u>	<u>-</u>	<u>2,783,368</u>
Capital Assets Being Depreciated:					
Buildings	14,873,517	-	-	-	14,873,517
Equipment & Machinery	2,316,859	322,909	(72,759)	-	2,567,009
Office Equipment	524,099	111,662	(63,411)	950	573,300
Vehicles	4,253,114	201,721	-	-	4,454,835
Total Capital Assets Being Depreciated	<u>21,967,589</u>	<u>636,292</u>	<u>(136,170)</u>	<u>950</u>	<u>22,468,661</u>
Less Accumulated Depreciation:					
Buildings	(4,869,482)	(525,729)	-	-	(5,395,211)
Office Equipment	(448,194)	(36,459)	63,411	-	(421,242)
Vehicles	(2,111,169)	(241,973)	-	-	(2,353,142)
Equipment & Machinery	(1,418,818)	(183,838)	53,318	-	(1,549,338)
Total Accumulated Depreciation	<u>(8,847,663)</u>	<u>(987,999)</u>	<u>116,729</u>	<u>-</u>	<u>(9,718,933)</u>
Total Capital Assets Being Depreciated, Net	<u>13,119,926</u>	<u>(351,707)</u>	<u>(19,441)</u>	<u>950</u>	<u>12,749,728</u>
Capital Assets, Net	<u>\$ 15,819,062</u>	<u>\$(267,475)</u>	<u>\$ (19,441)</u>	<u>\$ 950</u>	<u>\$ 15,533,096</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE D - CAPITAL ASSETS ACTIVITY, CONTINUED

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

General Government	<u>\$ 987,999</u>
Total Depreciation Expense	<u><u>\$ 987,999</u></u>

NOTE E - LONG-TERM LIABILITIES

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

	Balance October 1, 2015	Additions	Retirements / Adjustments	Balance September 30, 2016	Amounts Due Within One Year
Note Payable (2)	\$ 3,028,804	\$ -	\$ (355,279)	\$ 2,673,525	\$ 362,849
OPEB	1,268,883	345,222	-	1,614,105	-
Net Pension Liability	21,443,133	2,397,127	-	23,840,260	-
Compensated Absences	754,730	262,979	(273,732)	743,977	-
	<u>\$26,495,550</u>	<u>\$ 3,005,328</u>	<u>\$ (629,011)</u>	<u>\$ 28,871,867</u>	<u>\$ 362,849</u>

During the year ended September 30, 2016, \$415,764 was transferred from the Impact Fee fund, to pay the principal of \$355,279 and interest of \$60,485 on the \$3,775,787 re-financed note payable.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE E - LONG-TERM LIABILITIES, CONTINUED

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

On July 26, 2013, the District refinanced the original promissory note, Series 2003 for \$3,775,787, payable monthly to a financial institution in the amount of \$34,647, including interest at 2.11%. The note is uncollateralized. Final maturity is August 15, 2023.	\$ 2,673,525
OPEB	1,614,105
Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	743,977
Net Pension Liability	
Firefighter Pension	\$ 23,518,960
General Pension	215,417
Florida Retirement System	95,123
Florida Retirement System Health Insurance Subsidy	10,760
	<u>23,840,260</u>
Total Liabilities	28,871,867
Less Current Portion	(362,849)
Total Long Term Liabilities	<u><u>\$ 28,509,018</u></u>

The annual debt service requirements at September 30, 2016 were as follows:

Year Ending September 30	Note Payable (1)		Total
	Principal	Interest	
2017	\$ 362,849	\$ 52,915	\$ 415,764
2018	370,579	45,185	415,764
2019	378,474	37,290	415,764
2020	386,538	29,226	415,764
2021	394,773	20,991	415,764
2022	403,184	12,580	415,764
2023	377,128	3,990	381,118
Total Notes Payable	<u>\$ 2,673,525</u>	<u>\$ 202,177</u>	<u>\$ 2,875,702</u>

(1) Debt service is paid from Impact Fees which are transferred to and paid via the General Fund.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - RETIREMENT PLANS

The following three retirement plans have been established by the District:

- Plan 1 - Florida Retirement System (FRS) - Elected Officials
- Plan 2 - Firefighters' Pension Trust Fund (Florida Statute 175)
- Plan 3 - General Employees' Retirement System

Employee participation in a specific plan is based on the respective employee's classification.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System

General Information - All District Board of Commissioners members, beginning January 1, 2002, participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan ("Pension Plan") and the Retiree Health Insurance Subsidy ("HIS Plan").

Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan ("Investment Plan") alternative to the FRS Pension Plan, which is administered by the State Board of Administration ("SBA"). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, District government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

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

Pension Plan

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

Elected District Officers Class- Members who hold specified elective offices in local government.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Pension Plan, continued

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Elected Officers class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Elected Officers' class members. The final average compensation for all these members will be based on the eight highest years of salary.

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

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

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Pension Plan, continued

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2015 through June 30, 2016 and from July 1, 2016 through September 30, 2016, respectively, were as follows: Elected Officers'--42.27% and 42.47%; and DROP participants--12.88% and 12.99%. These employer contribution rates include 1.66% HIS Plan subsidy for the period of October 1, 2015 through September 30, 2016. Other than DROP participants, these employer contribution rates include .04% and .06 administrative fee for the periods October 1, 2015 through June 30, 2016 and July 1, 2016 through September 30, 2016, respectively.

The District had no contributions to the Pension Plan for the fiscal year ended September 30,

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the District reported a liability of \$95,123 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The District's proportionate share of the net pension liability was based on the District's 2015-16 fiscal year contributions relative to the 2014-16 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was 0.000377%, which was a decrease of 0.00002% from its proportionate share measured as of June 30, 2015.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Pension Plan, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued - For the fiscal year ended September 30, 2016, the District recognized pension expense of \$334, excluding HIS. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differenes between expected and actual experience	\$ 7,283	\$ 886
Changes of assumptions	5,755	-
Net difference between projected and actual earnings on Pension Plan investments	24,588	-
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	34,444	1,924
District Pension Plan contributions subsequent to the measurement date	1,945	-
Total	\$ 74,015	\$ 2,810

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Pension Plan, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued - The deferred outflows of resources related to the Pension Plan, totaling \$1,945 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ended September 30:</u>	<u>Amount</u>
2017	\$ 14,289
2018	14,289
2019	23,875
2020	14,515
2021	1,963
Thereafter	329

Actuarial Assumptions – The total pension liability in the July 1, 2015 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	0.026
Salary increases	3.25%, average, including inflation
Investment rate of return	7.60%, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, updated to better anticipate expected future experience for those members while in FRS covered employment.

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 F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Pension Plan, continued

Actuarial Assumptions - 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%	3.00%	3.00%	0.017
Fixed income	18.00%	4.70%	4.60%	0.046
Global equity	53.00%	8.10%	6.80%	0.172
Real estate (property)	10.00%	6.40%	5.80%	0.12
Private equity	6.00%	11.50%	7.80%	0.3
Strategic investments	12.00%	6.10%	5.60%	0.111
Assumed Inflation - Mean		2.60%		0.019

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

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

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Pension Plan, continued

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

	1% Decrease	Discount Rate	1% Increase
	6.60%	7.60%	8.60%
District's proportionate share of the net pension liability/(asset)	\$ 175,128	\$ 95,123	\$ 28,530

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

Payables to the Pension Plan - At September 30, 2016, the District had no outstanding contributions to the Pension Plan.

HIS Plan

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

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

HIS Plan, continued

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

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2016, the HIS contribution for the period October 1, 2015 through September 30, 2016 was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District's contributions to the HIS Plan totaled \$448 for the fiscal year ended September 30, 2016.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2016, the District reported a liability of \$10,760 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by 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 2014-15 fiscal year contributions of all participating members. At June 30, 2016, the District's proportionate share was .000092321%, which was a decrease of 0.00001% from its proportionate share measured as of June 30, 2015.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

HIS Plan, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the fiscal year ended September 30, 2016, the District recognized HIS expense of \$334. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differenes between expected and actual experience	\$ -	\$ 25
Changes of assumptions	1,688	-
Net difference between projected and actual earnings on Pension Plan investments	5	-
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	-	669
District Pension Plan contributions subsequent to the measurement date	100	-
Total	\$ 1,793	\$ 694

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

HIS Plan, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - The deferred outflows of resources related to the HIS Plan, totaling \$100 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

<u>Fiscal Year Ended September 30:</u>	<u>Amount</u>
2017	\$ 186
2018	186
2019	185
2020	185
2021	145
Thereafter	112

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

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

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, updated to better anticipate expected future experience for those members while in FRS covered employment.

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 F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

HIS Plan, continued

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

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

	1% Decrease 1.85%	Discount Rate 2.85%	1% Increase 3.85%
District's proportionate share of the net pension liability/(asset)	\$ 12,344	\$ 10,760	\$ 9,445

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

Payables to the HIS Plan - At September 30, 2016, the District reported \$33 payable in outstanding contributions to the HIS Plan.

Investment Plan

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

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Investment Plan, continued

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. Board 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 District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2015-16 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, District Elected Officers class--11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for 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 five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-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 Board.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 1 - Plan Description and Provisions - Florida Retirement System, continued

Investment 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 Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The District's Investment Plan pension contributions totaled \$11,377 for the fiscal year ended September 30, 2016, excluding HIS.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund

The following brief description of the Bonita Springs Fire Control and Rescue District Firefighters' Pension Plan (the "Plan") is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. Under the authority of Florida Statute 175 and Laws of Florida, Chapter 95-338, the District's Board of Commissioners passed Resolution 95-05-30 and subsequently amended the Plan through resolutions 02-03-07, 03-10-15, 05-01-01, 05-12-06, 07-03-01 07-08-02, 08-05-03, 09-07-02, 10-04-02, 10-04-03, 10-04-04, 10-04-05, 11-08-04, 11-09-05, 13-04-04 and 16-09-03 to provide for the establishment and funding of a single-employer defined benefit retirement plan and trust for all full-time eligible certified firefighter personnel. The resolution establishes that all full-time eligible certified firefighters employed on May 30, 1995 and all full-time eligible certified firefighters hired thereafter are to become participants in the Districts' Firefighters' Pension Trust Fund. The Plan is totally administered, including all investment management, by the Plan's appointed Pension Board or its designee. The Board has designated a third party investment manager.

The Plan provides for full-time eligible certified firefighting personnel to become eligible to participate in the Plan immediately upon hire and successful completion of a medical examination. Employees are eligible for normal retirement at the earlier of the attainment of age 50 with 25 years of creditable services or attainment of age 55 with 10 years of credited service. Employees may elect early retirement after 10 years of creditable service and attainment of age 50 with a reduction in benefit not to exceed 3% for each year before normal retirement. The Plan also includes certain disability and death benefits.

Contributions

Contributions to the Plan are derived from three sources: employees: 7% of compensation paid by the employee, State funds: (insurance premium tax per Florida Statute Chapter 175) and the employer: remaining amount necessary to meet actuarial funding requirement, however, in no event shall the employer contribution be less than 15%. The State contribution is based on property fire insurance premiums collected within the District and is applied up to an approved "frozen" limit of \$1,000,155. The District (employer) is required to fund the difference each year between the total contributions from all other sources for the year and the total funding cost for the year pursuant to the most recent actuarial valuation of the Plan. The total cost for any year equals total normal cost plus the additional amounts sufficient to amortize the unfunded past service liability over a 30 year period commencing the first year of the Plan's inception.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Plan Description

Any employee who is employed as a police officer or public safety officer.

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two District appointees
- b. Two Members of the Department elected by the Membership, and a
- c. Fifth Member elected by other four and appointed by the District

Plan Membership as of October 1, 2014

Inactive Plan Members or Beneficiaries Currently Receiving	43
Inactive Plan Members Entitled to but Not Yet Receiving B	2
Active Plan Members	76
Total members	<u>121</u>

Benefits Provided

The Plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 55 and 10 years of Credited Service, or age 50 and 25 years of Credited Service

Benefit: 3.58% (3.00% for Firefighters hired after June 1, 2010) of Average Final Compensation times Credited Service.

Early Retirement:

Date: Age 50 and 10 Years of Credited Service.

Benefit: Accrued benefit, reduced 3.0% per year.

Cost of Living Adjustment:

Normal and Early Service Retirees after January 1, 2000 receive 3% annual benefit increases for 17 years (12 years for Firefighters hired after June 1, 2010), commencing one year after retirement.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Plan Descriptions

Benefits Provided, continued

Vesting:

Schedule: 100% after 10 years of Credited Service

Benefit Amount: Member will receive the vested portion of his or her accrued benefit payable at the otherwise Normal Retirement Date.

Disability Retirement:

Service Incurred: Covered from Date of Employment

Non-Service Incurred: 10 years of Credited Service

Benefit accrued to date of disability but not less than 42% of Average Final Compensation (Service Incurred).

Pre-Retirement Death Benefits

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Contributions

Member Contributions: 7% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes. In no event will the District's contribution be less than 15% of the Member's salary.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2016 through September 30, 2016.

The District's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	4.00-10.00%
Discount Rate	7.60%
Investment Rate of Return	7.60%

Mortality Rate: RP-2000 Table with no projection. Disabled lives are set forward 5 years, sufficiently accommodating future mortality improvements.

The actuarial assumptions used in the October 1, 2014 valuation were based on the results of actuarial experience study performed on July 29, 2014 for the period 1995-2013.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

The ranges are combined to produce Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Net Pension Liability, Continued

Actuarial Assumptions, Continued

Best estimated of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Domestic Fixed Income	20%	2.50%
Global Fixed Income	5%	3.50%
Real Estate	10%	4.50%
GTAA	5%	3.50%
Total	100%	

The components of the Net Pension Liability of the District as of September 30, 2015 were as follows:

Total Pension Liability	\$ 75,652,872
Plan Fiduciary Net Position	(52,133,912)
District's Net Pension Liability	\$ 23,518,960

Plan Fiduciary Net Position as a percentage of Total Pension Liability 68.91%

Discount Rate: The Discount Rate used to measure the Total Pension Liability was 7.60 percent. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all period of Projected benefit payments to determine the Total Pension Liability.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Net Pension Liability, Continued

Actuarial Assumptions, Continued

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

	1% Decrease 6.60%	Current Discount Rate 7.60%	1% Increase 8.60%
District's Net Pension Liability	\$32,819,969	\$ 23,518,960	\$15,752,129

Investments

Investment Policy: The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Domestic Fixed Income	20%
Global Fixed Income	5%
Real Estate	10%
GTAA	5%
Total	<u>100%</u>

Concentrations: The Plan did not hold any investment in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return: For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan Investment, net of Pension Plan investment expense, was -0.65 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of Normal Retirement requirements (earlier of Age 55 with 10 years of Credited Service or Age 50 with 25 years of Credited Service.

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: 6.5% annual rate, or actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the rate of return selection is allowed.

The DROP balance as of September 30, 2015 was \$9,928,105.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting period ending September 30, 2015	\$ 71,343,944	\$ 50,022,032	\$ 21,321,912
Changes for a Year:			
Service Cost	1,726,781	-	1,726,781
Interest	5,464,090	-	5,464,090
Differences Between Expected and Actual Experience	(535,327)	-	(535,327)
Contributions-Employer	-	3,786,822	(3,786,822)
Contributions-State	-	585,584	(585,584)
Contributions-Employee	-	463,616	(463,616)
Contributions-Buy Back	2,982	2,982	-
Net Investment Income	-	(329,845)	329,845
Benefit Payments, Including Refunds of Employee Contributions	(2,349,598)	(2,349,598)	-
Administrative Expense	-	(47,681)	47,681
Other Changes	-	-	-
New Changes	<u>4,308,928</u>	<u>2,111,880</u>	<u>2,197,048</u>
Reporting period ending September 30, 2016	<u>\$ 75,652,872</u>	<u>\$ 52,133,912</u>	<u>\$ 23,518,960</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 2 - Plan Description and Provisions - Firefighters' Pension Trust Fund, Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the Sponsor recognized a pension expense of \$3,381,945. On September 30, 2016 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	468,412
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,550,013	-
Employer and State Contributions subsequent to the □ measurement date	4,223,319	-
	<u>\$ 6,773,332</u>	<u>\$ 468,412</u>

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

<u>Year ended September 30:</u>	<u>Deferred Outflows/ (Deferred Inflows)</u>
2017	\$ 501,468
2018	501,468
2019	501,468
2020	777,945
2021	(66,916)
Thereafter	(133,832)

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2016 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200. The Audit Report can also be found on the District website (www.bonitafire.org) under the heading of Finance.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund

Plan Description

The District established a Single-Employer defined retirement benefit plan on December 12, 2005 via Resolution 05-12-07 for its general employees who are not employed as certified firefighters and are not participants in any other District retirement plan. The General Employees' Retirement System (the "Plan") replaced the previous Governmental Money Purchase Plan for General Employees.

The following brief description of the Bonita Springs Fire Control and Rescue District General Employees' Retirement System is provided for general information purposes only. Participants should refer to the plan agreement for a more complete description of the Plan. The Plan is totally administered, including all investment management, by the Plan's appointed Pension Board or its designee. The Plan provides for the District's general employees who are not employed as certified firefighters and are not participants in any other District retirement plan to participate upon their hire date. The Plan also includes certain disability and death benefits.

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees. The Board consists of five Trustees, one of whom, unless otherwise prohibited by law, shall be a legal resident of the District, who shall be appointed by the Bonita Springs Fire control and Rescue District Board of Commissioners, one of whom shall be a union Memeber of the System who shall be elected by a majority of the union Members of the System, one of whom shall be a non-union Member of the System who shall be elected by a majority of the non-union Members of the System and one of whom shall be an at-large Trustee of the System, who shall be elected by a majority of all union an non-union General Employees who are Members of the System, The fifth Trustee shall be chosen by a majority of the prvious four Trustees.

All General Employees as of the Effective Date, and all future new General Employees, shall become members of this System as a condition of employment.

Plan Membership as of October 1, 2014

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	8
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	-
Active Plan Members	11
	<hr/>
	19
	<hr/>

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund, Continued

Benefits Provided

The plan provides retirement, termination, disability and death benefits.

Normal Retirement:

Date: Earlier of age 55 and 7 years of Credited Service, or 25 years of Credited Service regardless of age.

Benefit: 2.48% of Average Final Compensation times Credited Service

Early Retirement:

Date: Earlier of Age 50 and 7 Years of Credited Service, or 20 years of Credited Service regardless of age

Benefit: Accrued benefit, reduced 7.0% per year.

Cost of Living Adjustment:

Normal and Early Service Retirees after January 1, 2000 receive 1.35% increase in their benefits each October 1st following retirement (the first adjustment will be a prorated amount of 1.35%)

Vesting:

100% after 7 Years of Credited Service

Disability

Service Incurred: Covered from Date of Employment.

Non-Service Incurred: 7 Years of Credited Service

Benefit accrued to date of disability.

Pre-Retirement Death Benefits

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at Member's Normal or Early (reduced) Retirement Date.

Non-Vested: Refund of accumulated contributions without interest.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund, Continued

Contributions

Member Contributions: 7.0% of Salary.

District Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2016 through September 30, 2016.

The District's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

Actuarial Assumptions

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions:

Inflation	3.00%
Salary Increases	6.00%
Discount Rate	8.00%
Investment Rate of Return	8.00%

Mortality Rate: RP-2000 Table, combined healthy projection to valuation date with scale AA (previously no projection), sex distinct. Disableds set forward 5 years. This assumption sufficiently accomodates suture mortality improvements.

The Long-Term Expected Rate of Return on Pension Pan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

The ranges are combined to produce Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund, Continued

Net Pension Liability, Continued

Actuarial Assumptions, Continued

Best estimated of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Domestic Fixed Income	35%	2.50%
Global Fixed Income	5%	3.50%
Total	100%	

The components of the Net Pension Liability of the District as of September 30, 2015 were as follows:

Total Pension Liability	\$ 3,074,280
Plan Fiduciary Net Position	(2,858,863)
District's Net Pension Liability	\$ 215,417

Plan Fiduciary Net Position as a percentage of Total Pension Liability 92.99%

Discount Rate: The Discount Rate used to measure the Total Pension Liability was 8.00 percent. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all period of Projected benefit payments to determine the Total Pension Liability.

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund, Continued

Net Pension Liability, Continued

Actuarial Assumptions, Continued

Discount rate, continued: Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following represents the District's net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
District's Net Pension Liability	\$ 547,909	\$ 215,417	\$ (63,259)

Investments

Investment Policy: The following was the Board's adopted asset allocation policy as of September 30, 2015:

Asset Class	Target Allocation
Domestic Equity	45%
International Equity	15%
Domestic Fixed Income	35%
Global Fixed Income	5%
Total	<u>100%</u>

Concentrations: The Plan did not hold any investment in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return: For the year ended September 30, 2015, the annual money-weighted rate of return on Pension Plan Investment, net of Pension Plan investment expense, was -0.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

Page 67

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund, Continued

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of Normal Retirement requirements (earlier of Age 55 with 7 years of Credited Service or 25 years of Credited Service).

Participation: Not to exceed 60 months.

Rate of Return: At the Member's election: 6.5% annual rate, or actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs), credited each fiscal quarter. One change between the rate of return selection is allowed.

The DROP balance as of September 30, 2015 was \$157,697.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - RETIREMENT PLANS, CONTINUED

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Reporting period ending September 30, 2015	\$ 2,859,932	\$ 2,799,546	\$ 60,386
Changes for a Year:			
Service Cost	85,654	-	85,654
Interest	231,533	-	231,533
Differences Between Expected and Actual Experience	-	-	-
Contributions-Employer	-	154,995	(154,995)
Contributions-Employee	-	42,715	(42,715)
Net Investment Income	-	(13,270)	13,270
Benefit Payments, Including Refunds of Employee Contributions	(102,839)	(102,839)	-
Administrative Expense	-	(22,284)	22,284
New Changes	214,348	59,317	155,031
Reporting period ending September 30, 2016	<u>\$ 3,074,280</u>	<u>\$ 2,858,863</u>	<u>\$ 215,417</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE F - RETIREMENT PLANS, CONTINUED

Plan 3 - Plan Description and Provisions- General Employees' Pension Trust Fund, Continued

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the Sponsor recognized a pension expense of \$107,077. On September 30, 2016 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	159,589	-
Employer and State Contributions subsequent to the <input type="checkbox"/> measurement date	133,167	-
	<u>\$ 292,756</u>	<u>\$ -</u>

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

<u>Year ended September 30:</u>	<u>Deferred Outflows/ (Deferred Inflows)</u>
2017	\$ 37,188
2018	37,187
2019	37,187
2020	48,027
2021	-
Thereafter	-

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2016 can be obtained by writing the District at 27701 Bonita Grande Drive, Bonita Springs, Florida 34135, or by calling (239) 949-6200. The Audit Report can also be found on the District website (www.bonitafire.org) under the heading of Finance.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016**

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Provisions - Retiree Insurance Trust Fund

In accordance with Section 112.0801, Florida Statutes, because the District provides medical plans to employees of the District and their eligible dependents, the District is required to provide insurance (health insurance) benefits to its retired employees.

During the year ended September 30, 2010, the District established a separate trust to fund the cost of medical, dental, and prescription drug benefits for retirees. The trust started to pay paying benefits on October 1, 2013.

The Bonita Springs Fire Department Retiree Insurance Trust Fund, a defined contribution plan, was established in 2010. This is a voluntary employee beneficiary association ("VEBA") which was established under Internal Revenue Section 501(c)(9) and related benefit plan (the "Plan"). The following is a brief description of the Plan which is provided for general information purposes only.

The VEBA trust consists of a Board of Trustees which is governed by five trustees. The trustees consist of the Fire Chief, the President of the Union, one person appointed by the Union President, one person appointed by the Fire Chief, and one person appointed by the preceding four members of the Board of Trustees.

Eligibility for Description of Benefits - Retiree Insurance Trust Fund

Any Union employee and other employees for whom the Trustees agree to accept contributions and on whose behalf the District pays such contribution and who were employed on or after October 1, 2010.

Early Retirement Incentive Program (ERIP)- Participants who accept and participated in an ERIP on or after October 1, 2010 are eligible for benefits under the plan.

General Employees- Age 55 and 7 years of service or 25 years of service, regardless of age, is normal retirement. Employees may retire early at age 50 and 7 years of service or 20 years of service, regardless of age, including ERIP participants.

Firefighters- Age 55 and 10 years of service or age 50 and 25 years of service is normal retirement. Employees may retire early at age 50 and 10 years of service, including ERIP participants.

Eligibility for Disabled Retirement- 10 years of service

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Eligibility for Description of Benefits - Retiree Insurance Trust Fund, Continued

Eligibility for Benefits- An Eligible Employee may become eligible for benefits under the Plan on the first day of the month following retirement or disabled retirement. The fund will begin paying benefits annually in January 2014.

Termination of Benefits- Benefits will terminate on the date that a person ceases to be eligible, or the person's date of death, or the date that the Plan is terminated. .

Retirement Benefit- The VEBA Trust will provide \$425 per month prior to Medicare, and \$318 per month upon attainment of Medicare age, regardless of whether the retiree continues insurance coverage with the District. The benefit will be payable in the form of a single lump sum in January of each year. Pre-October 1, 2010 retirees will continue receiving their previous benefit from the District. A disabled retiree with 10 years of service will receive 50% of the VEBA monthly benefit. If a disabled retiree attains 15 years of service, then they will receive 100% of the benefit.

Disability Benefit- Less than 10 years of service, none. At least 10 years of service, but less than 15 years of service- 50% of the Retirement Benefit. At least 15 years of service- 100% of the Retirement Benefit.

Membership - Retiree Insurance Trust Fund

As of October 1, 2015, membership consisted of:

Active Participants	100
Pre-Medicare Retirees	20
Post-Medicare Retirees	2

Funding Policy - Retiree Insurance Trust Fund

The District and the Union agreed to amend the collective bargaining agreement to provide for the creation and establishment of the VEBA. The District agreed to provide an initial contribution of one million dollars (\$1,000,000) to the trust in fiscal year 2009/2010. Also effective October 1, 2010, all employees had their base annual pay as set forth in the collective bargaining agreement reduced by one percent (1%). The 1% of base pay was deposited into the VEBA. On October 1, 2011 the District contributed \$167,400 to the VEBA as provided for in this amendment. Effective October 1, 2011, all employees had their base annual pay reduced by an additional one percent (1%). From that point on, in behalf of each employee, a contribution equal to two percent (2%) will made by the District to the VEBA.

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Employee/Employer Contribution Information - Retiree Insurance Trust Fund

Retirees are not required to contribute to the plan. All contributions made to the Fund on behalf of any participant are non-refundable. Additionally, if contributions are made to the Fund and if the participant leaves the plan without meeting all of the requirements for eligibility, then the participant shall forfeit all contributions made to the plan on his/her behalf.

Annual OPEB Costs and Net OPEB Obligation - Retiree Insurance Trust Fund

The District had an actuarial valuation performed for the plan as of October 1, 2015 to determine the funded status of the plan as of that date, as well as the District's annual required contribution (ARC) for the fiscal year ended September 30, 2016. The District contributed \$248,785 for the year ended September 30, 2016. The District fully funds the Retiree Insurance Trust Fund. The fourth quarter District contributions to the plan are recorded as accrued expenses.

Schedule of Funding Progress

Actuarial Valuation Date	10/1/15	10/1/13
Actuarial Value of the Assets (a)	\$ 1,723,073	\$ 1,739,280
Accrued Liability (AAL)-Entry Age (b)	3,022,343	2,724,790
Unfunded AAL (UAAL) (b-a)	1,299,270	985,510
Funded Ratio (a/b)	57.00%	63.80%
Covered Payroll (c)	8,832,829	7,768,311
UAAL as a % of Covered Payroll ((b-a)/c)	14.70%	12.70%

The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability 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 constant revision as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Annual OPEB Costs and Net OPEB Obligation - Retiree Insurance Trust Fund, Continued

For the Actuarial Valuation, the Entry Age Normal (level percent of pay) actuarial cost method was used. Select Actuarial Assumptions are listed in the table below:

Valuation Interest Rate	7.00%
Inflation Rate 3.0%	3.00%
Payroll Growth Assumption 3.0%	3.00%
Salary Inflation Assumption	
Credited Service- Years 1-5	10.00%
Credited Service- Greater than 5 years	4.00%

These rates are based on the results of an experience study issued July 29, 2014.
Amortization of UAAL Level- Percent of Pay (Closed Amortization over 30 Years)

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Plan Description and Provisions

In accordance with Section 112.0801, Florida Statutes, because the District provides medical plans to employees of the District and their eligible dependents, the District is required to provide insurance (health insurance) benefits to its retired employees.

For anyone retiring after October 1, 2010, the District subsidizes 100% of the active medical, dental, and vision premiums for retirees who elect coverage under the District's group insurance plans. This subsidy from the District will be effective through October 1, 2013 and any subsequent benefits provided to post-October 1, 2010 retirees will be provided from a VEBA trust. For a select group of early retirees (retiring September 30, 2011), the District is also subsidizing 100% for life insurance coverage and also for spouse coverage under medical, dental, and vision during the two-year period ending October 1, 2013.

Any retirees who retired prior to October 1, 2010 will continue to receive 100% of their active medical, dental and visions through October 1, 2013. Beginning October 1, 2013, this group is assumed to continue to receive a flat dollar subsidy from the District of \$425 per month, or \$318 per month if Medicare eligible regardless of whether or not health insurance coverage is maintained from the District. This group of retirees is not eligible for benefits from the VEBA trust.

Note that the projected premiums for the dental and vision benefits are assumed to cover the entire cost of those plans.

Life insurance in the amount of \$85,000 may be purchased by the retiree at the active premium rate. In addition, spouse coverage under the medical, dental and vision insurances may be purchased by the retiree at the active premium rates

Eligibility for Description of Benefits

Creditable Service - Total completed years of employment as a full-time firefighter or general employee with the District.

General Employees- Age 55 and 7 years of service or 25 years of service, regardless of age, is normal retirement. Employees may retire early at age 50 and 7 years of service or 20 years of service, regardless of age. Service-incurred disabled employees may retire immediately, while non-duty related disabled employees may retire upon completion of 7 years of service.

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Eligibility for Description of Benefits, Continued

Firefighters - Age 55 and 10 years of service or age 50 and 25 years of service is normal retirement. Employees may retire early at age 50 and 10 years of service. Service-incurred disabled employees may retire immediately, while non-duty related disabled employees may retire upon completion of 10 years of service.

Health, Dental and Vision Care Insurance - Pre 10/1/2010 retirees: District pays 100% of the active premium rate until 10/1/2013. Retiree may also purchase spouse coverage at the active premium rate. Beginning 10/1/2013, the District will provide a flat dollar credit of \$425/mo (or \$318/mo if Medicare eligible). Post 10/1/2010 retirees: District pays 100% of the full cost of coverage (including spouses) until 10/1/2013. After 10/1/2013, the District does not provide any subsidy.

Life Insurance - Pre 10/1/2010 retirees: Retiree pays 100% of the active life insurance premium rate. Post 10/1/2010 retirees: District pays 100% of the active life insurance premium until 10/1/2013. Coverage is \$85,000.

Membership

As of October 1, 2015, membership consisted of:

Number of Pre-10/1/2010 Retirees (with District Explicit Subsidy)	
Pre-Medicare Retirees	13
Post-Medicare Retirees	4
	17

Number of Retirees (with Medical Coverage)		
	Pre 10/1/10	Post 10/1/10
Pre-Medicare Retirees	8	9
Post-Medicare Retirees	4	2
	12	11

Number of Covered Spouses (Includes Beneficiaries of Deceased Retirees)		
	Pre 10/1/10	Post 10/1/10
Pre-Medicare	2	1
Post-Medicare	0	1
	2	2

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Annual OPEB Costs and Net OPEB Obligation

The District had an actuarial valuation performed for the plan as of October 1, 2015 to determine the funded status of the plan as of that date, as well as the District's annual required contribution (ARC) for the fiscal year ended September 30, 2016. The District's annual OPEB cost for the fiscal year was \$633,612.

The following table shows the components of the District's annual OPEB cost for the year and changes in the District's net OPEB obligation.

Valuation Date	10/1/2015
Applicable for Fiscal Year Ending	<u>10/1/2016</u>
Annual Required Contribution (ARC)	\$ 631,344
Interest on Net OPEB Obligation	50,755
Adjustment to ARC	<u>(48,487)</u>
Annual OPEB cost/(Expense)	633,612
Estimated Net Contributions Made	<u>(288,390)</u>
Anticipated Increase/(Decrease) in Net OPEB Obligation	345,222
Beginning Net OPEB Obligation	<u>1,268,883</u>
Ending Net OPEB Obligation	\$ 1,614,105
Funded status as of Valuation Date:	
Actuarial Accrued Liability (AAL)	\$ 6,456,582
Actuarial Value of Assets (AVA)	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	\$ 6,456,582
Funded Ratio	0.00%
Covered Payroll	\$ 8,832,829
Ratio of UAAL to Covered Payroll	73.10%

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Annual OPEB Costs and Net OPEB Obligation

The District's annual OPEB costs, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
9/30/2016	\$ 633,612	45.50%	\$ 1,614,105
9/30/2015	571,363	47.40%	1,268,883
9/30/2014	546,352	47.00%	968,431

Schedule of Funding Progress

Actuarial Valuation Date	10/1/15	10/1/13
Actuarial Value of the Assets (a)	\$ -	\$ -
Accrued Liability (AAL)-Entry Age (b)	6,456,582	5,728,019
Unfunded AAL (UAAL) (b-a)	6,456,582	5,728,019
Funded Ratio (a/b)	0.00%	0.00%
Covered Payroll (c)	8,832,829	7,768,311
UAAL as a % of Covered Payroll ((b-a)/c)	73.10%	73.70%

The actuarial valuation involves estimates of the value of reported amounts and assumptions about the probability 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 constant revision as actual experience is compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits

Calculations are based upon the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the employer and plan members to that point. Calculations reflect a long-term prospective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS, CONTINUED

Annual OPEB Costs and Net OPEB Obligation

For the Actuarial Valuation, the Entry Age Normal (level percent of pay) actuarial cost method was used. Select Actuarial Assumptions are listed in the table below:

Valuation Interest Rate	4.00%
Healthcare Inflation	
Pre-Medicare - 8.0% in Fiscal 2016, decreasing 0.75% each year to Fiscal 2020, then decreasing 0.5% to the ultimate rate of 4.5% in Fiscal 2021	
Post-Medicare: 8.0% in Fiscal 2016, decreasing 0.75% each year to Fiscal 2020, then decreasing 0.5% to the ultimate rate of 4.5% in Fiscal 2021.	
Payroll Growth/Inflation Assumption	3.00%
Amortization of UAAL Level- Percent of Pay (Closed Amortization over 30 Years)	

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE H - RISK MANAGEMENT

The District participates in a fully funded insurance program for health insurance. The District paid \$1,790,146 in premiums for health, vision, dental, for employees and dependents and life insurance, short term and long term disability for employees only.

It is the policy of the District to purchase commercial insurance for other remaining forms of potential risks to which it is exposed. The District's risk management activities are reported in the General Fund. The District did reduce its Umbrella limits from \$5,000,000 occurrence/\$10,000,000 aggregate to \$2,000,000 occurrence/\$4,000,000 aggregate. Reported claims have not exceeded the insurance coverage for the years ended September 30, 1999 through September 30, 2016. The District's total liability within any one year is limited to the annual loss limit. The District has no plan to terminate coverage; therefore the District has no plan to terminate coverage; therefore, no such accrual has been recorded in the financial statements.

NOTE I - 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 record keeping of all property taxes is performed for the District by the Lee 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, \$150,916 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2016

NOTE I - PROPERTY TAXES, CONTINUED

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 100 days following certification of assessment roll
Taxes due and payable (Levy date)	November / with various discount provisions through March 31
Property taxes payable - maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee 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 \$2.3500 per \$1,000 (2.3500) of the 2015 net taxable value of real property located within the District.

NOTE J - COMMITMENTS AND CONTINGENCIES

The District is involved from time to time in certain routine litigation, the substance of which either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to vigorously contest any such matters. No loss contingencies have been recorded by the District at September 30, 2016.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - SUMMARY STATEMENT
September 30, 2016

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad Valorem Taxes	\$ 20,239,347	\$ 20,239,347	\$ 20,183,301	\$ (56,046)
Intergovernmental Revenues:				
State Supplemental Compensation	40,000	40,000	40,090	90
Fees:				
Inspection Fees	180,000	180,000	362,619	182,619
Fire Flow Fees	1,500	1,500	1,815	315
CPR Classes	3,500	3,500	5,326	1,826
Fleet Maintenance	42,000	42,000	69,572	27,572
Disposition of Fixed Assets	-	-	1,700	1,700
Grants-Marine	1,100	1,100	1,100	-
USAR Reimbursement	-	-	322	322
Miscellaneous:				
Facilities Rental	135,000	135,000	123,394	(11,606)
Insurance Proceeds	-	-	5,865	5,865
Interest	31,000	31,000	29,681	(1,319)
Other	38,215	38,215	100,925	62,710
TOTAL REVENUES	20,711,662	20,711,662	20,925,710	214,048
EXPENDITURES				
Current				
Public Safety				
Personal Services	16,617,854	16,617,854	16,273,575	344,279
Operating Expenditures	11,517,917	11,537,517	1,979,186	9,558,331
Capital Outlay	1,140,100	1,120,500	720,524	399,976
Debt Service				
Principal Reduction	355,279	355,279	355,279	-
Interest and Fiscal Charges	60,485	60,485	60,485	-
TOTAL EXPENDITURES	29,691,635	29,691,635	19,389,049	10,302,586
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(8,979,973)	(8,979,973)	1,536,661	10,516,634
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	415,764	415,764	415,764	-
Operating Transfers Out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	415,764	415,764	415,764	-
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,564,209)	(8,564,209)	1,952,425	10,516,634
FUND BALANCE - Beginning	8,564,209	8,564,209	8,873,908	309,699
FUND BALANCE - Ending	\$ -	\$ -	\$ 10,826,333	\$ 10,826,333

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2015

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 20,239,347	\$ 20,239,347	\$ 20,183,301	\$ (56,046)
Intergovernmental Revenues:				
State Supplemental Compensation	40,000	40,000	40,090	90
Fees:				
Inspection Fees	180,000	180,000	362,619	182,619
Fire Flow Fees	1,500	1,500	1,815	315
CPR Classes	3,500	3,500	5,326	1,826
Fleet Maintenance	42,000	42,000	69,572	27,572
Disposition of Fixed Assets	-	-	1,700	1,700
Matching Grants	1,100	1,100	1,100	-
USAR Reimbursement	-	-	322	322
Miscellaneous:				
Facilities Rental	135,000	135,000	123,394	(11,606)
Insurance Proceeds	-	-	5,865	5,865
Interest	31,000	31,000	29,681	(1,319)
Other	38,215	38,215	100,925	62,710
TOTAL REVENUES	\$ 20,711,662	\$ 20,711,662	\$ 20,925,710	\$ 214,048
EXPENDITURES				
Current				
Public safety				
Personal services:				
Salaries				
Firefighters & admin.	\$ 7,600,320	\$ 7,600,320	\$ 7,449,704	\$ 150,616
Commissioners	30,000	30,000	29,833	167
Overtime	655,443	655,443	624,241	31,202
Incentives and Holiday Pay	932,906	932,906	919,641	13,265
VEBA - Retiree Health Insurance	248,744	248,744	248,785	(41)
Payroll Taxes				
Social Security & Medicare	683,758	683,758	676,240	7,518
Benefits and Other Costs				
Retirement - Firefighters	3,651,561	3,651,561	3,654,028	(2,467)
Retirement - Administration & FRS	154,822	154,822	147,286	7,536
Other contractual services	-	-	-	-
Health/Life/Disability Ins.	2,300,000	2,300,000	2,052,646	247,354
Unemployment Compensation	300	300	-	300
Workers Compensation	360,000	360,000	471,171	(111,171)
Subtotal - Personal services	\$ 16,617,854	\$ 16,617,854	\$ 16,273,575	\$ 344,279

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2015

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Operating Expenditures:				
Professional and Other Fees				
Professional Fees	\$ 52,500	\$ 52,500	\$ 21,231	\$ 31,269
Legal Fees	40,000	40,000	41,665	(1,665)
Property Appraiser Fees	162,000	162,000	138,261	23,739
Tax Collector Fees	380,000	380,000	402,697	(22,697)
Auditing and Accounting	30,000	30,000	28,025	1,975
Medical Director	25,000	25,000	25,000	-
Annual Physicals	60,000	60,000	50,199	9,801
Travel and Training				
Educational Seminars	78,350	78,350	43,273	35,077
Training Books & Supplies	75,500	75,500	52,416	23,084
USAR Reimbursable	-	-	-	-
Communications				
Radio Tower Fees/Pagers	30,000	30,000	34,792	(4,792)
Station Expenditures				
Telephones and Cellular's	35,000	35,000	41,635	(6,635)
Electricity	71,200	71,200	65,259	5,941
Water and Sewer	22,000	22,000	23,470	(1,470)
Garbage	9,400	9,400	8,971	429
Gas and Oil	88,700	88,700	54,596	34,104
Pest Control	6,500	6,500	5,436	1,064
Cable	1,000	1,000	285	715
Rentals and Leases				
Rentals (St 7)	-	-	9,000	(9,000)
Insurance				
Liability Policy	100,000	100,000	94,904	5,096
Repairs and Maintenance				
Building	144,575	162,725	201,352	(38,627)
Truck	165,000	165,000	174,793	(9,793)
Equipment	50,800	50,800	38,446	12,354
Communications	12,000	12,000	2,434	9,566
Special Operations	20,000	20,000	3,421	16,579
USAR District Expenses	15,890	15,890	15,890	-
Office Equipment	10,500	10,500	9,533	967
Computer Support	178,552	182,000	136,641	45,359
Public Education/Fire Prevention				
Fire Prevention	-	-	-	-
CPR Classes	5,000	5,000	4,472	528

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2016

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		(Unfavorable)
Car Seat Expense	\$ 2,221	\$ 2,221	\$ 1,279	\$ 942
Public Education	15,000	15,000	13,892	1,108
Explorer Post 5512	8,483	8,483	-	8,483
Smoke Alarms	12,000	12,000	11,382	618
Supplies				
Legal Ads	5,000	5,000	4,366	634
Office Supplies	11,000	11,000	8,947	2,053
Postage and Freight	3,500	3,500	1,623	1,877
FEMA Expense	-	-	-	-
Administration	19,200	19,200	18,077	1,123
Station Supplies	20,000	20,000	17,437	2,563
Fire and Medical	94,200	94,200	69,051	25,149
Uniforms	49,600	49,600	45,681	3,919
Office Equipment	1,000	17,152	17,330	(178)
Personal Protection Unif./Bunker Gear	177,250	177,250	11,216	166,034
Food Consumables/Supplies	6,000	6,000	5,656	344
Books and Dues	16,675	16,675	16,479	196
PETC Hiring	750	750	-	750
Equipment < \$750	8,850	8,850	5,415	3,435
CERT Training	4,500	4,500	3,258	1,242
Operating Reserves/Contingencies				
Operating	4,670,766	4,670,766	-	4,670,766
Emergency Disaster	286,459	286,459	-	286,459
Insurance	480,000	480,000	-	480,000
Insurance	-	-	-	-
Capital Improvements	3,340,232	3,322,082	-	3,322,082
Subtotal - Operating Expenditures	\$ 11,517,917	\$ 11,537,517	\$ 1,979,186	\$ 9,558,331
Capital Outlay:				
Leaseholder Improvements Station 7	\$ -	\$ -	\$ 13,971	\$ (13,971)
Station 6	645,000	645,000	70,261	574,739
Buildings	56,000	56,000	-	56,000
Office Equipment	94,900	75,300	111,662	(36,362)
Machinery and Equipment	283,200	287,100	322,909	(35,809)
Vehicles	61,000	57,100	201,721	(144,621)
Subtotal - Capital Outlay	\$ 1,140,100	\$ 1,120,500	\$ 720,524	\$ 413,947

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2016

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
DEBT SERVICE				
Principal Reduction	\$ 355,279	\$ 355,279	\$ 355,279	\$ -
Interest and Fiscal Charges	60,485	60,485	60,485	-
TOTAL EXPENDITURES	\$ 29,691,635	\$ 29,691,635	\$ 19,389,049	\$ 10,316,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (8,979,973)	\$ (8,979,973)	\$ 1,536,661	\$ 10,516,634
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	415,764	415,764	415,764	-
Operating transfers out	-	-	-	-
Prepaid Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	415,764	415,764	415,764	-
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(8,564,209)	(8,564,209)	1,952,425	10,516,634
FUND BALANCE - BEGINNING	8,564,209	8,564,209	8,873,908	309,699
FUND BALANCE - ENDING	\$ -	\$ -	10,826,333	\$ 10,826,333

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - IMPACT FEE FUND
September 30, 2016

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Fees:				
Impact Fees	\$ 430,000	\$ 430,000	\$ 406,025	\$ (23,975)
Miscellaneous:				
Interest	150	150	140	(10)
Other	-	-	-	-
TOTAL REVENUES	<u>430,150</u>	<u>430,150</u>	<u>406,165</u>	<u>(23,985)</u>
EXPENDITURES				
Current				
Public safety				
Operating Expenses	-	-	-	-
Refunds	-	-	-	-
Capital Outlay				
Station 4 Reserves	135,400	135,400		135,400
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
TOTAL EXPENDITURES	<u>135,400</u>	<u>135,400</u>	<u>-</u>	<u>135,400</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	294,750	294,750	406,165	(159,385)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	-
Transfers Out	(415,764)	(415,764)	415,764	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(415,764)</u>	<u>(415,764)</u>	<u>415,764</u>	<u>-</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(121,014)	(121,014)	(9,599)	(159,385)
FUND BALANCE - Beginning	<u>121,014</u>	<u>121,014</u>	<u>94,086</u>	<u>(26,928)</u>
FUND BALANCE - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,487</u>	<u>\$ 84,487</u>

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY- FLORIDA RETIREMENT SYSTEM PENSION PLAN**

For the Last Three Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0003767%	0.0003929%	0.0002792%
District's proportion share of the net pension liability	\$ 95,123	\$ 50,750	\$ 17,033
District's covered - employee payroll	\$ -	\$ 3,500	\$ 6,500
District's proportionate share of the net pension liability as a percentage of its covered-employee	0.00%	1450.00%	262.05%
Plan fiduciary net position as a percentage of the total pension liability	84.88%	92.00%	96.09%

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
 LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN**

For the Last Three Fiscal Years Ended June 30

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0092321%	0.0000989%	0.00010097%
District's proportion share of the net pension liability	\$ 10,760	\$ 10,085	\$ 9,441
District's covered - employee payroll	\$ 58,200	\$ 30,000	\$ 30,000
District's proportionate share of the net pension liability as a percentage of its covered-employee	18.49%	33.62%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	0.97%	0.50%	0.99%

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION TRUST FUND

Last Three Measurement Date Fiscal Years

Reporting Period Ending	9/30/2017	9/30/2016	9/30/2015
Measurement Date	9/30/2016	9/30/2015	9/30/2014
Total Pension Liability			
Service Cost	\$ 1,796,100	\$ 1,726,781	\$ 1,697,295
Interest	5,729,223	5,464,090	5,118,393
Differences Between Expected and Actual			
Experience	838,022	(535,327)	-
Changes of Assumptions	1,954,103	-	-
Contributions-Buy Back	21,106	2,982	-
Benefit Payments, Including Refunds of			
Employee contribution	(4,128,916)	(2,349,598)	(2,243,450)
Net Change in Total Pension Liability	6,209,638	4,308,928	4,572,238
Total Pension Liability-Beginning	75,652,872	71,343,944	66,771,706
Total Pension Liability-Ending (a)	<u>\$ 81,862,510</u>	<u>\$ 75,652,872</u>	<u>\$ 71,343,944</u>
Plan Fiduciary Net Position			
Contributions-Employer	3,656,157	3,786,822	3,565,486
Contributions-State	567,162	585,584	583,892
Contribution-Employee	477,677	463,616	436,385
Contribution-Buy Back	21,106	2,982	-
Net Investment Income	4,136,912	(329,845)	4,736,538
Benefit Payments, Including Refunds of			
Employee Contributions	(4,128,916)	(2,349,598)	(2,243,450)
Administrative Expense	(34,030)	(47,681)	(38,532)
Net Change in Plan Fiduciary Net Position	4,696,068	2,111,880	7,040,317
Plan Fiduciary Net Position-Beginning	52,133,912	50,022,032	42,981,714
Plan Fiduciary Net Position-Ending (b)	<u>\$ 56,829,980</u>	<u>\$ 52,133,912</u>	<u>\$ 50,022,032</u>
Net Pension Liability-Ending (a)-(b)	<u>\$ 25,032,530</u>	<u>\$ 23,518,960</u>	<u>\$ 21,321,912</u>
Plan Fiduciary Net Position as a Percentage			
of the Total Pension Liability	69.42%	68.91%	70.11%
Covered Employee Payroll	\$ 6,822,809	\$ 8,193,018	\$ 6,111,013
Net Pension Liability as a Percentage of			
Covered Employee Payroll	366.89%	287.06%	348.91%

* The Covered employee payroll numbers shown are in compliance with GASB 82, except for the GASB 68 requires information for 10 years. However, until a full 10-year trend is compiled

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION TRUST FUND

Last Three Measurement Date Fiscal Years

Reporting Period Ending Measurement Date	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
Total Pension Liability			
Service Cost	\$ 61,946	\$ 85,654	\$ 79,309
Interest	239,113	231,533	215,612
Differences Between Expected and Actual Experience	164,346	-	-
Changes of Assumptions	148,708	-	-
Benefit Payments, Including Refunds of Employee contribution	(294,631)	(102,839)	(101,671)
Net Change in Total Pension Liability	319,482	214,348	193,250
Total Pension Liability-Beginning	3,074,280	2,859,932	2,666,682
Total Pension Liability-Ending (a)	<u>\$ 3,393,762</u>	<u>\$ 3,074,280</u>	<u>\$ 2,859,932</u>
Plan Fiduciary Net Position			
Contributions-Employer	\$ 133,167	\$ 154,995	\$ 126,276
Contribution-Employee	48,551	42,715	34,800
Net Investment Income	179,789	(13,270)	255,640
Benefit Payments, Including Refunds of Employee Contributions	(294,631)	(102,839)	(101,671)
Administrative Expense	(16,781)	(22,284)	(7,595)
Net Change in Plan Fiduciary Net Position	50,095	59,317	307,450
Plan Fiduciary Net Position-Beginning	2,858,863	2,799,546	2,492,096
Plan Fiduciary Net Position-Ending (b)	<u>\$ 2,908,958</u>	<u>\$ 2,858,863</u>	<u>\$ 2,799,546</u>
Net Pension Liability-Ending (a)-(b)	<u>\$ 484,804</u>	<u>\$ 215,417</u>	<u>\$ 60,386</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.71%	92.99%	97.89%
Covered Employee Payroll	\$ 693,579	\$ 790,658	\$ 497,148
Net Pension Liability as a Percentage of Covered Employee Payroll	69.90%	27.25%	12.15%

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016**

**NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS - FIREFIGHTERS' PENSION TRUST FUND**

Last Three Measurement Date Fiscal Years

The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 period which includes DROP payroll.

Changes of assumptions: For measurement date 9/30/16, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**NOTES TO THE SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS - GENERAL EMPLOYEES' PENSION TRUST FUND**

The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 period which includes DROP payroll.

Changes of assumptions: For measurement date 09/30/2016, amounts reported as changes of assumptions were a result of the August 2, 2016 actuarial experience study.

The following changes were adopted:

1. Cost Method was changed from the Frozen Initial Liability Cost Method to the Entry Age Normal Cost Method. This is the same method as required by the Government Accounting Board Standards (GASB) disclosures.
2. Investment return assumption was decreased from 8.0% to 7.8%.
3. Payroll Growth assumption was reduced from 1.1% to 0.0%
4. Salary increase assumption was changed from a flat 6.0% per year to one based on service.
5. Mortality table was changed to be the same as used in the Florida Retirement System's July 1, 2015 valuation for nonspecial risk lives, as required by State Law.
6. Retirement rates were changed from 100% at first eligibility to age based rates.

Also the inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016**

**SCHEDULE OF CONTRIBUTIONS
 FLORIDA RETIREMENT SYSTEM PENSION PLAN**

For the Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ -	\$ 235	\$ 563
Contributions in relation to contractually required contribution	<u>-</u>	<u>235</u>	<u>563</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
District's covered-employee payroll	\$ -	\$ 2,000	\$ 6,500
Contributions as a percentage of covered-employee payroll	0.00%	11.75%	8.66%

Note: Data was unavailable prior to 2014.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016**

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

For the Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 448	\$ 405	\$ 378
Contributions in relation to contractually required contribution	<u>448</u>	<u>405</u>	<u>378</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 27,000	\$ 30,000	\$ 30,000
Contributions as a percentage of covered-employee payroll	1.66%	1.35%	1.26%

Note: Data was unavailable prior to 2014.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016**

**SCHEDULE OF CONTRIBUTIONS
 FIREFIGHTERS' PENSION TRUST FUND**

For the Last Three Fiscal Years

Reporting Period Ending	9/30/2017	9/30/2016	9/30/2015
Measurement Date	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 4,223,319	\$ 4,372,406	\$ 4,149,378
Contributions in Relation to the Actuarially Determined Contribution	4,223,319	4,372,406	4,149,378
Contributing Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 6,822,809	\$ 8,193,018	\$ 6,111,013
Contributions as a Percentage of Covered Employee Payroll	61.90%	53.37%	67.90%

* The covered employee payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

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

Notes to Schedule

Valuation Date - October 1, 2014

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method - Entry Age Normal Actuarial Cost Method

Amortization Method - Level Percentage of Pay, Closed.

Remaining Amortization Period - 25 Years (as of 10/01/2014)

Asset Valuation Method - Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.

Payroll Increase -3.0% per year

Salary Increases - Credited Service Years 1-5, assumed rate 10.00%; Greater than 5 years 4.00%

Interest Rate - 7.6% per year, compounded annually, net of investment related expense

Retirement Age - Earlier of Age 55 and 10 Years of Credited service or age 50 and 25 years of Credited Service. Any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement - Commencing upon a member's eligibility for Early Retirement (50 with 10 years of credited service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 September 30, 2016**

**SCHEDULE OF CONTRIBUTIONS
 GENERAL EMPLOYEES' PENSION TRUST FUND**

For the Last Three Fiscal Years

Reporting Period Ending	9/30/2017	9/30/2016	9/30/2015
Measurement Date	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	\$ 133,167	\$ 154,995	\$ 126,276
Contributions in Relation to the Actuarially Determined Contribution	133,167	154,995	126,276
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Employee Payroll*	\$ 693,579	\$ 790,658	\$ 497,148
Contributions as a Percentage of Covered Employee Payroll	19.20%	19.60%	25.40%

* The covered employee payroll numbers shown are in compliance with GASB 82, except for the 9/30/15 measurement period which includes DROP payroll.

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

Notes to Schedule

Valuation Date - October 1, 2014

Actuarially determined contribution rates are calculated as of October 1, four years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method - Frozen Initial Liability Actuarial cost Method

Amortization Method - Level Percentage of Pay, Closed

Remaining Amortization Period - 33 Years (as of 10/01/2014)

Asset Valuation Method - Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market value return. It is possible that over time this technique will produce an insignificant bias about or below Market Value.

Inflation - 3.0% per year

Salary Increases - 6.0% per year until the assumed Retirement age

Interest Rate: - 8% per year, compounded annually, net of investment related expenses

Payroll Growth - 3.0% for amortizing UAAL's (Limited to 1.1% for October 1, 2014)

Normal Retirement - Earlier of 1) Age 55 and 7 Years of service or 2) 25 years of service, regardless of age. Any Member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement - It is assumed that members who are eligible for Early Retirement (50 & 7 or 20 & out) will retire at the rate of 5% per year.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016

COMPONENTS OF PENSION EXPENSE
FIREFIGHTERS' PENSION TRUST FUND

Fiscal Year September 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 21,321,912	\$ 1,105,907	\$ 4,372,406	\$ -
Employer and State Contributions made after 9/30/15	-	-	4,223,319	-
Total pension liability factors:				
Service cost	1,726,781	-	-	1,726,781
Interest	5,464,090	-	-	5,464,090
Changes in benefit terms	-	-	-	-
Contributions-Buy Back	2,982	-	-	2,982
Differences between expected and actual experience with regard to economic or demographic assumptions	(535,327)	535,327	-	-
Current year amortization	-	(66,915)	-	(66,915)
Changes in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization	-	-	-	-
Benefit payments	(2,349,598)	-	-	(2,349,598)
Net Change	<u>4,308,928</u>	<u>468,412</u>	<u>4,223,319</u>	<u>4,777,340</u>
Plan Fiduciary net Position:				
Contributions-employer	3,786,822	-	(3,786,822)	-
Contributions-state	585,584	-	(585,584)	-
Contributions-employee	463,616	-	-	(463,616)
Contributions-employee buy back	2,982	-	-	(2,982)
Net investment income	3,894,460	-	-	(3,894,460)
Difference between projected and actual earning on pension plan investments	(4,224,305)	-	4,224,305	-
Current year amortization	-	(276,477)	(844,861)	568,384
Benefit payments	(2,349,598)	-	-	2,349,598
Administrative expenses	(47,681)	-	-	47,681
Other	-	-	-	-
Net Change	<u>2,111,880</u>	<u>(276,477)</u>	<u>(992,962)</u>	<u>(1,395,395)</u>
Ending Balance	<u>\$ 23,518,960</u>	<u>\$ 1,297,842</u>	<u>\$ 7,602,763</u>	<u>\$ 3,381,945</u>

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2016

COMPONENTS OF PENSION EXPENSE
GENERAL EMPLOYEES' PENSION TRUST FUND

Fiscal Year September 30, 2016

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
Beginning Balance	\$ 60,386	\$ 43,360	\$ 154,995	\$ -
Employer and State Contributions made after 9/30/15	-	-	133,167	-
Total pension liability factors:				
Service cost	85,654	-	-	85,654
Interest	231,533	-	-	231,533
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience with regard to economic or demographic assumptions	-	-	-	-
Current year amortization	-	-	-	-
Changes in assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization	-	-	-	-
Benefit payments	(102,839)	-	-	(102,839)
Net Change	<u>214,348</u>	<u>-</u>	<u>133,167</u>	<u>214,348</u>
Plan Fiduciary net Position:				
Contributions-employer	154,995	-	(154,995)	-
Contributions-state	-	-	-	-
Contributions-employee	42,715	-	-	(42,715)
Net investment income	226,867	-	-	(226,867)
Difference between projected and actual earning on pension plan investments	(240,137)	-	240,137	-
Current year amortization	-	(10,840)	(48,028)	37,188
Benefit payments	(102,839)	-	-	102,839
Administrative expenses	(22,284)	-	-	22,284
Other	-	-	-	-
Net Change	<u>59,317</u>	<u>(10,840)</u>	<u>37,114</u>	<u>(107,271)</u>
Ending Balance	<u>\$ 215,417</u>	<u>\$ 32,520</u>	<u>\$ 325,276</u>	<u>\$ 107,077</u>

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

Honorable District Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Bonita Springs Fire Control and Rescue District, (the "District") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 27, 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. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Ashley, Brown & Co." The signature is written in a cursive, flowing style.

Punta Gorda, Florida
June 27, 2017

MANAGEMENT LETTER

Honorable Board of Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

Report on the Financial Statements

We have audited the financial statements of the Bonita Springs Fire Control and Rescue District, Florida, (the "District") as of and for the fiscal year ended September 30, 2016, and have issued our report thereon dated June 27, 2017.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and Chapter 10.550, Rules of the Auditor General.

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 27, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements. The District had no component units as of September 30, 2016.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Annual Financial Report

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and report the results of our determination as to whether the annual financial report for the District for the fiscal year ended September 30, 2015, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with our audit, we determined that these two reports were in agreement.

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Other Matters (continued)

Our management letter is intended solely for the information Bonita Springs Fire Control and Rescue District and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Co.

June 27, 2017



BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT

27701 BONITA GRANDE DRIVE, BONITA SPRINGS, FL 34135

ADMINISTRATION
TEL: (239) 949-6200
FAX: (239) 949-6207

FIRE PREVENTION
TEL: (239) 949-6211
FAX: (239) 949-6216

STEVE LOHAN
CHAIRMAN

LAWRENCE P. KOSILLA,
JR.
VICE-CHAIRMAN

JAMES P. MURPHY
SECRETARY/TREASURER

FRANK W. LILES
COMMISSIONER

PATRICK MCCOURT
COMMISSIONER

JOSEPH V. DAIGLE
FIRE CHIEF

www.bonitafire.org

June 27, 2017

Sherill F. Norman, CPA
Florida Auditor General
111 West Madison Street
Claude Denson Pepper Bldg.
Tallahassee, FL 32399-1450

Ms. Norman,

The records for the Bonita Springs Fire Control and Rescue District for FY ending September 2016 have been audited by Ashley & Brown, Certified Public Accountants and they have provided us with a management letter. There were no comments or recommendations made for the District.

Response:

The District was very pleased with the audit results showing no comments or recommendations. The Bonita Springs Fire Control and Rescue District will continue to work hard towards meeting the same standards in the future.

Sincerely,

Lisa Gendron
Administration-Finance Director

Independent Accountant's Examination Report

Honorable Board of Commissioners
Bonita Springs Fire Control and Rescue District
Bonita Springs, Florida

We have examined the Bonita Springs Fire Control and Rescue District's (the "District") compliance with Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2016. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider 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 the District's compliance with specified requirements.

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

Ashley, Brown & Co.

Punta Gorda, Florida
June 27, 2017