

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2018**

Bonita Springs Fire Control and Rescue District

For the Year Ended September 30, 2018

CONTENTS

| | <u>Page(s)</u> |
|---|----------------|
| INDEPENDENT AUDITOR'S REPORT..... | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)..... | 4 - 9 |
| 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 Balances..... | 14 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - 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 - 64 |
| REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement..... | 66 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement..... | 67 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund..... | 70 |
| Schedule of District's Proportionate Share of the Net Pension | |
| Liability - Florida Retirement System Pension Plan..... | 71 |
| Schedule of District's Proportionate Share of the Net Pension | |
| Liability - Health Insurance Subsidy (HIS) Pension Plan..... | 72 |
| Schedule of Changes in Net Pension Liability and Related Ratios | |
| Firefighters' Pension Trust Fund..... | 73 |
| Schedule of Changes in Net Pension Liability and Related Ratios | |
| General Employees' Pension Trust Fund..... | 74 |
| Schedule of Contributions | |
| Florida Retirement System Pension Plan..... | 76 |
| Schedule of Contributions | |
| Health Insurance (HIS) Pension Plan..... | 76 |
| Schedule of Contributions | |

Bonita Springs Fire Control and Rescue District

For the Year Ended September 30, 2018

CONTENTS

| | PAGE |
|--|------|
| Firefighters' Pension Trust Fund..... | 77 |
| Schedule of Investment Returns | |
| Firefighters' Pension Trust Fund..... | 79 |
| Schedule of Contributions | |
| General Employees' Pension Trust Fund..... | 80 |
| Schedule of Investment Returns | |
| General Employees' Pension Trust Fund..... | 82 |
| Schedule of Contributions | |
| Other Post-Employment Benefits - Retiree Insurance Trust Fund..... | 83 |
| Schedule of Changes in Net OPEB Liability and Related Ratios | |
| Other Post-Employment Benefits - Retiree Insurance Trust Fund..... | 84 |
| Schedule of Investment Returns | |
| Retiree Insurance Trust Fund..... | 85 |
| Schedule of Changes in Net OPEB Liability and Related Ratios | |
| Other Post-Employment Benefits - District..... | 86 |
| ADDITIONAL REPORTS OF INDEPENDENT AUDITOR | |
| Independent Auditor's Report on Internal Control..... | 87 |
| Management Letter..... | 89 |
| Management Letter Response..... | 92 |
| Independent Accountant's Examination Report..... | 93 |



366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

REPORT OF INDEPENDENT AUDITOR

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, each major fund, and the aggregate remaining fund information of the Bonita Springs Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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.

Auditor's Responsibility, continued

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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note G to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during the year ended September 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons, and other required supplementary information 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 any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROLL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.

Other Reporting Required by *Government Auditing Standards*, continued

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.

Ashley, Brown & Co.

Punta Gorda, Florida
May 10, 2019

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT 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, 2018. 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 75 - which requires governments providing Other Post Employment Benefits (1) to recognize their long-term obligations for other post employment benefits as a liability on the balance sheet for the first time, (2) more comprehensively and comparably measure the annual costs of other post employment benefits and (3) enhance note disclosures and Required Supplementary Information for Other Post Employment Benefit plans.
- At the close of fiscal year 2018 the District's assets exceeded its liabilities, resulting in a net position of \$2,766,585.
- The District's net position was restated due to the implementation of GASB 75. The District's net position decreased \$3,124,827 or 772.3 percent, in comparison to the prior year.
- The District had \$9,138,286 of assigned fund balances and \$2,236,250 of unassigned net fund balance that can be used to meet the District's ongoing obligations.
- Total revenues increased \$2,111,147, or 9.1 percent, in comparison to prior year.
- Total expenses increased \$1,850,021 or 9.1 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 - 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 2017 and 2018:

BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT STATEMENT OF NET POSITION September 30, 2018

| | <u>2017</u> | <u>2018</u> |
|---|---------------------|---------------------|
| Assets | | |
| Current Assets | \$ 12,323,747 | \$ 12,517,032 |
| Capital Assets | <u>17,320,314</u> | <u>19,047,042</u> |
| Total Assets | 29,644,061 | 31,564,074 |
| Deferred Outflows | 9,223,278 | 8,467,600 |
| Liabilities | | |
| Current liabilities | 1,069,332 | 1,273,544 |
| Noncurrent Portion of Long-Term Obligations | <u>30,272,264</u> | <u>33,934,318</u> |
| Total Liabilities | <u>31,341,596</u> | <u>35,207,862</u> |
| Deferred Inflows | 412,541 | 2,057,227 |
| Net Position | | |
| Investment in Capital Assets, Net of related Debt | 14,892,402 | 17,031,783 |
| Restricted for: | | |
| Capital Projects | 38,687 | 271,515 |
| Unrestricted | <u>(7,817,887)</u> | <u>(14,536,713)</u> |
| Total Net Position | <u>\$ 7,113,202</u> | <u>\$ 2,766,585</u> |

Current and other assets represent 39.7 percent of total assets. Current assets are comprised of unrestricted cash and investment balances of \$12,239,547, restricted cash of \$277,485. 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 615.6 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 \$(14,536,713) represents the impact of reporting GASB 75 requirements on the financial statements this year.

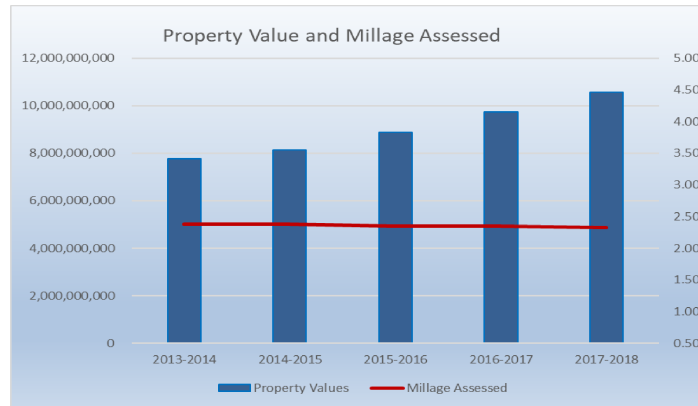
BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
September 30, 2018

| | 2017 | 2018 |
|--|---------------|---------------|
| Revenues | | |
| Ad Valorem Taxes | \$ 22,220,613 | \$ 23,745,451 |
| Intergovernmental | | |
| State Supplemental Compensation | 37,100 | 40,626 |
| Operating Grants and Contributions | 9,000 | 5,000 |
| | 46,100 | 45,626 |
| Charges for Services | 381,194 | 433,826 |
| Impact Fees | 265,971 | 510,001 |
| Interest | 39,733 | 243,078 |
| Gain on the Disposition of Capital Assets | - | 27,704 |
| Other | 277,103 | 336,175 |
| Total Revenues | 23,230,714 | 25,341,861 |
| Expenses | | |
| Public Safety - Fire and Rescue Services | 20,367,013 | 22,217,034 |
| Total Expenses | 20,367,013 | 22,217,034 |
| Decrease / Increase in Net Position | 2,863,701 | 3,124,827 |
| Net Position, Beginning of Year | 4,249,501 | 7,113,202 |
| Net Position, October 1, 2017, as restated | - | (358,242) |
| Net Position, End of Year | \$ 7,113,202 | \$ 2,766,585 |

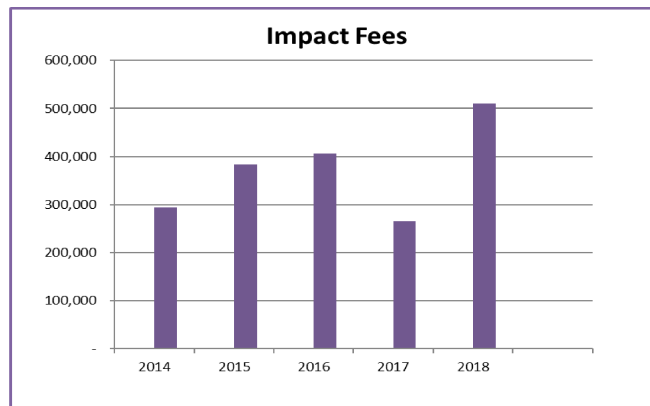
Property Values and Millage Rates

Assessed property value increased 8.52 percent; the District assessed a millage rate of 2.3000. The increased revenue was needed to replace outdated equipment, the re-construction of Station 23 located at 25001 South Tamiami Trail and to pay the note on Station 24 located at 27701 Bonita Grande Drive. Total expenses increased \$1,850,021 or 9.1 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 \$244,030, or 91.8 percent, in comparison to the prior year. The change in Impact Fees shows an increase in new construction and Lee County increased Impact fees.



Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 66 through 70.

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, 2018.

Capital Assets (continued)
BONITA SPRINGS FIRE CONTROL & RESCUE DISTRICT
CAPITAL ASSETS
September 30, 2018

| | <u>2017</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Capital Assets | | |
| Land | \$ 2,742,569 | \$ 2,742,569 |
| Construction in Progress | <u>1,326,639</u> | <u>1,662,106</u> |
| Total Capital Assets not depreciated | <u>4,069,208</u> | <u>4,404,675</u> |
| Buildings | 15,066,011 | 16,231,913 |
| Office Equipment | 483,103 | 473,244 |
| Vehicles | 5,403,548 | 5,464,441 |
| Equipment and Machinery | <u>2,813,404</u> | <u>3,067,436</u> |
| Total Capital Assets being depreciated | 23,766,066 | 25,237,034 |
| Accumulated Depreciation | | |
| Buildings | (5,923,384) | (5,733,240) |
| Office equipment | (354,961) | (341,351) |
| Vehicles | (2,621,356) | (2,794,605) |
| Machinery & equipment | <u>(1,615,259)</u> | <u>(1,725,471)</u> |
| Total accumulated depreciation | <u>(10,514,960)</u> | <u>(10,594,667)</u> |
| Capital Assets, Net | <u>\$ 17,320,314</u> | <u>\$ 19,047,042</u> |

Noteworthy capital asset purchases or projects that took place in fiscal year 2018 were as follows:

- The District completed construction and opened Station 26 located on East Bonita Beach Road. This included hiring new employees.
- The District started construction on the rebuild of Station 23 located on South Tamiami Trail.
- The District purchased replaced various items of equipment such as:
 - Updated computers and software,
 - Replaced bunker gear for suppression employees,
 - Replaced staff vehicles.
 - Prepayment to replaced Engine 23.

Additional information on the District's capital assets can be found in Note D on pages 34 and 35.

Debt Administration

At September 30, 2018, the District had \$34,336,880 of outstanding debt. The following is a schedule of the District's outstanding debt at September 30, 2018.

| | |
|-------------------------------------|----------------------|
| Net pension liability | \$ 22,132,148 |
| Note payable | 1,940,097 |
| Retiree health insurance trust | 1,326,922 |
| Retiree health insurance - District | 8,159,284 |
| Compensated absences | <u>778,429</u> |
| Total | <u>\$ 34,336,880</u> |

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 increased \$8,143 or 1.1 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 (2018-2019) was prepared:

- Property values increased by \$492 million or 4.66% to \$11.0 billion. The District assessed a millage rate of 2.3000.
- The District adopted a capital plan for the 2018-2019 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 3% 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, 2018

Governmental
Activities

Assets

Current assets:

| | |
|--|-------------------|
| Cash and Cash Equivalents - Unrestricted | \$ 11,424,451 |
| Cash and Cash Equivalents - Restricted | 277,485 |
| Accounts Receivable | 1,158 |
| Other Assets | 561,929 |
| Due from Other Governments | 252,009 |
| Total current assets | 12,517,032 |

Non-current assets:

| | |
|---|-------------------|
| Capital assets: | |
| Land | 2,742,569 |
| Construction in Progress | 1,662,106 |
| Depreciable buildings, equipment, office equipment and vehicles (net of \$10,594,667 accumulated depreciation) | 14,642,367 |
| Total noncurrent assets | 19,047,042 |
| Total assets | 31,564,074 |

Deferred outflow of resources

| | |
|--|-------------------|
| Related to Pensions and OPEB | 8,467,600 |
| Total deferred outflow of resources | 8,467,600 |
| Total assets and deferred outflows of resources | 40,031,674 |

Liabilities

Current liabilities:

| | |
|--|------------------|
| Accounts Payable | 569,254 |
| Accrued Expenses | 301,727 |
| Current Portion of Long-Term Obligations | 402,563 |
| Total current liabilities | 1,273,544 |

Non-current liabilities:

| | |
|---|-------------------|
| Noncurrent Portion of Long-Term Obligations | 33,934,318 |
| Total liabilities | 35,207,862 |

Deferred inflow of resources

| | |
|--|-------------------|
| Related to Pension and OPEB | 2,057,227 |
| Total deferred inflows of resources | 2,057,227 |
| Total liabilities and deferred inflows of resources | 37,265,089 |

Net position

| | |
|---|------------|
| Investment in Capital Assets, Net of related Debt | 17,031,783 |
|---|------------|

Restricted for:

| | |
|---------------------------|---------------------|
| Capital Projects | 271,515 |
| Unrestricted | (14,536,713) |
| Total net position | \$ 2,766,585 |

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2018

Expenses

| | |
|---|-------------------|
| Government Activities | |
| Public Safety - Fire Protection | |
| Personal Services | \$ 18,490,845 |
| Operating Expenses | 2,331,832 |
| Depreciation | 1,105,807 |
| Loss on the Disposition of Capital Assets | 243,365 |
| Interest and Fiscal Charges | 45,185 |
| Total Expenses - Governmental Activities | <u>22,217,034</u> |
| Charges for Services | 433,826 |
| Operating Grants and Contributions | <u>5,000</u> |
| Net Program Expenses | 21,778,208 |

General revenue

| | |
|--|---------------------|
| Ad Valorem Taxes | 23,745,451 |
| State Supplemental Compensation | 40,626 |
| Impact Fees | 510,001 |
| Interest | 243,078 |
| Gain on the Disposition of Capital Assets | 27,704 |
| Other | 336,175 |
| Total General Revenues | <u>24,903,035</u> |
| Increase (Decrease) in Net Position | 3,124,827 |
| Net Position - October 1, 2017, as originally stated | 7,113,202 |
| Prior period restatement | <u>(7,471,444)</u> |
| Net Position - October 1, 2017, as restated | <u>(358,242)</u> |
| Net Position - September 30, 2018 | <u>\$ 2,766,585</u> |

The accompanying notes are an integral part of this statement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2018

| | General Fund | Impact Fee Fund | Total Governmental Funds |
|--|----------------------|-------------------|--------------------------------|
| Assets | | | |
| Cash and Cash Equivalents - Unrestricted | \$ 11,424,451 | \$ - | \$ 11,424,451 |
| Cash and Cash Equivalents - Restricted | - | 277,485 | 277,485 |
| Accounts Receivable | 1,158 | - | 1,158 |
| Due from Other Governments | 223,332 | 28,677 | 252,009 |
| Due from other Funds | 34,647 | - | 34,647 |
| Other Assets - General | 561,929 | - | 561,929 |
| Total Assets | 12,245,517 | 306,162 | 12,551,679 |
| Liabilities and Fund Balances | | | |
| Liabilities | | | |
| Accounts Payable | 569,254 | - | 569,254 |
| Due to General Fund | - | 34,647 | 34,647 |
| Accrued Expenses | 301,727 | - | 301,727 |
| Total Liabilities | 870,981 | 34,647 | 905,628 |
| Fund Balances | | | |
| Restricted: Capital Additions | - | 271,515 | 271,515 |
| Assigned: | | | |
| Operations | 5,578,492 | - | 5,578,492 |
| Emergency/disaster | 395,362 | - | 395,362 |
| Insurance | 480,000 | - | 480,000 |
| Future Capital Planning | 2,158,485 | - | 2,158,485 |
| Debt Service | 415,764 | - | 415,764 |
| Radio Enhancement | 110,183 | - | 110,183 |
| Assigned | 9,138,286 | - | 9,138,286 |
| Unassigned | 2,236,250 | - | 2,236,250 |
| Total Fund Balances | 11,374,536 | 271,515 | 11,646,051 |
| Total Liabilities and Fund Balances | \$ 12,245,517 | \$ 306,162 | \$ 12,551,679 |

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, 2018

| | | |
|--|----|-------------------------|
| Total fund balances for government funds | \$ | 11,646,051 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Capital assets not being depreciated: | | |
| Land | \$ | 2,742,569 |
| Construction in Progress | | 1,662,106 |
| Capital assets being depreciated | | |
| Building, Equipment and Vehicles | | |
| Building | | 16,231,913 |
| Equipment and Machinery | | 3,067,435 |
| Office Equipment | | 473,244 |
| Vehicles | | 5,464,441 |
| | | <u>25,237,033</u> |
| Less: accumulated depreciation | | <u>(10,594,667)</u> |
| | | 19,047,041 |
| 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 | | 8,467,600 |
| Deferred inflows related to pensions | | <u>(2,057,227)</u> |
| | | 6,410,373 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Note Payable | | 1,940,097 |
| OPEB-District | | 8,159,284 |
| OPEB-Retiree Insurance Trust | | 1,326,922 |
| Compensated absences | | 778,429 |
| Net pension liability | | <u>22,132,148</u> |
| | | <u>34,336,880</u> |
| Total net position of governmental activities | \$ | <u><u>2,766,585</u></u> |

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, 2018

| | General Fund | Impact Fee Fund | Total Governmental Funds |
|--|----------------------|-------------------|--------------------------------|
| Revenues | | | |
| Ad Valorem Taxes | \$ 23,745,451 | \$ - | \$ 23,745,451 |
| State Supplemental Compensation | 40,626 | - | 40,626 |
| Grants | 5,000 | - | 5,000 |
| Fees: | | | |
| Inspection Fees | 363,758 | - | 363,758 |
| Impact Fees | - | 510,001 | 510,001 |
| Fire Flow Fees | 2,420 | - | 2,420 |
| Fleet Maintenance | 63,235 | - | 63,235 |
| CPR Classes | 4,414 | - | 4,414 |
| Disposition of Fixed Assets | 27,703 | - | 27,703 |
| USAR/FEMA Reimbursement | 4,353 | - | 4,353 |
| Facilities Rental | 125,209 | - | 125,209 |
| Interest | 243,075 | 3 | 243,078 |
| Insurance Proceeds | 23,657 | - | 23,657 |
| Other | 150,813 | - | 150,813 |
| Total Revenues | 24,799,714 | 510,004 | 25,309,718 |
| Expenditures | | | |
| Public safety | | | |
| Personnel Services | 19,539,195 | - | 19,539,195 |
| Operating Expenditures | 2,331,832 | - | 2,331,832 |
| Capital Outlay | 3,043,153 | - | 3,043,153 |
| Debt Service | | | |
| Principal Reduction | 370,579 | - | 370,579 |
| Interest and Fiscal Charges | 45,185 | - | 45,185 |
| Total Expenditures | 25,329,944 | - | 25,329,944 |
| Excess of Revenues over (under) Expenditures | (530,230) | 510,004 | (20,226) |
| Other Financing Sources (Uses) | | | |
| Transfers in | 277,176 | - | 277,176 |
| Transfers out | - | (277,176) | (277,176) |
| Total Other Financing Sources (Uses) | 277,176 | (277,176) | - |
| Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | (253,054) | 232,828 | (20,226) |
| Fund Balances - October 1, 2017 | 11,627,590 | 38,687 | 11,666,277 |
| Fund Balances - September 30, 2018 | \$ 11,374,536 | \$ 271,515 | \$ 11,646,051 |

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, 2018**

Net change (expenditures in excess of revenues and other financing sources) in fund balances - total governmental funds \$ (20,226)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, dispositions of capital assets resulting in an increase to net assets. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.:

| | | |
|---|--------------------|-----------|
| Loss on the Disposition of Capital Assets | \$ (201,021) | |
| Capital Outlay | 3,043,153 | |
| Depreciation | <u>(1,105,807)</u> | |
| | | 1,736,325 |

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 | | 370,579 |

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

| | | |
|----------------------------------|----------------|------------------|
| Decrease in Pension Expense | 1,502,919 | |
| Increase in OPEB | (456,636) | |
| Increase in compensated absences | <u>(8,134)</u> | |
| | | <u>1,038,149</u> |

| | | |
|---|--|---------------------|
| Increase in net position of governmental activities | | <u>\$ 3,124,827</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, 2018

For the plan year ended date September 30, 2017 and the reporting period of the District for the year ended September 30, 2018.

| | <u>Firefighters' Pension Plan</u> |
|---|---------------------------------------|
| Assets | |
| Cash and cash equivalents | \$ 2,994,573 |
| Accounts Receivable | 523,391 |
| Investments | <u>67,276,962</u> |
| Total Assets | <u><u>70,794,926</u></u> |
| Liabilities and Net Position | |
| Net Position | |
| Held in trust for pension benefits and other purposes | <u>70,794,926</u> |
| Total Liabilities and Net Position | <u><u>\$ 70,794,926</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, 2018

| | <u>Firefighters' Pension Plan</u> |
|---|---------------------------------------|
| Additions | |
| Contributions: | |
| Employer Contributions | \$ 4,674,658 |
| Plan Members | 598,847 |
| State of Florida, Insurance Premiums | 554,750 |
| Miscellaneous | 69 |
| | <hr/> |
| Total contributions | 5,828,324 |
| Investment Income: | |
| Net increase in fair value of investments | 4,755,277 |
| Interest and Dividends | 1,254,625 |
| Less: Investment Income Expenses | (377,828) |
| | <hr/> |
| Net investment income | 5,632,074 |
| Total Additions | <hr/> <u>11,460,398</u> |
| Deductions | |
| Actuarial Fees | 27,832 |
| Administrative Expenses | 70 |
| Benefits Paid | 5,514,912 |
| Dues | 600 |
| Insurance | 5,278 |
| Legal Fees | 7,916 |
| Miscellaneous | 11,813 |
| | <hr/> |
| Total Deductions | 5,568,421 |
| Change in Net Position | 5,891,977 |
| Net Position - Beginning | <hr/> 64,902,949 |
| Net Position - Ending | <hr/> <u>\$ 70,794,926</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, 2018

| | <u>General Employees' Retirement System</u> |
|---|---|
| Assets | |
| Cash and cash equivalents | \$ 190,674 |
| Accounts Receivable | 8,623 |
| Investments | <u>3,517,128</u> |
| Total Assets | <u><u>3,716,425</u></u> |
| Liabilities and Net Position | |
| Due to General Fund | <u>197,840</u> |
| Total Liabilities | <u>197,840</u> |
| Net Position | |
| Held in trust for pension benefits and other purposes | <u>3,518,585</u> |
| Total Liabilities and Net Position | <u><u>\$ 3,716,425</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, 2018

| | <u>General Employees' Retirement System</u> |
|---|---|
| Additions | |
| Contributions: | |
| Employer Contributions | \$ 165,512 |
| Plan Members | <u>55,701</u> |
| Total contributions | 221,213 |
| Investment Income: | |
| Net increase in fair value of investments | 150,644 |
| Interest and Dividends | 118,553 |
| Less: Investment Income Expenses | <u>(13,875)</u> |
| Net investment income | <u>255,322</u> |
| Total Additions | <u>476,535</u> |
| Deductions | |
| Actuarial Fees | 4,450 |
| Administrative Expenses | 70 |
| Dues | 600 |
| Insurance | 1,677 |
| Legal Fees | 4,336 |
| Miscellaneous | 1,800 |
| Benefits Paid | <u>225,134</u> |
| Total Deductions | <u>238,067</u> |
| Change in Net Position | 238,468 |
| Net Position - Beginning | <u>3,280,117</u> |
| Net Position - Ending | <u>\$ 3,518,585</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, 2018

| | <u>Retiree Insurance Trust Fund</u> |
|---|---|
| Assets | |
| Cash and cash equivalents | \$ 20,194 |
| Investments | <u>2,164,262</u> |
| Total Assets | <u><u>2,184,456</u></u> |
| Net Position | |
| Held in trust for pension benefits and other purposes | <u>2,184,455</u> |
| Total Net Position | <u><u>\$ 2,184,455</u></u> |

Note: Retiree Insurance Trust Fund (VEBA) was established in September 2010.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
FIDUCIARY FUNDS
September 30, 2018

| | <u>Retiree Insurance Trust Fund</u> |
|---|---|
| Additions | |
| Contributions: | |
| Employer Contributions | \$ 187,708 |
| Total contributions | 187,708 |
| Investment Income: | |
| Realized Gain/(Loss) on Sale of Investments | 195,251 |
| Unrealized Gain/(Loss) on Sale of Investments | (83,376) |
| Interest and Dividends | 53,344 |
| Less: Investment Income Expenses | (13,377) |
| Net investment income | 151,842 |
| Total Additions | <u>339,550</u> |
| Deductions | |
| Actuarial Fees | 5,000 |
| Benefits Paid | 171,292 |
| Administrative Expenses | 6,890 |
| Insurance | 1,934 |
| Legal Fees | 1,338 |
| Miscellaneous | 999 |
| Total Deductions | <u>187,453</u> |
| Change in Net Position | 152,097 |
| Net Position - Beginning | <u>2,032,358</u> |
| Net Position - Ending | <u>\$ 2,184,455</u> |

Note: Retiree Insurance Trust Fund (VEBA) was established in September 2010.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, reenacted 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 seven stations with the related equipment. The District employs approximately 115 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.

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 and VEBA fund financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, liabilities, deferred outflows of resources and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place and are recognized in accordance with 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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

Government-wide Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit 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.

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 governmental funds individually. The fiduciary statements include financial information for the firefighters' pension fund, the general employees pension fund, and the retirees' insurance trust fund. The fiduciary funds represent 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.

Fiduciary Funds

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 qualified General Employees, respectively. The Retiree Insurance Trust Fund (VEBA) accounts for health insurance for retirees of both the General and Firefighters upon retirement.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

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, grants, and similar items are recognized when all eligibility requirements are 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.

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).

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

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," as amended by GASB Number 79, "Certain External Investment Pools and Pool Participants".

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

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 acquisition 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:

| Assets | <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, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 \$11,189,521 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 \$0 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.

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.

The District currently uses the funds collected from Impact fees to satisfy the note on Station 4. During the year ended September 30, 2018, \$277,176 was transferred from the Impact Fee fund, to pay the principal of \$246,184 and interest of \$30,992 on the \$3,775,787 re-financed note payable.

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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

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.

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

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

The District's restricted fund balance consists of amounts that can be spent only on specific purposes stipulated by constitutional provisions or enabling legislation or externally imposed by creditors, grantors, contributions, or laws or regulations of other governments.

Committed fund balance consists of amounts that can only be used for specific purposes pursuant to resolution of the District Board. Committed fund balance may be redirected by the District Board to other purposes as long as the original constraint is removed by a similar resolution.

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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

Effective October 1, 2016, the District adopted provisions GASB Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans."

Effective October 1, 2017, the District implemented GASB Statement NO. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"

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, 2018.

District deposits consist of the following at September 30, 2018:

| | Carrying Amount | Bank Balance |
|--|----------------------|----------------------|
| Unrestricted Cash | | |
| Depository Accounts | \$ 11,424,151 | \$ 11,769,897 |
| Total Unrestricted Cash | 11,424,151 | 11,769,897 |
| Petty Cash | 300 | - |
| Total Unrestricted Cash | 11,424,451 | 11,769,897 |
| Restricted Cash | | |
| Cash and Cash Equivalents - Restricted | 277,485 | 277,485 |
| Total Restricted Cash | 277,485 | 277,485 |
| Total Cash and Cash Equivalents | <u>\$ 11,701,936</u> | <u>\$ 12,047,382</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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS

Investments were \$76,497,966 at September 30, 2018, of which \$70,794,926 was held in the Firefighters' Pension Plan, \$3,518,585 was held in the General Employees Pension Plan and \$2,184,455 was held in the Retiree Insurance Trust Fund.

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 | \$ 2,844,592 | \$ 2,844,592 | \$ 2,844,592 |
| Corporate Bonds | 15,408,472 | 15,408,472 | 15,555,276 |
| Corporate Security Equities | 34,342,810 | 34,342,810 | 27,674,169 |
| Real Estate Investments | 5,406,657 | 5,406,657 | 5,406,657 |
| Alternate Strategies | 3,262,767 | 3,262,767 | 3,223,405 |
| RBC Global Mutual Funds | 9,529,628 | 9,529,628 | 9,529,628 |
| Total Firefighters' Pension Trust Fund | <u>70,794,926</u> | <u>70,794,926</u> | <u>64,233,727</u> |
| General Employees' Retirement System | | | |
| Cash & Money Market Funds | 1,456 | 1,456 | 190,971 |
| Domestic Equity Composite | 1,873,284 | 1,873,284 | 1,652,677 |
| International Equity Composite | 500,139 | 500,139 | 523,044 |
| Fixed Income | 1,016,356 | 1,016,356 | 1,055,173 |
| Global Fixed Income | 127,350 | 127,350 | 135,590 |
| Total General Employees' Retirement | <u>3,518,585</u> | <u>3,518,585</u> | <u>3,557,455</u> |
| Retiree Insurance Trust Fund (VEBA) | | | |
| Cash & Money Market Funds | 20,193 | 20,193 | 20,194 |
| Equities | 1,525,556 | 1,525,556 | 1,498,724 |
| Fixed Income & Preferred | 638,706 | 638,706 | 642,250 |
| Total Retiree Insurance Trust Fund | <u>2,184,455</u> | <u>2,184,455</u> | <u>2,161,168</u> |
| Total Investments | <u>\$ 76,497,966</u> | <u>\$ 76,497,966</u> | <u>\$ 69,952,350</u> |

Authorized Plan Investment Limitations:

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS (CONTINUED)

Authorized Plan Investment Limitations (Continued):

| | Firefighters' Pension Plan | General Employees' Retirement System |
|---|-------------------------------|---|
| 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 | 5.0% | 5.0% |
| The aggregate investment in any one issuing company shall not exceed the following percentage of the outstanding capital stock of that company | 5.0% | 5.0% |
| The value of bonds issued by any single corporation shall not exceed the following percentage of the total fund | 5.0% | 10.0% |
| Investments in common stock and convertible bonds shall not exceed the following percentage of the fund assets | 70.0% Market | 65.0% Market |
| Investments in foreign securities shall not exceed the following percentage of the fund assets | 25.0% | 25.0% |
| | | Retiree Insurance Trust Fund |
| 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 | | 10.0% |
| The aggregate investment in any one issuing company shall not exceed the following percentage of the outstanding capital stock of that company | | 10.0% |
| The value of bonds issued by any single corporation shall not exceed the following percentage of the total fund | | 10.0% |
| Investments in common stock and convertible bonds shall not exceed the following percentage of the fund assets | | 0.0% Market |
| Investments in foreign securities shall not exceed the following percentage of the fund assets | | 0.0% |

Concentration of Credit Risk:

The investment policies of the Firefighters' Pension Plan, the General Employees' Retirement System, and the Retiree Insurance Trust Fund 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, 2018 for either the Firefighters' Pension Plan, the General Employees' Retirement System, or the Retiree Insurance Trust Fund.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates that 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, General Employees' Retirement System, and the Retiree Insurance Trust Fund 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.

Investment Sensitivity

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, 2018:

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS (CONTINUED)

Investment Sensitivity (Continued)

Investment Maturities (in years) - Firefighters' Pension Plan

| Investment Type | Market Value | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
|-----------------|---------------|-------------|--------------|--------------|--------------|
| Corporate Bonds | \$ 15,408,472 | \$ 946,158 | \$ 6,917,614 | \$ 3,944,025 | \$ 3,600,675 |

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

| Investment Type | Market Value | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
|-----------------|--------------|-------------|------------|------------|--------------|
| Corporate Bonds | \$ 1,143,706 | \$ 48,923 | \$ 330,324 | \$ 373,757 | \$ 390,702 |

Investment Maturities (in years) - Retiree Insurance Trust Fund

| Investment Type | Market Value | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
|-----------------|--------------|-------------|------------|------------|--------------|
| Corporate Bonds | \$ 638,706 | \$ 14,214 | \$ 186,292 | \$ 238,455 | \$ 199,745 |

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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS (CONTINUED)

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, the General Employees' Retirement System, and the Retiree Insurance Trust Fund utilized portfolio diversification in order to control this risk.

The following table discloses credit rating by fixed income investment type at September 30, 2018, if applicable:

| | Firefighters' Pension Plan | | General Employees' Retirement System | |
|--|-------------------------------|----------------------------|---|----------------------------|
| | Fair Value | Percentage of Portfolio | Fair Value | Percentage of Portfolio |
| U.S. government guaranteed (1) | - | - % | \$ 480,736 | 42.03% |
| Quality rating of credit risk debt securities | | | | |
| AAA | \$ 7,521,493 | 48.81% | \$ 73,191 | 6.40% |
| AA | 247,041 | 1.60% | 57,692 | 5.04% |
| A | 2,191,134 | 14.22% | 158,745 | 13.88% |
| BBB | 3,837,182 | 24.90% | 282,581 | 24.71% |
| BBB- | - | - % | 3,607 | 0.32% |
| BB | 325,792 | 2.11% | 30,183 | 2.64% |
| B | 311,524 | 2.02% | 13,346 | 1.17% |
| NR | 32,104 | 0.21% | 1,375 | 0.12% |
| Total credit risk debt securities | 14,466,270 | 93.87% | 620,720 | 54.28% |
| Money Market | 942,202 | 6.11% | 42,250 | 3.69% |
| Total Bond Fund | <u>\$ 15,408,472</u> | <u>100.00%</u> | <u>\$ 1,143,706</u> | <u>100.00%</u> |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE C - INVESTMENTS (CONTINUED)

Credit Risk (Continued):

| | Retiree Insurance Trust | |
|--|-------------------------|-------------------------|
| | Fair Value | Percentage of Portfolio |
| U.S. government guaranteed (1) | \$ 302,108 | 47.30% |
| Quality rating of credit risk debt securities | | |
| AAA | \$ 37,665 | 5.90% |
| AA | 35,137 | 5.50% |
| A | 70,837 | 11.09% |
| BBB | 170,576 | 26.71% |
| BBB- | 1,595 | 0.25% |
| BB | 17,590 | 2.75% |
| B | - | - |
| NR | - | - |
| Total credit risk debt securities | 333,400 | 52.20% |
| Money Market | 3,198 | 0.50% |
| Total Bond Fund | <u>\$ 638,706</u> | <u>100.00%</u> |

(1) 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, 2018

NOTE D - CAPITAL ASSETS ACTIVITY

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

| | Balance October 1, 2018 | Increases/ Additions | Decreases/ Deletions | Adjustments/ Reclassifications | Balance September 30, 2018 |
|--|-------------------------------|-------------------------|-------------------------|-----------------------------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | | | |
| Land | \$ 2,742,569 | \$ - | \$ - | \$ - | \$ 2,742,569 |
| Construction in Progress | 1,326,639 | 2,373,045 | (2,037,578) | - | 1,662,106 |
| Total Capital Assets Not Being Depreciated | 4,069,208 | 2,373,045 | (2,037,578) | - | 4,404,675 |
| Capital Assets Being Depreciated: | | | | | |
| Building | 15,066,011 | 2,057,651 | (891,747) | (1) | 16,231,914 |
| Equipment and Machinery | 2,813,404 | 415,610 | (190,978) | 29,399 | 3,067,435 |
| Office Equipment | 483,103 | 47,815 | (60,419) | 2,745 | 473,244 |
| Vehicles | 5,403,548 | 186,610 | (125,717) | - | 5,464,441 |
| Total Capital Assets Being Depreciated | 23,766,066 | 2,707,686 | (1,268,861) | 32,143 | 25,237,034 |
| Less Accumulated Depreciation: | | | | | |
| Buildings | (5,923,384) | (520,411) | 710,554 | - | (5,733,241) |
| Equipment & Machinery | (1,615,259) | (241,080) | 130,869 | - | (1,725,470) |
| Office Equipment | (354,961) | (45,350) | 58,960 | - | (341,351) |
| Vehicles | (2,621,356) | (298,966) | 125,717 | - | (2,794,605) |
| Total Accumulated Depreciation | (10,514,960) | (1,105,807) | 1,026,100 | - | (10,594,667) |
| Total Capital Assets Being Depreciated, Net | 13,251,106 | 1,601,879 | (242,761) | 32,143 | 14,642,367 |
| Capital Assets, Net | \$ 17,320,314 | \$ 3,974,924 | \$ (2,280,339) | \$ 32,143 | \$ 19,047,042 |

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

| | |
|--------------|---------------------|
| Depreciation | <u>\$ 1,105,807</u> |
|--------------|---------------------|

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE E - LONG-TERM LIABILITIES

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

| | Balance October 1, 2018 | Additions | Retirements/ Adjustments | Balance September 30, 2018 | Amounts Due Within One Year |
|---------------------------------|-------------------------------|---------------------|-----------------------------|----------------------------------|--------------------------------|
| Note Payable | \$ 2,310,676 | \$ - | \$ (370,579) | \$ 1,940,097 | \$ 378,475 |
| OPEB-District | 8,247,956 | 814,539 | (903,211) | 8,159,284 | - |
| OPEB-Retiree Insurance Trust | 1,324,442 | 334,545 | (332,065) | 1,326,922 | - |
| Net Pension Liability | 25,630,771 | 10,498 | (3,509,121) | 22,132,148 | - |
| Compensated Absences | 770,286 | 54,229 | (46,086) | 778,429 | 24,088 |
| | <u>\$ 38,284,131</u> | <u>\$ 1,213,811</u> | <u>\$ (5,161,062)</u> | <u>\$ 34,336,880</u> | <u>\$ 402,563</u> |

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

| | |
|--|----------------------|
| 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. | \$ 1,940,097 |
| Retirees Health Insurance (OPEB) | 9,486,206 |
| Non-current portion of compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification. | 778,429 |
| Net Pension Liability | |
| Firefighter Pension | 21,714,636 |
| General Pension | 296,587 |
| Florida Retirement System | 111,499 |
| Florida Retirement System Health Insurance Subsidy | 9,426 |
| Total Net Pension Liability | <u>22,132,148</u> |
| Total Liabilities | <u>34,336,880</u> |
| Total Long-Term Liabilities | <u>\$ 34,336,880</u> |

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

| Year Ending September 30 | Note Payable (1) | | Total |
|--------------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | |
| 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>\$ 1,940,097</u> | <u>\$ 104,077</u> | <u>\$ 2,044,174</u> |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE E - LONG-TERM LIABILITIES (CONTINUED)

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

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.

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.

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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

Pension Plan (Continued)

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.

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, 2018 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Elected Officers'--45.50% and 48.70%; and DROP participants--13.26% and 14.03%. These employer contribution rates include 1.66% HIS Plan subsidy for the period of October 1, 2018 through September 30, 2018. Other than DROP participants, these employer contribution rates include 0.06% administrative fee for the period October 1, 2018 through September 30, 2018.

The District had \$1,125\$- in contributions to the Pension Plan for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the District reported a liability of \$111,499 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.0003702%, which was an increase of 0.0000280% from its proportionate share measured as of June 30, 2018.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

Pension Plan (Continued)

For the fiscal year ended September 30, 2018, the District recognized pension expense of \$28,293, 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 |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 9,446 | \$ 343 |
| Changes of assumptions | 36,433 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | 8,615 |
| Changes in proportion and differences between District Pension plan contributions and proportionate share of contributions | 19,494 | 4,896 |
| District Pension Plan contributions subsequent to the measurement date | 3,024 | - |
| Total | <u>\$ 68,397</u> | <u>\$ 13,854</u> |

The deferred outflows of resources related to the Pension Plan, totaling \$3,024 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, 2019. 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:

| Fiscal Year Ended September 30: | Amount |
|---------------------------------|-----------|
| 2019 | \$ 23,477 |
| 2020 | 14,197 |
| 2021 | 1,794 |
| 2022 | 6,301 |
| 2023 | 4,793 |
| Thereafter | 957 |

Actuarial Assumptions - The total pension liability in the July 1, 2018 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 |
| Investment rate of return | 7.00%, 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, 2018, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

Pension Plan (Continued)

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% | 2.90% | 2.90% | 1.80% |
| Fixed Income | 18.00% | 4.40% | 4.30% | 4.00% |
| Global Equity | 54.00% | 7.60% | 6.30% | 17.00% |
| Real estate (property) | 11.00% | 6.60% | 6.00% | 11.30% |
| Private equity | 10.00% | 10.70% | 7.80% | 26.50% |
| Strategic investments | 6.00% | 6.00% | 5.70% | 8.60% |
| Assumed Inflation - Mean | | 2.60% | | 1.90% |

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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.

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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Discount Rate 7.00% | 1% Increase 8.00% |
|---|----------------------|------------------------|----------------------|
| District's proportionate share of the net pension liability/(asset) | \$ 203,491 | \$ 111,499 | \$ 35,095 |

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, 2018, 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.

Benefits Provided - For the fiscal year ended September 30, 2018, 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, 2018, the HIS contribution for the period October 1, 2018 through September 30, 2018 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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

HIS Plan (Continued)

subsidy benefits to all participants, benefits may be reduced or cancelled.

The District’s contributions to the HIS Plan totaled \$483 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2018, the District reported a liability of \$9,426 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the District’s 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was 0.00008906%, which was an increase of 0.0000278% from its proportionate share measured as of June 30, 2018.

For the fiscal year ended September 30, 2018, the District recognized HIS expense of \$546. 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 |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 144 | \$ 16 |
| Changes of assumptions | 1,048 | 997 |
| Net difference between projected and actual earnings on Pension Plan investments | 6 | - |
| Changes in proportion and differences between District Pension Plan contributions | 243 | 874 |
| District Pension Plan contributions subsequent to the measurement date | 125 | - |
| Total | \$ 1,566 | \$ 1,887 |

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 \$125 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, 2019. 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:

| Fiscal Year Ended September 30: | Amount |
|---------------------------------|---------|
| 2019 | \$ (26) |
| 2020 | (27) |
| 2021 | (65) |
| 2022 | (115) |
| 2023 | (187) |
| Thereafter | (26) |

Actuarial Assumptions – The total pension liability in the July 1, 2018 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 | 3.87% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, updated to better anticipate expected

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

HIS Plan (Continued)

future experience for those members while in FRS covered employment.

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

Discount Rate - The discount rate used to measure the total pension liability was 3.87%. 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 3.87%, 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 (2.87%) or one percentage point higher (4.87%) than the current rate:

| | 1% Decrease 2.87% | Discount Rate 3.87% | 1% Increase 4.87% |
|---|----------------------|------------------------|----------------------|
| District's proportionate share of the net pension liability/(asset) | \$ 10,736 | \$ 9,426 | \$ 8,334 |

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, 2018, the District reported \$0 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.

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 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member’s accounts during the 2016-2017 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, District Elected Officers class--8.34%.

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, 2018, the information for the amount of forfeitures was unavailable from the SBA; however,

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

Investment Plan (Continued)

management believes that these amounts, if any, would be immaterial to the Board.

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 \$10,550 for the fiscal year ended September 30, 2018, excluding HIS, inclusive of the administrative fees.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Overview

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.

Plan Descriptions

Any employee who is employed as a full-time Firefighter.

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, 2017

| | |
|---|------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 47 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | 3 |
| Active Plan Members | 79 |
| | <hr/> |
| Total members | <u>129</u> |

Benefits Provided - The Plan provides retirement, termination, disability and death benefits.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Plan Descriptions (Continued)

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.

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.

Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2016 to September 30, 2018.

The reporting period is October 1, 2018 through September 30, 2018.

The District's Net Pension Liability was measured as of September 30, 2018.

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, 2017 updated to September 30, 2018 using the following actuarial assumptions:

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Net Pension Liability (Continued)

| | |
|---------------------------|----------|
| Inflation | 2.50 % |
| Salary Increases | 4% - 10% |
| Discount Rate | 7.60 % |
| Investment Rate of Return | 7.60 % |

Mortality Rate: RP-2000 Generational, Scale BB.

The actuarial assumptions used in the October 1, 2017 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.

For 2017, the inflation rate assumption of the investment advisor was 2.50%.

These 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.

Best estimated of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 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 | <u>100%</u> | |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Net Pension Liability (Continued)

The components of the Net Pension Liability of the District as of September 30, 2018 were as follows:

| | |
|--|---------------------|
| Total Pension Liability | \$ 86,617,654 |
| Plan Fiduciary Net | <u>(64,903,018)</u> |
| District's Net Pension Liability | <u>21,714,636</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 74.93% |

Discount Rate - The Discount Rate used to measure the Total Pension Liability was 7.60%. 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.

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 | <u>\$ 32,956,797</u> | <u>\$ 21,714,636</u> | <u>\$ 12,420,573</u> |

Investments

Investment Policy: The following was the Board's adopted asset allocation policy as of September 30, 2018:

| Asset Class | <u>Target Allocation</u> |
|-----------------------|--------------------------|
| Domestic Equity | 45.0% |
| International Equity | 15.0% |
| Domestic Fixed Income | 20.0% |
| Global Fixed Income | 5.0% |
| Real Estate | 10.0% |
| GTAA | <u>5.0%</u> |
| Total | <u>100.0%</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, 2018, the annual money-weighted rate of return on Pension Plan Investment, net of Pension Plan investment expense, was 12.82% 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, 2018

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: 6.50% 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, 2018 was \$1,966,597.

Changes in Net Pension Liability

| | 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, 2017 | \$ 81,862,510 | \$ 56,829,970 | \$ 25,032,540 |
| Changes for a Year: | | | |
| Service cost | 1,894,366 | - | 1,894,366 |
| Interest | 6,209,826 | - | 6,209,826 |
| Differences Between Expected and Actual Experience | 717,752 | - | 717,752 |
| Contributions-Employer | - | 3,811,896 | (3,811,896) |
| Contributions-State | - | 550,062 | (550,062) |
| Contributions-Employee | - | 517,520 | (517,520) |
| Contributions-Buy Back | 30,487 | 30,487 | - |
| Net Investment Income | - | 7,317,964 | (7,317,964) |
| Benefit Payments, Including Refunds of Employee Contributions | (4,097,287) | (4,097,287) | - |
| Administrative Expense | - | (57,594) | 57,594 |
| New Changes | 4,755,144 | 8,073,048 | (3,317,904) |
| Reporting period ending September 30, 2018 | \$ 86,617,654 | \$ 64,903,018 | \$ 21,714,636 |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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, 2018, the Sponsor recognized a pension expense of \$3,674,639. On September 30, 2018 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 |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 1,213,802 | \$ 334,580 |
| Changes of Assumptions | 1,395,789 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 1,055,002 |
| Employer and State Contributions subsequent to the measurement date | 5,229,408 | - |
| Total | \$ 7,838,999 | \$ 1,389,582 |

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

| Fiscal Year Ended September 30: | Deferred Outflows/ (Deferred Inflows) |
|---------------------------------|--|
| 2019 | \$ 378,143 |
| 2020 | 654,620 |
| 2021 | (190,241) |
| 2022 | (159,544) |
| 2023 | 434,495 |
| Thereafter | 102,536 |

On September 30, 2018 the District reported a payable of \$34,082 for the outstanding amount of contributions of the Pension Plan required for the year ended September 30, 2018.

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2018 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.

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Plan Description (Continued)

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 member 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 previous 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, 2017

| | |
|---|------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 8 |
| Inactive Plan Members Entitled to but Not Yet Receiving Benefits | - |
| Active Plan Members | <u>13</u> |
| Total | <u><u>21</u></u> |

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 and their Beneficiaries 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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Plan Description (Continued)

Non-Vested: Refund of accumulated contributions without interest.

Contributions - Member Contributions: 7.0% of Salary.

District Contributions: Remaining amount required in order to fund to actuarial soundness. District has a minimum contribution of 15% of salaries.

Net Pension Liability

The measurement date is September 30, 2018.

The measurement period for the pension expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2018 through September 30, 2018.

The District's Net Pension Liability was measured as of September 30, 2018.

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, 2017 updated to September 30, 2018 using the following actuarial assumptions:

| | |
|---------------------------|---------------|
| Inflation | 2.50% |
| Salary Increases | Service-based |
| Discount Rate | 7.70% |
| Investment Rate of Return | 7.70% |

The most recent actuarial experience study used to review the other significant assumptions was dated August 2, 2016.

Mortality Rate: RP-2000 Fully Generational with Scale BB.

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.

For 2017, the inflation rate assumption of the investment advisor was 2.50%

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, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Net Pension Liability (Continued)

Best estimated of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2018 are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|-----------------------|-------------------|---|
| Domestic Equity | 45.00% | 7.50% |
| International Equity | 15.00% | 8.50% |
| Domestic Fixed Income | 35.00% | 2.50% |
| Global Fixed Income | 5.00% | 3.50% |
| Total | <u>100.00%</u> | |

The components of the Net Pension Liability of the District as of September 30, 2018 were as follows:

| | |
|--|--------------------|
| Total Pension Liability | \$ 3,576,704 |
| Plan Fiduciary Net | <u>(3,280,117)</u> |
| District's Net Pension Liability | <u>296,587</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 91.71% |

Discount Rate - The Discount Rate used to measure the Total Pension Liability was 7.70%. 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.

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 7.70%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.70%) or one percentage point higher (8.70%) than the current rate:

| | 1% Decrease 6.70% | Current Discount Rate 7.70% | 1% Increase 8.70% |
|----------------------------------|----------------------|-----------------------------------|----------------------|
| District's Net Pension Liability | \$ 736,362 | \$ 296,587 | \$ (67,308) |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Investments

Investment Policy: The following was the Board's adopted asset allocation policy as of September 30, 2018:

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

Concentrations: The Plan did not hold any investments 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, 2018, the annual money-weighted rate of return on Pension Plan Investment, net of Pension Plan investment expense, was 11.85 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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, 2018 was \$0.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE F - RETIREMENT PLANS (CONTINUED)

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

Changes in Net Pension Liability

| | Changes in Net Pension Liability | | |
|--|----------------------------------|---|--------------------------|
| | Total Pension Liability | Increase (Decrease) Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a)-(b) |
| Reporting period ending September 30, 2017 | \$ 3,393,762 | \$ 2,908,958 | \$ 484,804 |
| Changes for a Year: | | | |
| Service Cost | 100,393 | - | 100,393 |
| Interest | 266,267 | - | 266,267 |
| Differences Between Expected and Actual Experience | (66,906) | - | (66,906) |
| Changes of assumptions | 44,142 | - | 44,142 |
| Contributions-Employer | - | 144,807 | (144,807) |
| Contributions-Employee | - | 52,794 | (52,794) |
| Net Investment Income | - | 353,297 | (353,297) |
| Benefit Payments, Including Refunds of Employee Contributions | (160,954) | (160,954) | - |
| Administrative Expense | - | (18,785) | 18,785 |
| Net Changes | 182,942 | 371,159 | (188,217) |
| Reporting period ending September 30, 2018 | \$ 3,576,704 | \$ 3,280,117 | \$ 296,587 |

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

For the year ended September 30, 2018, the Sponsor recognized a pension expense of \$198,420. On September 30, 2018 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 |
|--|--------------------------------------|-------------------------------------|
| Difference Between Expected and Actual Experience | \$ 82,174 | \$ 50,181 |
| Changes of Assumptions | 107,462 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 10,892 | - |
| Employer and State Contributions subsequent to the measurement date | 165,512 | - |
| | <u>\$ 366,040</u> | <u>\$ 50,181</u> |

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

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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 (Continued)

| Fiscal Year Ended September 30: | Deferred Outflows/ (Deferred Inflows) |
|---------------------------------|--|
| 2019 | \$ 93,366 |
| 2020 | 104,206 |
| 2021 | (22,085) |
| 2022 | (25,140) |
| 2023 | - |
| Thereafter | - |

No separate Plan audit is issued. A copy of the District audited financial statements including the Plan for September 30, 2018 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.

NOTE G - OTHER POST-EMPLOYMENT BENEFITS

Other Post-Employment Benefits

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 employees who were employed on or after October 1, 2010. The trust started to paying benefits on October 1, 2013.

Retirees prior to October 1, 2010, are covered by the District, "OPEB-District" as a pay as you go, following the Retiree Insurance Trust Fund guidelines. All retirees explicit OPEB liability, is accounted for under the OPEB District liability.

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 "Trust"). The following is a brief description of the Plan which is provided for general information purposes only.

The "Plan" 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.

Plan Description - The District's Retiree Health Insurance Trust Fund ("Trust") and the District's Retiree Health Care Plan ("OPEB-District") is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Trust, which is administered by the District, allows employees who retire and meet the retirement eligibility requirement to receive a monthly reimbursement, regardless of whether the retiree continues insurance coverage in the District's plan. The Board of Commissioners agree that OPEB-District plan would follow the same benefits as provided for in the The District's Retiree Health Insurance Trust.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefits (Continued)

Benefits provided - Eligibility:

Any Union employee and other employees for whom the Trustees agree to accept contributions and on whose behalf the Employer 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.

Retirement Benefits Provided - The Plan will provide a \$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 is payable in the form of a lump sum in January of each year. Pre-October 1, 2010 retirees will continue to receive their previous benefit from the District. A disabled retiree with 10 years of service will receive 50% of the 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

The Retiree Insurance Trust - Employees covered by benefit terms: At October 1, 2018 the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 34 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>103</u> |
| Total | <u><u>137</u></u> |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefits (Continued)

Contributions - The District and the Union agreed to amend the collective bargaining agreement to provide for the creation and establishment of the Plan. 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 Trust. On October 1, 2011 the District contributed \$0 to the Trust 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 be made by the District to the Trust.

Investment Policy:

| Asset Class | <u>Target Allocation</u> |
|-----------------------------|------------------------------|
| Large Cap Value Equity | 24% |
| Large Cap Growth Equity | 24% |
| Small/Mid Cap Core Equity | 10% |
| International Value Equity | 6% |
| International Growth Equity | 6% |
| Core Fixed Income | <u>30%</u> |
| Total | <u><u>100%</u></u> |

Concentrations - The Trust did not hold investments in any one organization that represent 5 percent or more of the Fund's Fiduciary Net Position.

Rate of Return - For the year ended September 30, 2018 the annual money-weighted rate of return on investments, net of investment expense, was 7.80% percent. The money-weighted rate of return expressed investment performance, net of investment expense, adjusted for the changing amounts invested.

Net OPEB Liability -Retiree Insurance Trust

The measurement date for GASB 74 reporting is September 30, 2018.

The reporting period is October 1, 2017 through September 30, 2018.

The components of the Net OPEB Liability of the Sponsor on September 30, 2018 were as follows:

| | |
|---|--------------------|
| Total OPEB Liability | \$ 3,359,280 |
| Plan Fiduciary Net | <u>(2,032,358)</u> |
| Retiree Insurance Trust- Net OPEB Liability | <u>1,326,922</u> |
| Plan Fiduciary Net Position as a percentage of Total OPEB-Retiree Insurance Trust Liability | 60.50% |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefits (Continued)

Net OPEB Liability -Retiree Insurance Trust (Continued)

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions:

| | |
|---------------------------|-------------------|
| Inflation Rate | 2.50% |
| Salary Increase Rate(s) | Varies by Service |
| Discount Rate | 7.00% |
| Investment rate of return | 7.00% |

Mortality rates for general employees were based on the RP-2000 Mortality Table. For female lives, 100% of the white-collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables included fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, male lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

For fire employees, mortality rates were also based on various RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 10% white collar table, 90% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled female lives, a blend of 60% of the RP-2000 disabled female mortality table set forward two (2) years and 40% of the white-collar table with no setback was used. For disabled male lives, a blend of 60% of the RP-2000 disabled male mortality table set back four (4) year and 40% of the white-collar table with no setback was used. Disabled mortality has not been adjusted for mortality improvement.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the 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. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|----------------------|--|
| Large Cap Value Equity | 24% | 7.50% |
| Large Cap Growth Equity | 24% | 7.80% |
| Small/Mid Cap Core Equity | 10% | 6.31% |
| International Value Equity | 6% | 7.70% |
| International Growth Equity | 6% | 7.70% |
| Core Fixed Income | 30% | 2.50% |
| Total | <u>100%</u> | |

Discount rate - The projection of cash flows used to determine the discount rate assumed that current contributions will be

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefits (Continued)

Net OPEB Liability -Retiree Insurance Trust (Continued)

made at a rate of 2.00% of covered payroll. The expected rate of return on investments is 7.00%. Based on this assumption, the OPEB Plan's Fiduciary Net Position was projected to provide all future benefit payments. Therefore, the single equivalent discount rate was set equal to the investment rate of return assumption, 7.00%.

Changes in Net OPEB-Retiree Insurance Trust Liability

| | Increase (Decrease) | | |
|--|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending September 30, 2017 | \$ 3,185,530 | \$ 1,861,088 | \$ 1,324,442 |
| Changes for the year:: | | | |
| Service cost | 84,486 | - | 84,486 |
| Interest | 224,256 | - | 224,256 |
| Differences between expected and actual experience | - | - | - |
| Changes of Assumptions | - | - | - |
| Changes of Benefits | - | - | - |
| Contributions - Employer | - | 128,562 | (128,562) |
| Net Investment Income | - | 186,973 | (186,973) |
| Benefit payments | (134,992) | (134,992) | - |
| Administrative expense | - | (9,273) | 9,273 |
| Net changes | 173,750 | 171,270 | 2,480 |
| Ending balance | \$ 3,359,280 | \$ 2,032,358 | \$ 1,326,922 |

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Retiree Health Insurance Trust Fund (Plan) as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current discount rate:

| | 1% Decrease 6.00% | Discount Rate 7.00% | 1% Increase 8.00% |
|----------------------------|----------------------|------------------------|----------------------|
| Net OPEB liability (asset) | \$ 1,700,844 | \$ 1,326,922 | \$ 1,011,790 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE G - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Other Post-Employment Benefits (Continued)

Changes in Net OPEB-Retiree Insurance Trust Liability (Continued)

| | 1% Decrease (3.00%- 7.5%) | Healthcare Cost Trend Rates (4.00% -8.50%) | 1% Increase (5.00% - 9.50%) |
|----------------------------|------------------------------|--|-----------------------------------|
| Net OPEB Liability (asset) | N/A | N/A | N/A |

OPEB plan fiduciary net position. Detailed information about the OPEB-TRUST plan's fiduciary net position is available in the separately issued financial report.

OPEB Expenses, Deferred Outflows and Deferred Inflows of Resources

For the year ended September 30, 2018, the District recognized OPEB expense of \$199,049. At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on OPEB plan investments | (59,484) | - |
| Employer Contributions Made Subsequent to the Measurement Date | 190,456 | - |
| Total | \$ 130,972 | \$ - |

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expenses as follows:

Year ended:

| | |
|------------|-------------|
| 2019 | \$ (14,871) |
| 2020 | (14,871) |
| 2021 | (14,871) |
| 2022 | (14,871) |
| 2023 | - |
| Thereafter | - |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

OPEB-District

Employees covered by benefit terms: At October 1, 2018 the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 42 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>103</u> |
| | <u>145</u> |

Contributions - 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 Retiree Insurance Trust Fund (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.

The District's net OPEB liability was measured as of September 30, 2018.

The measurement period for the OPEB expense was October 1, 2017 to September 30, 2018.

The reporting period is October 1, 2018 through September 30, 2018.

The Sponsor's Net OPEB Liability was measured as of September 30, 2018. The total OPEB liability used to calculate the net OPEB liability was determined as of that date.

Note - The Sponsor's Net OPEB liability for the District's ledger adjustment was measured as of September 30, 2017 using a discount rate of 3.06%. The total OPEB liability was "rolled-back" from September 30, 2018 at 3.06% thus producing no experience gain or loss for the period from October 1, 2017 to September 30, 2017.

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions:

| | |
|-----------------------------|-----------------------------|
| Inflation | 2.50 % |
| Salary increases | See Assumptions and Methods |
| Discount rate | 3.64 % |
| Investment Rate of Return | 0.00 % |
| Healthcare cost trend rates | 4.00% -8.50% |

Mortality rates for general employees were based on the RP-2000 Mortality Table. For female lives, 100% of the white-collar table was used. For male lives, a 50% white collar table, 50% blue collar table blend was used. All tables included fully generational adjustments for mortality improvements using improvement scale BB. For disabled lives, mortality rates were based on the RP-2000 sex-distinct disabled mortality tables with female lives set forward two (2) years, male lives set back four (4) years. Disabled mortality has not been adjusted for mortality improvements.

For fire employees, mortality rates were also based on various RP-2000 mortality tables. For female lives, 100% of the white-collar table was used. For male lives, a 10% white collar table, 90% blue collar table blend was used. All tables include fully generational adjustments for mortality improvements using improvement scale BB. For disabled female lives, a blend of 60% of the RP-2000 disabled female mortality table set forward two (2) years and 40% of the white-collar table with no setback was

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

OPEB-District (Continued)

used. For disabled male lives, a blend of 60% of the RP-2000 disabled male mortality table set back four (4) year and 40% of the white-collar table with no setback was used. Disabled mortality has not been adjusted for mortality improvement.

Discount rate - Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 3.64%. The high quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standar & Poor's Corp.'s AA.

| | Increase (Decrease) | | |
|--|-------------------------|--------------------------------|-----------------------|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| | (a) | (b) | (a) - (b) |
| Reporting Period Ending September 30, 2017 | \$ 8,247,956 | \$ - | \$ 8,247,956 |
| Changes for the year:: | | | |
| Service cost | 543,728 | - | 543,728 |
| Interest | 264,811 | - | 264,811 |
| Differences between expected and actual experience | - | - | - |
| Changes of assumptions | (619,701) | - | (619,701) |
| Contributions - employer | - | 283,510 | (283,510) |
| Benefit payments | (277,510) | (277,510) | - |
| Administrative expense | - | (6,000) | 6,000 |
| Net changes | (88,672) | - | (88,672) |
| Ending balance | \$ 8,159,284 | \$ - | \$ 8,159,284 |

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentagepoint higher (4.64 percent) than the current discount rate:

| | 1% Decrease (2.64%) | Discount Rate (3.64%) | 1% Increase (4.64%) |
|----------------------------|------------------------|--------------------------|------------------------|
| Net OPEB liability (asset) | \$ 9,272,923 | \$ 8,159,284 | \$ 7,234,359 |

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5 percent decreasing to 3.0 percent) or 1-percentage-point higher (9.5 percent decreasing to 5.0 percent) than the current healthcare cost trend rates:

| | Healthcare Cost | | |
|----------------------------|------------------------------|------------------------------|------------------------------|
| | 1% Decrease (3.0% - 7.5%) | Trend Rates (4.0% - 8.5%) | 1% Increase (5.0% - 9.5%) |
| Net OPEB liability (asset) | \$ 7,413,257 | \$ 8,159,284 | \$ 9,041,202 |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

OPEB-District (Continued)

OPEB plan fiduciary net position - The plan is unfunded, so the OPEB Plan's Fiduciary Net Position is \$0.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018 the District will recognized OPEB expense of \$199,049.

On September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes of assumptions | 542,238 | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| Total | \$ 542,238 | \$ - |

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expenses as follows:

Year ended September 30:

| | |
|------------|-------------|
| 2019 | \$ (77,463) |
| 2020 | (77,463) |
| 2021 | (77,463) |
| 2022 | (77,463) |
| 2023 | (77,463) |
| Thereafter | (154,923) |

NOTE H - RISK MANAGEMENT

The District participates in a fully funded insurance program for health insurance. The District paid \$1,904,932 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's Umbrella limits are \$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, 2018. 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, no such accrual has been recorded in the financial statements.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

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 2018 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2018, \$194,519 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

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, 2018, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.3300 per \$1,000 (2.3300) of the 2018 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, 2018.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2018

NOTE K - PRIOR PERIOD RESTATEMENT

Change in Accounting Principle

The beginning net position of the District was decreased \$7,471,344 due to the adoption of new GASB Pronouncements, Statement No. 75, Accounting and Financial Reporting for Other Post Employment Benefits. GASB Statement No. 75 requires the District to recognize its share of Other Post Employment Benefits net liabilities.

| | |
|---|---------------------|
| Net Position, as originally stated | \$ 7,113,202 |
| Restatements: | |
| Other Post-Employment Benefits - Overstated as a result of GASB 75 implementation | <u>(7,471,344)</u> |
| Net Position, as restated | <u>\$ (358,142)</u> |

**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, 2018

| | General Fund | | | |
|--|------------------------|------------------------|----------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 23,887,408 | \$ 23,887,408 | \$ 23,745,451 | \$ (141,957) |
| Intergovernmental Revenues: | | | | |
| State Supplemental Compensation | 42,360 | 42,360 | 40,626 | (1,734) |
| Fees: | | | | |
| Inspection Fees | 225,000 | 225,000 | 363,758 | 138,758 |
| Fire Flow Fees | 1,000 | 1,000 | 2,420 | 1,420 |
| CPR Classes | 4,500 | 4,500 | 4,414 | (86) |
| Fleet Maintenance | 65,000 | 65,000 | 63,235 | (1,765) |
| Disposition of Fixed Assets | 10,000 | 10,000 | 27,703 | 17,703 |
| Grants | 5,000 | 5,000 | 5,000 | - |
| USAR/FEMA Reimbursement | - | - | 4,353 | 4,353 |
| Miscellaneous: | | | | |
| Facilities Rental | 119,984 | 119,984 | 125,209 | 5,225 |
| Insurance Proceeds | - | - | 23,657 | 23,657 |
| Interest | 27,500 | 27,500 | 243,075 | 215,575 |
| Other | 77,230 | 77,230 | 150,813 | 73,583 |
| Total Revenues | 24,464,982 | 24,464,982 | 24,799,714 | 334,732 |
| Expenditures | | | | |
| Current | | | | |
| Public Safety | | | | |
| Personnel Services | 20,037,319 | 20,037,319 | 19,539,195 | 498,124 |
| Operating Expenditures | 10,664,851 | 10,772,351 | 2,331,832 | 8,440,519 |
| Capital Outlay | 4,536,569 | 4,429,069 | 3,043,153 | 1,385,916 |
| Debt Service | | | | |
| Principal Reduction | 370,579 | 370,579 | 370,579 | - |
| Interest and Fiscal Charges | 45,185 | 45,185 | 45,185 | - |
| Total Expenditures | 35,654,503 | 35,654,503 | 25,329,944 | 10,324,559 |
| Excess of Revenues over (under) Expenditures | (11,189,521) | (11,189,521) | (530,230) | (9,989,827) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 250,000 | 250,000 | 277,176 | 27,176 |
| Total Other Financing Sources (Uses) | 250,000 | 250,000 | 277,176 | 27,176 |
| Excess Revenues and Other Financing Sources over (under) | | | | |
| Expenditures and Other Uses | (10,939,521) | (10,939,521) | (253,054) | (9,962,651) |
| Fund Balance - Beginning | - | - | 11,627,590 | 11,627,590 |
| Fund Balance - Ending | \$ (10,939,521) | \$ (10,939,521) | \$ 11,374,536 | \$ 1,664,939 |

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, 2018

| | General Fund | | | |
|-----------------------------------|-------------------|-------------------|-------------------|----------------------------------|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| Ad Valorem Taxes | \$ 23,887,408 | \$ 23,887,408 | \$ 23,745,451 | \$ (141,957) |
| Intergovernmental Revenues: | | | | |
| State Supplemental Compensation | 42,360 | 42,360 | 40,626 | (1,734) |
| Fees: | | | | |
| Inspection Fees | 225,000 | 225,000 | 363,758 | 138,758 |
| Fire Flow Fees | 1,000 | 1,000 | 2,420 | 1,420 |
| CPR Classes | 4,500 | 4,500 | 4,414 | (86) |
| Fleet Maintenance | 65,000 | 65,000 | 63,235 | (1,765) |
| Disposition of Fixed Assets | 10,000 | 10,000 | 27,703 | 17,703 |
| Grants | 5,000 | 5,000 | 5,000 | - |
| USAR/FEMA Reimbursement | - | - | 4,353 | 4,353 |
| Miscellaneous: | | | | |
| Facilities Rental | 119,984 | 119,984 | 125,209 | 5,225 |
| Insurance Proceeds | - | - | 23,657 | 23,657 |
| Interest | 27,500 | 27,500 | 243,075 | 215,575 |
| Other | 77,230 | 77,230 | 150,813 | 73,583 |
| Total Revenues | 24,464,982 | 24,464,982 | 24,799,714 | 334,732 |
| Expenditures | | | | |
| Current | | | | |
| Public Safety | | | | |
| Personnel Services: | | | | |
| Salaries | | | | |
| Firefighters & Administration | 8,532,276 | 8,532,276 | 8,486,845 | 45,431 |
| Commissioners | 30,000 | 30,000 | 29,088 | 912 |
| Overtime | 972,198 | 972,198 | 986,231 | (14,033) |
| Incentives and Holiday Pay | 1,069,430 | 1,069,430 | 1,019,996 | 49,434 |
| VEBA- Retiree Health Insurance | 269,214 | 269,214 | 265,957 | 3,257 |
| Payroll Taxes | | | | |
| Social Security & Medicare | 770,468 | 770,468 | 785,365 | (14,897) |
| Benefits and Other Costs | | | | |
| Retirement-Fire Fighters | 4,599,594 | 4,599,594 | 4,616,498 | (16,904) |
| Retirement-Administration and FRS | 204,139 | 204,139 | 185,835 | 18,304 |
| Health/Life/Disability Ins. | 3,000,000 | 3,000,000 | 2,540,286 | 459,714 |
| Workers Compensation | 590,000 | 590,000 | 623,094 | (33,094) |
| Subtotal - Personal services | 20,037,319 | 20,037,319 | 19,539,195 | 498,124 |
| Operating Expenditures: | | | | |
| Professional and Other Fees | | | | |
| Professional Fees | 7,500 | 7,500 | 1,350 | 6,150 |
| Legal Fees | 35,000 | 35,000 | 10,579 | 24,421 |
| Property Appraiser Fees | 164,231 | 164,231 | 131,508 | 32,723 |

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, 2018

| | General Fund | | | |
|----------------------------------|-----------------|--------------|---------|----------------------------------|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Tax Collector Fees | 492,374 | 492,374 | 473,626 | 18,748 |
| Auditing and Accounting | 35,000 | 35,000 | 28,800 | 6,200 |
| Medical Director | 25,000 | 25,000 | 25,000 | - |
| Annual Physicals | 90,000 | 90,000 | 62,119 | 27,881 |
| Travel and Training | | | | |
| Educational Seminars | 92,350 | 92,350 | 45,580 | 46,770 |
| Training Books and Supplies | 67,300 | 67,300 | 77,794 | (10,494) |
| Communications | | | | |
| Radio Tower Fees | 37,000 | 37,000 | 35,230 | 1,770 |
| Station Expenditures | | | | |
| Telephones and Cellular | 45,000 | 45,000 | 44,335 | 665 |
| Electricity | 93,600 | 93,600 | 70,949 | 22,651 |
| Water and Sewer | 31,700 | 31,700 | 24,759 | 6,941 |
| Garbage | 12,600 | 12,600 | 10,602 | 1,998 |
| Gas and Oil | 84,972 | 84,972 | 89,788 | (4,816) |
| Pest Control | 7,274 | 7,274 | 5,478 | 1,796 |
| Cable | 1,000 | 1,000 | 7 | 993 |
| Rentals and Leases | | | | |
| Rentals (Station 7) | 22,248 | 49,748 | 49,915 | (167) |
| Insurnace | | | | |
| Liability Policy | 126,500 | 126,500 | 107,900 | 18,600 |
| Repairs and Maintenance | | | | |
| Building | 222,200 | 222,200 | 198,004 | 24,196 |
| Truck | 250,500 | 250,500 | 206,181 | 44,319 |
| Equipment | 32,825 | 32,825 | 40,820 | (7,995) |
| Communications | 13,000 | 13,000 | 21,238 | (8,238) |
| Special Operations | 13,500 | 13,500 | 3,495 | 10,005 |
| USAR District Expenses | 19,690 | 19,690 | 19,040 | 650 |
| Office Equipment | 29,500 | 29,500 | 29,133 | 367 |
| Computer Support | 169,252 | 169,252 | 155,452 | 13,800 |
| Public Education/Fire Prevention | | | | |
| CPR Classes | 5,500 | 5,500 | 4,192 | 1,308 |
| Car Seat Expense | 1,000 | 1,000 | 993 | 7 |
| Public Education | 14,750 | 14,750 | 10,729 | 4,021 |
| Explorer Post 5512 | 8,483 | 8,483 | - | 8,483 |
| Smoke Alarms | 2,000 | 2,000 | 1,988 | 12 |
| Supplies | | | | |
| Legal Ads | 5,000 | 5,000 | 1,768 | 3,232 |
| Office Supplies | 11,000 | 11,000 | 8,151 | 2,849 |
| Postage and Freight | 2,500 | 2,500 | 2,025 | 475 |
| Administration | 20,875 | 20,875 | 16,051 | 4,824 |
| Station Supplies | 25,000 | 25,000 | 22,345 | 2,655 |

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, 2018

| | General Fund | | | |
|--|------------------------|------------------------|----------------------|----------------------------------|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Fire and Medical | 107,000 | 107,000 | 84,172 | 22,828 |
| Uniforms | 64,500 | 64,500 | 51,212 | 13,288 |
| Office Equipment | 6,250 | 6,250 | 1,612 | 4,638 |
| Personal Protection Uniforms | 27,100 | 27,100 | 31,812 | (4,712) |
| Food Consumables | 7,500 | 7,500 | 6,694 | 806 |
| Books and Dues | 23,640 | 23,640 | 22,903 | 737 |
| PETC Hiring | 1,000 | 1,000 | 199 | 801 |
| Equipment <\$750 | 28,350 | 108,350 | 96,304 | 12,046 |
| CERT Training | 4,000 | 4,000 | - | 4,000 |
| Operating Reserves / Contingencies | | | | |
| Operating | 5,578,491 | 5,578,491 | - | 5,578,491 |
| Emergency Disaster | 395,362 | 395,362 | - | 395,362 |
| Insurance | 480,000 | 480,000 | - | 480,000 |
| Capital Improvements (Reserves) | 1,624,434 | 1,624,434 | - | 1,624,434 |
| Subtotal - Operating Expenditures | 10,664,851 | 10,772,351 | 2,331,832 | 8,440,519 |
| Capital Outlay | | | | |
| Construction in Progress | 835,000 | 815,000 | 710,939 | 104,061 |
| Buildings | 2,300,000 | 2,272,500 | 1,682,179 | 590,321 |
| Office Equipment | 37,875 | 37,875 | 47,815 | (9,940) |
| Machinery and Equipment | 568,694 | 508,694 | 415,610 | 93,084 |
| Vehicles | 795,000 | 795,000 | 186,610 | 608,390 |
| Subtotal - Capital Outlay | 4,536,569 | 4,429,069 | 3,043,153 | 1,385,916 |
| Debt Service | | | | |
| Principal Reduction | 370,579 | 370,579 | 370,579 | - |
| Interest and Fiscal Charges | 45,185 | 45,185 | 45,185 | - |
| Subtotal- Debt Service | 415,764 | 415,764 | 415,764 | - |
| Total Expenditures | 35,654,503 | 35,654,503 | 25,329,944 | 10,324,559 |
| Excess of Revenues over (under) Expenditures | (11,189,521) | (11,189,521) | (530,230) | (9,989,827) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 250,000 | 250,000 | 277,176 | 27,176 |
| Total Other Financing Sources (Uses) | 250,000 | 250,000 | 277,176 | 27,176 |
| Excess Revenues and Other Financing Sources over (under) Expenditures and Other Uses | (10,939,521) | (10,939,521) | (253,054) | 10,686,467 |
| Fund Balance - Beginning | - | - | 11,627,590 | 11,627,590 |
| Fund Balance - Ending | \$ (10,939,521) | \$ (10,939,521) | \$ 11,374,536 | \$ 22,314,057 |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - IMPACT FEE FUND
September 30, 2018

| | Impact Fee Fund | | | |
|---|--------------------|------------------|-------------------|--|
| | Original Budget | Final Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | | |
| Fees: | | | | |
| Impact Fees | \$ 250,000 | \$ 250,000 | \$ 510,001 | \$ 260,001 |
| Miscellaneous: | | | | |
| Interest | 50 | 50 | 3 | (47) |
| Total Revenues | <u>250,050</u> | <u>250,050</u> | <u>510,004</u> | <u>259,954</u> |
| Excess of Revenues over (under) Expenditures | 250,050 | 250,050 | 510,004 | 259,954 |
| Other Financing Sources (Uses) | | | | |
| Transfers out | <u>(250,050)</u> | <u>(250,050)</u> | <u>(277,176)</u> | <u>(27,126)</u> |
| Total Other Financing Sources (Uses) | <u>(250,050)</u> | <u>(250,050)</u> | <u>(277,176)</u> | <u>(27,126)</u> |
| Excess Revenues and Other Financing Sources over (under) Expenditures and Other Uses | - | - | 232,828 | 232,828 |
| Fund Balance - Beginning | - | - | 38,687 | 38,687 |
| Fund Balance - Ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 271,515</u> | <u>\$ 271,515</u> |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY - FLORIDA RETIREMENT SYSTEM PENSION PLAN
September 30, 2018

| For the Last Five Fiscal Years Ended June 30 | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability | 0.0003702% | 0.0003421% | 0.0003767% | 0.0003929% | 0.0002792% |
| District's proportion share of the net pension liability | \$ 111,499 | \$ 101,202 | \$ 95,123 | \$ 50,750 | \$ 17,033 |
| District's covered - employee payroll | \$ 29,088 | \$ 29,633 | \$ 29,833 | \$ 30,000 | \$ 30,000 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee | 383.32% | 341.52% | 318.85% | 169.17% | 56.78% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
September 30, 2018

| For the Last Five Fiscal Years Ended June 30 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|------------|-------------|-------------|-------------|-------------|
| District's proportion of the net pension liability | 0.0000891% | 0.00008630% | 0.00009230% | 0.00009890% | 0.00010097% |
| District's proportion share of the net pension liability | \$ 9,426 | \$ 9,225 | \$ 10,760 | \$ 10,085 | \$ 9,441 |
| District's covered - employee payroll | \$ 29,088 | \$ 29,633 | \$ 29,833 | \$ 30,000 | \$ 30,000 |
| District's proportionate share of the net pension liability as a percentage of its covered employee | 32.41% | 31.13% | 36.07% | 33.62% | 31.47% |
| Plan fiduciary net position as a percentage of the total pension liability | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FIREFIGHTERS' PENSION TRUST FUND
September 30, 2018

Last Five Measurement Date Fiscal Years

| Reporting Period Ending | 09/30/2019 | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 |
|--|---------------|---------------|---------------|---------------|---------------|
| Measurement Date | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 |
| Total Pension Liability | | | | | |
| Service Cost | \$ 2,058,200 | \$ 1,894,366 | \$ 1,796,100 | \$ 1,726,781 | \$ 1,697,295 |
| Interest | 6,529,798 | 6,209,826 | 5,729,223 | 5,464,090 | 5,118,393 |
| Differences Between Expected and Actual Experience | 338,549 | 717,752 | 838,022 | (535,327) | - |
| Changes of Assumptions | - | - | 1,954,103 | - | - |
| Buyback | 9,381 | 30,487 | 21,106 | 2,982 | - |
| Benefits Paid | (5,514,912) | (4,097,287) | (4,128,916) | (2,349,598) | (2,243,450) |
| Net Change in Total Pension Liability | 3,421,016 | 4,755,144 | 6,209,638 | 4,308,928 | 4,572,238 |
| Total Pension Liability-Beginning | 86,617,654 | 81,862,510 | 75,652,872 | 71,343,944 | 66,771,706 |
| Total Pension Liability-Ending (a) | \$ 90,038,670 | \$ 86,617,654 | \$ 81,862,510 | \$ 75,652,872 | \$ 71,343,944 |
| Plan Fiduciary Net Position | | | | | |
| Employer Contributions | \$ 4,674,658 | \$ 3,811,896 | \$ 3,656,157 | \$ 3,786,822 | \$ 3,565,486 |
| State of Florida, Insurance Premiums | 554,750 | 550,062 | 567,162 | 585,584 | 583,892 |
| Plan Members | 589,466 | 517,520 | 477,667 | 463,616 | 436,385 |
| Buyback | 9,381 | 30,487 | 21,106 | 2,982 | - |
| Investment Income | 5,632,074 | 7,317,964 | 4,136,912 | (329,845) | 4,736,538 |
| Benefits Paid | (5,514,912) | (4,097,287) | (4,128,916) | (2,349,598) | (2,243,450) |
| Administrative Expenses | (53,509) | (57,594) | (34,030) | (47,681) | (38,532) |
| Net Change in Plan Fiduciary Net Position | 5,891,908 | 8,073,048 | 4,696,058 | 2,111,880 | 7,040,319 |
| Plan Fiduciary Net Position- Beginning | 64,903,018 | 56,829,970 | 52,133,912 | 50,022,032 | 42,981,713 |
| Plan Fiduciary Net Position-Ending (b) | \$ 70,794,926 | \$ 64,903,018 | \$ 56,829,970 | \$ 52,133,912 | \$ 50,022,032 |
| Net Pension Liability-Ending (a)-(b) | \$ 19,243,744 | \$ 21,714,636 | \$ 25,032,540 | \$ 23,518,960 | \$ 21,321,912 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 78.63 % | 74.93 % | 69.42 % | 68.91 % | 70.11 % |
| Covered Employee Payroll (1) | \$ 8,420,947 | \$ 7,393,149 | \$ 6,822,809 | \$ 8,193,018 | \$ 6,111,013 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 228.52 % | 293.71 % | 366.89 % | 287.06 % | 348.91 % |

(1) The Covered employee payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 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 years for which information is available.

Changes of assumptions:

For measurement date of 09/30/2016, 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.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION TRUST FUND
September 30, 2018

Last Five Measurement Date Fiscal Years

| Reporting Period Ending Measurement Date | 09/30/2019 09/30/2018 | 09/30/2018 09/30/2017 | 09/30/2017 09/30/2016 | 09/30/2016 09/30/2015 | 09/30/2015 09/30/2014 |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total Pension Liability | | | | | |
| Service cost | \$ 96,000 | \$ 100,393 | \$ 61,946 | \$ 85,654 | \$ 79,309 |
| Interest | 274,131 | 266,267 | 239,113 | 231,533 | 215,612 |
| Difference Between Expected and Actual Experience | 170,358 | (66,906) | 164,346 | - | - |
| Changes of Assumptions | 43,486 | 44,142 | 148,708 | - | - |
| Benefits Paid | (225,134) | (160,954) | (294,631) | (102,839) | (101,671) |
| Net Change in Total Pension Liability | 358,841 | 182,942 | 319,482 | 214,348 | 193,250 |
| Total Pension Liability-Beginning | 3,576,704 | 3,393,762 | 3,074,280 | 2,859,932 | 2,666,682 |
| Total Pension Liability-Ending (a) | \$ 3,935,545 | \$ 3,576,704 | \$ 3,393,762 | \$ 3,074,280 | \$ 2,859,932 |
| Plan Fiduciary Net Position | | | | | |
| Employer Contributions | 165,512 | 144,807 | 133,167 | 154,995 | 126,276 |
| Plan Members | 55,701 | 52,794 | 48,551 | 42,715 | 34,800 |
| Investment Income | 255,322 | 353,297 | 179,789 | (13,270) | 255,640 |
| Benefits Paid | (225,134) | (160,954) | (294,631) | (102,839) | (101,671) |
| Administrative Expenses | (12,933) | (18,785) | (16,781) | (22,284) | (7,595) |
| Net Change in Plan Fiduciary Net Position | 238,468 | 371,159 | 50,095 | 59,317 | 307,450 |
| Plan Fiduciary Net Position-Beginning | 3,280,117 | 2,908,958 | 2,858,863 | 2,799,546 | 2,492,096 |
| Plan Fiduciary Net Position-Ending (b) | \$ 3,518,585 | \$ 3,280,117 | \$ 2,908,958 | \$ 2,858,863 | \$ 2,799,546 |
| Net Pension Liability-Ending (a)-(b) | \$ 416,960 | \$ 296,587 | \$ 484,804 | \$ 215,417 | \$ 60,386 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 89.41% | 91.71% | 85.71% | 92.99% | 97.89% |
| Covered Payroll | \$ 795,730 | \$ 754,198 | \$ 693,579 | \$ 790,658 | \$ 497,148 |
| Net Pension Liability as a Percentage of Covered Employee Payroll | 52.40% | 39.32% | 69.90% | 27.25% | 12.15% |

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 09/30/2017, as required by Chapter 2015-157, Laws of Florida, the assumed rates of mortality have been changed from those in July 1, 2015 FRS valuation report to those used in July 1, 2016 FRS valuation report. Additionally, the investment rate of return was lowered from 7.80% to 7.70%

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.

**BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
GENERAL EMPLOYEES' PENSION TRUST FUND
September 30, 2018**

5. Mortality table was changed to be the same as used in the Florida Retirement System's July 1, 2015 valuation for non-special 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
SCHEDULE OF CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN
September 30, 2018

| For the Last Five Fiscal Years | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-------|-------|-------|----------|----------|
| Contractually required contribution | \$ - | \$ - | \$ - | \$ 865 | \$ 2,592 |
| Contributions in relation to contractually required contribution | - | - | - | 865 | 2,592 |
| Contributions deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ - | \$ - | \$ - | \$ 2,000 | \$ 6,000 |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 43.25% | 43.20% |

Note: Data was unavailable prior to 2014.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
HEALTH INSURANCE (HIS) PENSION PLAN
September 30, 2018

| For the Last Five Fiscal Years | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------|-----------|-----------|-----------|-----------|
| Contractually required contribution | \$ 483 | \$ 457 | \$ 473 | \$ 378 | \$ 346 |
| Contributions in relation to contractually required contribution | 483 | 457 | 473 | 378 | 346 |
| Contributions deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | \$ 29,088 | \$ 29,633 | \$ 29,833 | \$ 30,000 | \$ 30,000 |
| Contributions as a percentage of covered-employee payroll | 1.66 % | 1.54 % | 1.59 % | 1.26 % | 1.15 % |

Note: Data was unavailable prior to 2014.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION TRUST FUND
September 30, 2018

For the Last Five Fiscal Years

| Reporting Period Ending | 09/30/2019 | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 |
|--|--------------|--------------|--------------|--------------|--------------|
| Measurement Date | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 |
| Actuarially Determined Contribution | \$ 5,229,408 | \$ 4,361,958 | \$ 4,223,319 | \$ 4,372,406 | \$ 4,149,378 |
| Contributions in Relation to the Actuarially Determined Contribution | 5,229,408 | 4,361,958 | 4,223,319 | 4,372,406 | 4,149,378 |
| Contribution Deficiency (Excess) | - | - | - | - | - |
| Covered Employee Payroll (1) | \$ 8,420,947 | \$ 7,393,149 | \$ 6,822,809 | \$ 8,193,018 | \$ 6,111,013 |
| Contributions as a percentage of covered employee payroll | 62.10% | 59.00% | 61.90% | 53.37% | 67.90% |

(1) 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, 2017

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:

Mortality Rates:

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB

Male: RP2000 Generational, 10% Annuitant White Collar /90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

Female: 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projections scale.

Male: 60% RP2000 Disabled Male set forward four years / 40% Annuitant White Collar with no setback, no projections scale.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement Systems (FRS). The above rates are those outlined in the July 1, 2015 FRS Actuarial valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Termination Rates:

| <u>Credited Service</u> | <u>Assumed Rate</u> |
|-------------------------|---------------------|
| First Year | 6.00% |
| Next 4 Years | 3.00% |
| Greater than 5 years | 2.00% |

These rates are based on the results of an experience study issued July 29, 2014.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
FIREFIGHTERS' PENSION TRUST FUND
September 30, 2018

Disability Rates: See Table below. It is assumed that 75% of disablements and active Member deaths are service related.

| <u>Age</u> | <u>% Becoming Disabled During the Year</u> |
|------------|--|
| 20 | 0.03% |
| 30 | 0.04% |
| 40 | 0.07% |
| 50 | 0.18% |

These rates are consistent with rates used in other fire plans.

Actuarial Cost Method: Entry Age Normal Actuarial Cost Method

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: 1.08% per year. This assumption is limited historical 10-year payroll growth.

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. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

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. This assumption is deemed reasonable based on plan provisions and is supported by the July 29, 2014 experience study.

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. This assumption is deemed reasonable based on plan provisions and is supported by the July 29, 2014 experience study.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF INVESTMENT RETURNS
FIREFIGHTERS' PENSION TRUST FUND
September 30, 2018

| For the Last Five Fiscal Years Ending | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 |
|--|------------|------------|------------|------------|------------|
| Annual Money-Weighted Rate of Return Net of Investment Expenses | 8.79% | 12.82% | 7.98% | (0.65)% | 10.81% |

GASB 67 requires information for 10 years. However, until a full 10-year trend is compiled governments should present information for only years for which information is available.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION TRUST FUND
September 30, 2018

For the Last Five Fiscal Years

| Reporting Period Ending | 09/30/2019 | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 |
|--|------------|------------|------------|------------|------------|
| Measurement Date | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 |
| Actuarially Determined Contribution | \$ 158,350 | \$ 144,806 | \$ 133,167 | \$ 154,995 | \$ 126,276 |
| Contributions in Relation to the Actuarially Determined Contribution | 165,512 | 144,807 | 133,167 | 154,995 | 126,276 |
| Contribution Deficiency (Excess) | \$ (7,162) | \$ (1) | \$ - | \$ - | \$ - |
| Covered Employee Payroll (1) | \$ 795,730 | \$ 754,198 | \$ 693,579 | \$ 790,658 | \$ 497,148 |
| Contributions as a percentage of covered employee payroll | 20.80% | 19.20% | 19.20% | 19.60% | 25.40% |

(1) 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, 2017

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:

Mortality Rate:

Healthy Lives:

Female: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: RP2000 Generational, 50% Annuitant White Collar / 50% Annuitant Blue Collar, Scale BB

Disabled Lives:

Female: 100% RP2000 Disabled Female set forward two years.

Male: 100% RP2000 Disabled Male setback four years.

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement Systems (FRS). The above rates are those outlined in Milliman's July 1, 2015 FRS Actuarial valuation report. We feel this assumption sufficiently accommodates future mortality improvements.

Disability Rates:

Table (1202), sample rates below

| <u>Age</u> | <u>Disability Rate</u> |
|------------|------------------------|
| 20 | 0.05% |
| 30 | 0.06% |
| 40 | 0.12% |
| 50 | 0.43% |

Termination

Table 1305 for service <7 and half of table 1305 for service after 7 years. See Table below for sample rates.

Terminating

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
GENERAL EMPLOYEES' PENSION TRUST FUND
September 30, 2018

| <u>Service</u> | <u>Age</u> | <u>Rate</u> |
|----------------|------------|-------------|
| <7 | <30 | 16.2% |
| | 30-34 | 15.00% |
| | 35-39 | 9.8% |
| | 40-44 | 7.3% |
| | 45+ | .8% |
| 7+ | <30 | 7.6% |
| | 30-34 | 7.5% |
| | 35-39 | 5.0% |
| | 40-44 | 3.4% |
| | 45+ | 1.9% |

| Salary Increases: | <u>Service</u> | <u>Age</u> |
|-------------------|----------------|------------|
| | <1 | 10.0% |
| | 1-4 | 7.5% |
| | 5+ | 5.5% |

Actuarial Cost Method: Entry Age Normal Cost Method

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 Growth: None.

Salary Increases: Credited Service Years <1 assumed rate 10.00%; 1-4 years assumed rate 7.5%; Greater than 5 years 5.50%

Interest Rate: 7.8% per year, compounded annually, net of investment related expense. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.

| Retirement Age: | <u>Age</u> | <u>Retirement Rate</u> |
|-----------------|------------|------------------------|
| | 50 | 25.0% |
| | 51-54 | 5.0% |
| | 55 | 25.0% |
| | 56-59 | 50.0% |
| | 60 | 50.0% |
| | 61-64 | 50.0% |
| | 65 | 100.0% |

25 years of services, regardless of age. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year. 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
SCHEDULE OF INVESTMENT RETURNS
GENERAL EMPLOYEES' PENSION TRUST FUND
September 30, 2018

| For the Last Five Fiscal Years Ending | 09/30/2018 | 09/30/2017 | 09/30/2016 | 09/30/2015 | 09/30/2014 |
|--|------------|------------|------------|------------|------------|
| Annual Money-Weighted Rate of Return Net of Investment Expenses | 7.58% | 11.85% | 6.45% | (0.47)% | 10.16% |

GASB 67 requires information for 10 years. However, until a full 10-year trend is compiled governments should present information for only years for which information is available.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS - RETIREE INSURANCE TRUST FUND
September 30, 2018

For the Last Three Fiscal Years

| Measurement Date | 09/30/2018 | 09/30/2017 | 09/30/2016 |
|--|--------------|--------------|--------------|
| Actuarially Determined Contribution | \$ 186,380 | \$ 168,042 | \$ 168,042 |
| Contributions in Relation to the Actuarially Determined Contribution | 187,708 | 128,562 | 168,077 |
| Contributing Deficiency (Excess) | \$ (1,328) | \$ 39,480 | \$ (35) |
| Covered Employee Payroll (1) | \$ 9,360,928 | \$ 9,088,280 | \$ 8,832,829 |
| Contributions as a percentage of covered-employee payroll | 2.01% | 1.41% | 1.90% |

Notes to Schedule

Actuarially determined contribution rates shown above are calculated as of October 1 of the current fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates: See Actuarial Assumptions.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS - RETIREE INSURANCE TRUST FUND
September 30, 2018

Last Two Measurement Date Fiscal Years

| Reporting Period Ending | 09/30/2019 | 09/30/2018 |
|---|---------------------|---------------------|
| Measurement Date | 09/30/2018 | 09/30/2017 |
| Total OPEB-Retiree Insurance Trust Liability | | |
| Service Cost | \$ 87,911 | \$ 84,486 |
| Interest | 235,410 | 224,256 |
| Differences Between Expected and Actual Experience | - | - |
| Changes of Assumptions | - | - |
| Benefits Paid | (171,292) | (134,992) |
| Net Change in Total OPEB-Retiree Insurance Trust Liability | 152,029 | 173,750 |
| Total OPEB-Retiree Insurance Trust Liability-Beginning | 3,359,280 | 3,185,530 |
| Total OPEB-Retiree Insurance Trust Liability-Ending (a) | <u>\$ 3,511,309</u> | <u>\$ 3,359,280</u> |
| Plan Fiduciary Net Position | | |
| Employer Contributions | \$ 187,708 | \$ 128,562 |
| Net Investment Income | 151,842 | 203,503 |
| Benefits Paid | (171,292) | (134,992) |
| Administrative Expenses | (16,161) | (25,803) |
| Net Change in Plan Fiduciary Net Position | 152,097 | 171,270 |
| Plan Fiduciary Net Position- Beginning | 2,032,358 | 1,861,088 |
| Plan Fiduciary Net Position-Ending (b) | <u>2,184,455</u> | <u>2,032,358</u> |
| Net OPEB-Retiree Insurance Trust Liability-Ending (a)-(b) | <u>\$ 1,326,854</u> | <u>\$ 1,326,922</u> |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB-Retiree Insurance Trust Liability | 62.21 % | 60.50 % |
| Covered Employee Payroll (1) | \$ 9,360,928 | \$ 9,088,280 |
| Net OPEB-Retiree Insurance Liability as a Percentage of Covered Employee Payroll | 14.17 % | 14.60 % |

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF INVESTMENT RETURNS
RETIREE INSURANCE TRUST FUND
September 30, 2018

| | | |
|---|-------------------|-------------------|
| For the Last Two Fiscal Years Ending | <u>09/30/2018</u> | <u>09/30/2017</u> |
| Annual Money-Weighted Rate of Return Net of Investment Expenses | 1.23% | 4.56% |

GASB 75 requires information for 10 years. However, until a full 10-year trend is compiled governments should present information for only years for which information is available.

BONITA SPRINGS FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
OTHER POST-EMPLOYMENT BENEFITS - DISTRICT
September 30, 2018

Last Two Measurement Date Fiscal Years

| | |
|---|---------------------|
| Reporting Period Ending | 09/30/2018 |
| Measurement Date | <u>09/30/2017</u> |
| Total OPEB-District Liability | |
| Service Cost | \$ 543,728 |
| Interest | 264,811 |
| Changes of Assumptions | (619,701) |
| Benefits Paid | <u>(277,510)</u> |
| Net Change in Total OPEB-District Liability | (88,672) |
| Total OPEB-District Liability-Beginning | <u>8,247,956</u> |
| Total OPEB-District Liability-Ending (a) | <u>\$ 8,159,284</u> |
| Plan Fiduciary Net Position | |
| Employer Contributions | 283,510 |
| Benefits Paid | (277,510) |
| Administrative Expenses | <u>(6,000)</u> |
| Net OPEB-District Liability-Ending (a)-(b) | <u>\$ 8,159,284</u> |
| Covered Employee Payroll (1) | <u>\$ 9,088,280</u> |
| Net OPEB-District Liability as a Percentage of Covered Employee Payroll | 89.78 % |

(1) FY 2019 covered Payroll, projected based on actual FY 2017 Covered Payroll.

Notes to Schedule:

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

| | |
|---------|-------|
| FY 2018 | 4.18% |
| FY 2017 | 3.64% |
| FY2016 | 3.06% |



366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

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

Boards of 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, each major fund, and the aggregate remaining fund information of the Bonita Springs Fire Control and Rescue District (the "District"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 10, 2019 for the purpose of compliance with Section 218.39(2), Florida Statutes, and Chapter 10.550, Rules of the Auditor General – Local Governmental Entity Audits

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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material

misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Internal Control over Financial Reporting, continued

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
May 10, 2019



366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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 (the "District"), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 10, 2019.

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 Reporting Requirements

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*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 10, 2019, 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 annual financial 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.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us apply appropriate procedures and communicate the results of our determination as to whether or not 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 for the District. 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.

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

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 219.39(3)(b), Florida Statutes. In connection with our audit, we determined that there are no special district component units required to report to the District.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate 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 warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, the District Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Handwritten signature in blue ink that reads "Ashley, Brown & Co."

Punta Gorda, Florida
May 10, 2019



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

JEFFREY MATURO
COMMISSIONER

EDWARD FITZGERALD
COMMISSIONER

JOSEPH V. DAIGLE
FIRE CHIEF

www.bonitafire.org

May 10, 2019

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 2018 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



366 East Olympia Avenue
Punta Gorda, Florida 33950
Phone: 941.639.6600
Fax: 941.639.6115

REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH
LOCAL GOVERNMENT INVESTMENT POLICIES

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

Report on Compliance

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*, during the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated 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 considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

Opinion

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

Ashley, Brown & Co.

Punta Gorda, Florida
May 10, 2019