

BOCA GRANDE FIRE CONTROL DISTRICT  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2018  
and  
INDEPENDENT AUDITORS' REPORT

BOCA GRANDE FIRE CONTROL DISTRICT

---

---

TABLE OF CONTENTS

	<u>Page Number</u>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1-2
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (required supplemental information)</b> .....	3-7
<b>BASIC FINANCIAL STATEMENTS</b>	
<u>Combined Government-wide/Governmental Fund Financial Statements</u>	
Statement of Net Position and Governmental Funds Balance Sheet .....	8
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position .....	9
<u>Fiduciary Fund Financial Statements</u>	
Statement of Fiduciary Net Position .....	10
Statement of Changes in Fiduciary Net Position .....	11
<u>Notes to Financial Statements</u> .....	12-25
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Statement – General Fund.....	26
Schedule of Changes in Net Pension Liability and Related Ratios.....	27
Schedule of Contributions and Notes.....	28
Schedule of Components of Pension Expense .....	29
Schedule of Changes in the District's Total OPEB Liability and Related Ratios.....	30
<b>OTHER REPORTS</b>	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i> .....	31-32
Examination Report on the Entity's Compliance with Specified Requirements .....	33
Management Letter.....	34-35



# SUPLEE SHEA CRAMER & ROCKLEIN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

T. RAYMOND SUPLEE, CPA  
NORMAN J. SHEA III, CPA  
THOMAS R. CRAMER, CPA  
JOSEPH E. ROCKLEIN III, CPA  
CANDY L. KESSEL, CPA  
MARINA DINER, CPA  
JAY D. MILLER, CPA

## INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of  
Boca Grande Fire Control District  
Boca Grande, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the General Fund, and the aggregate remaining fund information of the Boca Grande Fire Control District as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Boca Grande Fire Control District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, the General Fund, and the aggregate remaining fund information of the Boca Grande Fire Control District as of September 30, 2018, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 14, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As a result of the implementation of GASBS No. 75, the District reported a restatement for the change in accounting principle. Our auditors' opinion was not modified with respect to the restatement.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7, the Budgetary Comparison Statement - General Fund on page 26, the Schedule of Changes in Net Pension Liability and Related Ratios on page 27, Schedule of Contributions and Notes on page 28, the Schedule of Components of Pension Expense on page 29, and the Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 30 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 June 24, 2019, our consideration of the Boca Grande Fire Control District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Boca Grande Fire Control District's 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 Boca Grande Fire Control District's internal control over financial reporting and compliance.



Suplee Shea Cramer & Rocklein, P.A.

Sarasota, Florida  
June 24, 2019

# Boca Grande Fire Control District

## Management's Discussion and Analysis

For the Year Ended September 30, 2018

The discussion of the Boca Grande Fire Control District's performance provides an overview of the operations and financial condition for the fiscal year ended September 30, 2018. Please review it in conjunction with the financial statements that begin on page 8.

### **Financial Highlights of Fiscal 2018**

- In fiscal 2018, the District reported revenues that adequately funded financially sound operations.
- The District's total net position increased by \$174,962.
- As of the close of the current fiscal year, the District's governmental fund reported an ending fund balance of \$1,670,713, an increase of \$112,534 in comparison with the prior year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

- 1) Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.
- 2) Fund financial statements: Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. The District has two types of funds: governmental and fiduciary.
- 3) Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 12-25 of this report.

The District is a single-program government and has only one governmental fund, the General Fund. For simplification purposes, the District's government-wide and governmental fund financial statements are presented together in two statements: (1) *Statement of Net Position and Governmental Funds Balance Sheet* and (2) *Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position*. Both statements use an adjustments column to reconcile the fund financial data to the government-wide data. The fiduciary funds are presented separately.

(1) *Statement of Net Position and Governmental Funds Balance Sheet*. The government-wide statement of net position column presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the reported as total net position. Over time, increases or decreases in total net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The District's only governmental fund, the General Fund, is also presented in a column. However, unlike the government-wide financial statements, governmental fund financial statements focus on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

(2) *Statements of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Net Position*. The government-wide statement of activities column presents information showing how the District's net position changed during the most recent fiscal year. The governmental General Fund column is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide column, the governmental fund column focuses on near-term inflows and outflows of spendable resources.

Boca Grande Fire Control District

Management's Discussion and Analysis

For the Year Ended September 30, 2018

**Overview of the Financial Statements (Continued)**

The governmental fund portion of both statements is prepared on an accounting basis that is significantly different from that used to prepare the government-wide portion. In general, the governmental fund portion has a short-term emphasis and, for the most part, measures and accounts for cash and other assets that can easily be converted to cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a short period of time, but do not include capital assets such as land and buildings. Fund liabilities include amounts that are to be paid within a short period after the end of the fiscal year. The difference between the General Fund's total assets and total liabilities is labeled as the fund balance, and generally indicates the amount that can be used to finance the next year's activities. The statement of revenues, expenditures, and changes in fund balances for governmental funds reports only those revenues and expenditures that were collected or paid during the current period or very shortly after the end of the year.

The government-wide portion of the statements are prepared in a manner similar to the approach used by a private-sector business in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred. Accordingly, revenues are reported even when they may not be collected for several months after the end of the accounting period and expenses are recorded even though they may not have used cash during the current period.

Because the focus of governmental funds is narrower than that of the government-wide financials, it is useful to compare the information presented for the governmental fund column with the government-wide column. As previously noted, both statements mentioned above provide an adjustments column to reconcile the fund financial data to the government-wide data.

*Fiduciary Funds*

Fiduciary fund financial statements consist of a statement of fiduciary net assets and a statement of changes in fiduciary net assets. Assets held by the District for other parties, either as a trustee or as an agent, and that cannot be used to finance the District's own operating program are reported in the fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that which is used for the government-wide financial statements.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The District's assets exceeded liabilities by \$4,702,442 at the end of fiscal 2018.

Boca Grande Fire Control District  
Management's Discussion and Analysis  
For the Year Ended September 30, 2018

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

**Boca Grande Fire Control District's Net Position**

	2018	2017
Current and other assets	\$ 1,899,243	\$ 1,709,071
Capital assets, net of depreciation	4,356,860	4,321,449
<b>Total Assets</b>	<b>6,256,103</b>	<b>6,030,520</b>
<b>Deferred Outflows of Resources</b>	<b>1,609,837</b>	<b>1,458,115</b>
Current and other liabilities	228,530	221,781
Non-current liabilities	2,496,236	1,992,791
<b>Total Liabilities</b>	<b>2,724,766</b>	<b>2,214,572</b>
<b>Deferred Inflows of Resources</b>	<b>438,732</b>	<b>425,571</b>
<b>Net Position:</b>		
Investment in capital assets, net of accumulated depreciation	4,356,860	4,321,449
Unrestricted	293,291	474,752
Restricted	52,291	52,291
<b>Total Net Position</b>	<b>\$ 4,702,442</b>	<b>\$ 4,848,492</b>

Net capital assets increased due to current year additions (\$279,162) being more than current year depreciation expense (\$243,751) and net disposals (\$0).

**Changes in Net Position**

	2018	2017
General Revenues		
Property taxes	\$ 3,467,078	\$ 3,105,288
Other	264,394	90,525
<b>Total revenues</b>	<b>3,731,472</b>	<b>3,195,813</b>
Expenses		
Fire protection	3,556,510	3,237,710
<b>Total expenses</b>	<b>3,556,510</b>	<b>3,237,710</b>
Increase (Decrease) in Net Position	\$ 174,962	\$ (41,897)
Net Position - Beginning	4,848,492	4,890,389
Restatement of Net Position	(321,012)	-
Net Position - Ending	<b>\$ 4,702,442</b>	<b>\$ 4,848,492</b>

The decrease in net position is the result of the implementation of GASBS No. 75, discussed in Note 14, which required a restatement of beginning net position.

Boca Grande Fire Control District  
Management's Discussion and Analysis  
For the Year Ended September 30, 2018

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

*Revenues*

During fiscal 2018, total recognized revenues increased by \$535,659 from fiscal 2017. The changes were as follows:

- Property tax revenue increased by \$361,790.
- Investment earnings decreased by \$2,653.
- Rental income increased by \$702.
- Miscellaneous income increased by \$175,820.

The District's principal source of income is derived from tax collections it levies on residents of the District in Lee and Charlotte Counties. The taxes are indicated as separate items on the counties' tax bills sent out every November and are collected for the District by the two counties. The increase in tax collections in fiscal 2018 from fiscal 2017 reflects an increase in property values from 2017.

The interest income reported annually represents earnings on cash balances maintained in banks or in certificates of deposit. The decrease in interest earnings in fiscal 2018 from fiscal 2017 reflects lower average investment balances held by the Department during the current year.

*Expenses*

During fiscal 2018, fire protection service expenses totaled \$3,618,938. Personnel services expenses increased 7.55% in fiscal 2018 from fiscal 2017 (\$2,776,715 vs. \$2,581,772) as a result of the GASB 68 net pension liability funding requirements. The department is in full compliance with state requirements that call for all fire departments to be staffed so that on any fire call there will always be two firefighters standing by to support the two firefighters that are responding in a burning building.

**Budgetary Highlights**

Actual fiscal year expenditures were \$90,049 less than budgeted, and actual revenues were \$202,584 more than budgeted. These differences can be briefly summarized and highlighted as follows:

Revenues: Actual revenues received in fiscal 2018 were higher than final budget projections (5.74%) due to the items detailed below:

- Tax collections received were approximately \$9,410 less than budgeted.
- Interest and rental income were \$971 less than budgeted.
- Other income was approximately \$212,965 more than budgeted, due to reimbursement grants received for hurricane costs incurred.

Expenditures: Actual expenditures in fiscal 2018 were lower than final budget projections (2.55%) due to the items detailed below:

- Salaries and employee benefits were \$111,068 under budget.
- Maintenance and repair expenses were \$11,862 under budget.
- Insurance expense was \$55,638 under budget.
- Tax collector and property appraiser fees were \$23,177 under budget.
- All other expenses were \$42,320 over budget.
- Capital outlay was \$249,474 over budget.



Boca Grande Fire Control District  
Management's Discussion and Analysis  
For the Year Ended September 30, 2018

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

**Capital Assets**

The District's investment in capital assets as of September 30, 2018, amounts to \$4,356,860. This investment in capital assets includes furniture and fixtures, fire trucks and equipment, computer software and equipment, building improvements, land, and other equipment. Capital assets acquired during the fiscal year had a cost basis of \$279,162.

At September 30, 2018, the District had assets with a total cost basis of \$6,873,661 and related accumulated depreciation of \$2,516,801.

**Economic Factors and Next Year's Budgets**

The following factors were considered when establishing the District's budget for fiscal year 2019:

- The taxable value of property increased \$181,188,769 from last year's gross taxable value for operating purposes.
- The tentative ad valorem property tax millage rate for fiscal year 2019 has been set at 1.4450 mills.

**Requests for Information**

This financial report is designed to provide users with a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, P.O. Box 532, Boca Grande, Florida, 33921.

BOCA GRANDE FIRE CONTROL DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2018

	General Fund	Adjustments (Note 3)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,799,762	\$ -	\$ 1,799,762
Accounts receivable	44,613	-	44,613
Prepayments	54,868	-	54,868
Land	-	380,356	380,356
Other capital assets, net of accumulated depreciation	-	3,976,504	3,976,504
<b>TOTAL ASSETS</b>	<b>1,899,243</b>	<b>4,356,860</b>	<b>6,256,103</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>1,609,837</b>	<b>1,609,837</b>
<b>LIABILITIES</b>			
Accounts payable	112,800	-	112,800
Accrued compensation	115,730	-	115,730
Non-current liabilities:			
Net pension liability	-	2,109,032	2,109,032
Net OPEB liability	-	387,204	387,204
<b>TOTAL LIABILITIES</b>	<b>228,530</b>	<b>2,496,236</b>	<b>2,724,766</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>438,732</b>	<b>438,732</b>
<b>FUND BALANCES/NET POSITION</b>			
Fund balances:			
Nonspendable	54,868	(54,868)	-
Restricted	52,291	(52,291)	-
Assigned	1,280,435	(1,280,435)	-
Unassigned	283,119	(283,119)	-
Total fund balances	1,670,713	(1,670,713)	-
Total liabilities and fund balances	<u>\$ 1,899,243</u>		
Net position:			
Investment in capital assets		4,356,860	4,356,860
Unrestricted		293,291	293,291
Restricted		52,291	52,291
<b>Total net position</b>		<u>\$ 4,702,442</u>	<u>\$ 4,702,442</u>

See accompanying notes to financial statements

BOCA GRANDE FIRE CONTROL DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES/NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Adjustments (Note 4)	Statement of Activities
<b>REVENUES</b>			
Property taxes	\$ 3,467,078	\$ -	\$ 3,467,078
Investment earnings	5,922	-	5,922
Rental income	45,507	-	45,507
Miscellaneous	212,965	-	212,965
Total revenues	3,731,472	-	3,731,472
<b>EXPENDITURES</b>			
Fire protection:			
Current			
Personnel services	2,803,732	(27,017)	2,776,715
Materials and services	536,044	-	536,044
Depreciation	-	243,751	243,751
Capital outlay	279,162	(279,162)	-
Total expenditures	3,618,938	(62,428)	3,556,510
Excess of revenues over expenditures	112,534	(112,534)	
Change in Net Postion	-	174,962	174,962
<b>FUND BALANCE/NET POSITION</b>			
Beginning of the year	1,487,290	3,361,202	4,848,492
Restatement of Net Position - Note 14	70,889	(391,901)	(321,012)
Beginning of the year, as restated	1,558,179	2,969,301	4,527,480
End of the year	\$ 1,670,713	\$ 3,031,729	\$ 4,702,442

See accompanying notes to financial statements

BOCA GRANDE FIRE CONTROL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND

SEPTEMBER 30, 2018

	<u>Employee Retirement Plan</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 51,011
Investments, at fair value	8,281,271
Accounts receivable	-
Total assets	<u>8,332,282</u>
<b>LIABILITIES</b>	
Total liabilities	<u>-</u>
<b>NET POSITION</b>	
Held in trust for pension benefits and other purposes	<u>\$ 8,332,282</u>

See accompanying notes to financial statements

BOCA GRANDE FIRE CONTROL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Employee Retirement Plan
<b>ADDITIONS</b>	
Contributions:	
State of Florida	\$ 123,450
Employer	603,700
Employee	64,487
Total contributions	791,637
Investment earnings:	
Net increase in fair value of investments	710,201
Interest and dividends	145,076
Net investment earnings	855,277
Total additions	1,646,914
<b>DEDUCTIONS</b>	
Benefits paid directly to participants	28,017
Administration expenses	12,953
Accounting and legal fees	23,192
Insurance	5,487
Investment fees	40,605
Total deductions	110,254
Change in net position	1,536,660
Net position - beginning of the year	6,795,622
Net position - end of the year	\$ 8,332,282

See accompanying notes to financial statements

# BOCA GRANDE FIRE CONTROL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Boca Grande Fire Control District (“the District”) have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

#### Reporting Entity and Its Operations

The Boca Grande Fire Control District was created by law under Chapter 22372 (1943) of the State of Florida, in 1943. The original charter was amended by Chapter 2004-471 in 2004. It is a special taxing district created for the purpose of providing firefighting and emergency services to Gasparilla and Cole Islands, which are within both Charlotte and Lee Counties. There are no component units combined with the District to form the reporting entity.

The District’s Board of Commissioners is comprised of three directors elected for terms of four years by the voters within the District’s boundaries.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all the nonfiduciary activities of the primary government. The statement of activities demonstrates the degree to which the general expenses of the District are offset by their general revenues. Separate financial statements are provided for governmental funds and fiduciary funds.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Governmental fund financial statements are reported using the *current financial resources measurements 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The pension trust fund is accounted for using the accrual basis of accounting. Plan member (firefighter) contributions are recognized in the period in which the contributions are due. The District’s contributions are recognized when due and a formal commitment to provide the contribution has been made. Contributions received from the State of Florida are recognized when collected. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The government reports the following major governmental funds:

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

# BOCA GRANDE FIRE CONTROL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, the government reports the following fund types:

The *pension (and other employee benefit) trust fund* accounts for the activities of the District's employees' pension trust funds, which accumulate resources for pension benefit payments to qualified pension employees.

The funds of the District are considered a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

#### Budgets and Budgetary Accounting

The accompanying statements present a comparison of the legally adopted budget of the General Fund, both original and amended, with actual results presented on a basis consistent with generally accepted accounting principles.

#### Encumbrances

Encumbrance accounting is not employed since any excess funds over budgeted amounts are not restricted and may be used in future years.

#### Management Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### Net Position

Net Position is classified and displayed in three components:

**Invested in capital assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and related debt.

**Restricted net position** - Consists of net position with constraints placed on the use either by 1) external groups, such as creditors, grantors, contributors, or laws and regulations of other governments or 2) law through constitutional provisions or enabling legislation. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position and reported in the statement of activities as net position released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

**Unrestricted net position** - All other components of net position that do not meet the definition of "restricted" or "invested in capital assets".

#### Accumulated Compensated Absences

The amount of compensated absences recorded as expenditures in governmental funds is the amount accrued during the year that will be liquidated with expendable available financial resources.

#### Investments

Investments are reported at fair market value at the balance sheet date in accordance with Statement No. 31 of the Governmental Accounting Standards Board. Investment income includes interest on deposits, dividends, and the change in the fair value of investment during the fiscal year.

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (continued)

The District has not adopted an investment policy for its General Fund as described in Chapter 218.415, Florida Statutes. However, the District has adhered with the “alternative investment guidelines” provided by Chapter 218.417 (17), Florida Statutes.

Investments held within the pension trust fund are reported at their fair value as determined by active trading markets. The District’s board has adopted a policy that allows the pension fund to hold up to 70% (plus or minus 5%) of its portfolio in common stock, capital stock, or convertible security investments and 30% (plus or minus 5%) in debt securities and cash. At September 30, 2018, the pension trust fund was invested in a diversified investment portfolio that is managed by a professional investment management company.

Land and Other Capital Assets

Purchased capital assets are capitalized at historical cost. Donated capital assets are capitalized at their estimated fair value at the time of acquisition. The District does not have "infrastructure" general fixed assets. Depreciation is computed on a straight-line basis over the following estimated useful lives of the depreciable assets:

Building and improvements	40 years
Equipment	5-20 years

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position included a separate section for deferred outflows and deferred inflows of resources. These represent an increase in or consumption of net position that applies to a future period, which will not be recognized as an outflow (expense/expenditure) or an inflow (revenue) of resources until then. The District currently has two items that qualify for such treatment, both related to the net pension liability. Contributions to the pension plan that were made after the measurement date have been reported as deferred outflows of resources, and the difference between projected and actual earnings on pension plan investments have been reported as a deferred inflow of resources.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

Not later than two months prior to the end of the fiscal year, a proposed operating budget for the fiscal year commencing October 1 is submitted to the Board. The operating budget includes proposed expenditures and the means of financing them. The District holds public hearings to obtain taxpayer comments and a final budget must be prepared and adopted by October 1, through the approval of the Board.

The appropriated budget is prepared for the General Fund. The Board made several supplementary budgetary appropriations throughout the year. The supplemental budgetary appropriations made in the General Fund were not material.



BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 3 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GENERAL FUND BALANCE SHEET AND THE STATEMENT OF NET POSITION

When capital assets (land, buildings, equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the District as a whole. Additionally, the District has recorded a net pension liability and related deferred outflows of resources of and deferred inflows of resources of on the statement of net position, which are not reported in the general fund. The reconciliation of the General Fund Balance Sheet and the Statement of Net Position is as follows:

Total Fund Balance - governmental funds	\$	1,670,713
Capital assets, net of accumulated depreciation		4,356,860
Deferred outflows of resources		1,609,837
Net pension liability		(2,109,032)
Net OPEB liability		(387,204)
Deferred inflows of resources		(438,732)
Ending Net Position - governmental activities	\$	<u>4,702,442</u>

NOTE 4 - EXPLANATION OF DIFFERENCES BETWEEN THE GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE STATEMENT OF ACTIVITIES

The difference in expenditures/expenses results from the recording of depreciation, which was \$243,751 for the year ended September 30, 2018. Also, the amount of capital outlay (\$279,162) and net disposal of assets (\$0) was removed and is not included in the statement of activities because those expenditures are capitalized and not expensed for the government-wide financial presentation. Additionally, the pension and OPEB costs for the fiscal year have been adjusted by (\$22,320) and (\$4,697), respectively, to properly reflect the net pension liability and the net OPEB liability of the year, as determined by the respective actuarial valuations.

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits

At September 30, 2018, the District's cash in bank of \$1,808,931 was insured by Federal Depository Insurance up to \$250,000 per financial institution. Because the District has all of their funds in Qualified Public Depositories, excess funds not covered by the FDIC are insured by the multiple financial collateral pool required by Sections 280.07 and 280.08, Florida Statutes. Hence, there is no custodial credit risk for the deposits of the District.

Fire Pension Trust Fund

The District's board adopted a written investment policy on January 1, 2000, which was revised in June 2017 and now allows the pension fund to hold up to 70% (plus or minus 5%) of its portfolio in common stock, capital stock, or convertible security investments and 30% (plus or minus 5%) in debt securities and cash.

At September 30, 2018, the pension trust fund was invested primarily in equity securities and corporate bond mutual funds.

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Fire Pension Trust Fund (Continued)

Investments held within the pension trust fund are reported at their fair value as determined by active trading markets. The fair value of the investments at September 30, 2018, was:

	<u>2018</u>
Cash and cash equivalents	\$ 109,895
Certificates of deposit	38,466
Money market funds	327,598
Municipal bonds	49,410
Corporate bonds	2,169,923
Equity securities	5,585,979
	<u>\$ 8,281,271</u>

NOTE 6 - PROPERTY TAX

The District is deemed a special tax district and is authorized to levy an ad valorem tax on the taxable value of real property within its jurisdiction. Florida Statutes allow the District to levy a higher millage if approved by public referendum. Property taxes are recognized in the fiscal year when they become measurable and available. "Measurable" means the amount of the transaction can be determined; "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year-end. The District's ad valorem taxes are assessed as part of the annual assessments of Lee and Charlotte Counties, which levy their taxes November 1 of each year. Collection of taxes is scheduled for November through the following March. Taxes become delinquent April 1 and tax certificates placing liens on the property are sold May 31.

NOTE 7 - RECEIVABLE BALANCE

The aggregate receivables balance on September 30, 2018 was \$44,613 for the General Fund. The General Fund's receivables balance was comprised of property tax receivables from Lee & Charlotte counties, utility receivables from lessees, employee advances, and a grant receivable from the State of Florida.

NOTE 8 - RISK MANAGEMENT

The District's risk management activities are provided by commercial insurance coverage for all major categories of risk. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlement amounts have not exceeded insurance coverage for the current year or for prior years.

NOTE 9 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Plan amendments have been made, so that the plan is in compliance with IRC Section 457, as amended by the 1996 changes to the tax code. The assets are now held in various custodial accounts. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are solely the property and rights of the various participants of the plan.

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 10 - LAND AND OTHER CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 380,356	\$ -	\$ -	\$ 380,356
Deposit on equipment	783,947	-	783,947	-
Total capital assets not being depreciated	1,164,303	-	783,947	380,356
Other capital assets				
Buildings & improvements	3,688,174	60,547	-	3,748,721
Computer equipment & software	18,114	1,740	-	19,854
Fire trucks	1,381,571	807,469	200,187	1,988,853
Fire equipment	433,115	193,353	-	626,468
Furniture & fixtures	669	-	-	669
Other equipment	115,250	-	6,510	108,740
Total other capital assets at historical cost	5,636,893	1,063,109	206,697	6,493,305
Less accumulated depreciation for:				
Buildings & improvements	1,221,889	96,226	-	1,318,115
Computer equipment & software	14,782	996	-	15,778
Fire trucks	861,576	82,418	200,187	743,807
Fire equipment	271,908	62,620	-	334,528
Furniture & fixtures	670	-	-	670
Other equipment	108,922	1,491	6,510	103,903
Total accumulated depreciation	2,479,747	243,751	206,697	2,516,801
Governmental activities capital assets, net	\$ 4,321,449	\$ 819,358	\$ 783,947	\$ 4,356,860

NOTE 11- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

The Boca Grande Fire District's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the applicable retirement plan to continue medical insurance coverage as a participant in the District's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Funding Policy

Contribution rates for the Plan are established on an annual basis. Future eligible retirees and their covered dependents receiving benefits will contribute 100% of their premium cost for the plan. For the year ended September 30, 2017, there was no cost of retiree healthcare and no assets have been segregated and restricted to provide postretirement benefits, as there were no retirees participating in the plan.

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 11- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Employees Covered by Benefit Terms:

At October 1, 2017 the following employees were covered by benefit terms:

Inactive plan members or beneficiaries	
currently receiving benefits	-
Inactive plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>19</u>
Total	<u>19</u>

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirements under the applicable Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents.

Total OPEB Liability

The District's Total OPEB Liability was measured as of September 30, 2018 and was determined by an actuarial valuation as of September 30, 2018 using the alternative measurement method. The following table shows the changes in the District's total OPEB liability for the year ended September 30, 2018.

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending September 30, 2017	\$ 391,901
Changes for a year:	
Service cost	15,456
Interest	14,785
Differences between expected and actual experience	-
Changes of assumptions	(32,535)
Changes of benefit terms	-
Contributions - employer	-
Benefit payments	(2,403)
Other changes	-
New Changes	<u>(4,697)</u>
Reporting Period Ending September 30, 2018	<u>\$ 387,204</u>

Changes of assumptions reflect a change in the discount rate from 3.64% for the fiscal year ending September 30, 2017 to 4.18% for the fiscal year ending September 30, 2018.

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 11- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial Methods and Assumptions (continued)

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2017 using the following actuarial assumptions:

**Assumptions:**

Actuarial Value of Assets:	Market Value
Mortality Rate:	RP-2000 Combined Health Mortality Table projected to the valuation date using Scale AA.
Discount Rate as of 9/30/18:	4.18%. Based on the September 27, 2018 Bond Buyer 20-Bond Index, as published by the Federal Reserve.
Discount Rate as of 9/30/17:	3.64%. Based on the September 28, 2017 Bond Buyer 20-Bond Index, as published by the Federal Reserve.
Retirement Rate:	Age 50 and 10 years of service or 25 years of service with no age requirement.
Inflation:	2.50% per year.
Salary Rate Increase:	2.50% per year .
Marital Status:	100% assumed married, with male spouses 3 years older than female spouses
Healthcare Participation:	15% participation assumed, with 25% electing spouse coverage.
Healthcare Inflation:	Initial rate of 8.50% in fiscal 2018, grading down to the ultimate trend rate of 4.00% in fiscal 2073.
Termination Rates:	See table below
Disability Rates:	None assumed.
Funding Method:	Entry Age Cost Method (Level % of Pay).
Administrative Expenses:	\$2,500

<u>Age</u>	<u>% Remaining Employed Until Assumed Retirement Age</u>
20	29.60%
30	59.30%
40	84.10%
50	100.00%

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 4.18%. 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 Standard & Poor's Corp.'s AA.

OPEB Expense

For the year ended September 30, 2018, the District will recognize OPEB Revenue of \$706.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	3.18%	4.18%	5.18%
Total OPEB Liability (Asset)	\$450,276	\$387,204	\$335,093

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 11- POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Total OPEB Liability of the District, as well as what the District’s Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease 3.00% - 7.50%	Trend Rates 4.00% - 8.50%	1% Increase 5.00% - 9.50%
Total OPEB Liability (Asset)	\$331,724	\$387,204	\$454,106

NOTE 12 – FUND BALANCE CLASSIFICATIONS

Beginning in the year ended September 30, 2011, the District implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54). GASB 54 requires that fund balances be reported within one of five different categories:

- **Nonspendable:** such as fund balance associated with inventories, prepayments, long-term loans and notes receivable, and property held for resale.
- **Restricted:** includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- **Committed:** includes amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees (the District’s highest level of decision-making authority).
- **Assigned:** includes amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
- **Unassigned:** the residual classification for the government’s General Fund and includes all spendable amounts not contained in the other classifications.

The District is currently only reporting fund balances in four different categories: nonspendable, restricted assigned, and unassigned. When an expenditure is incurred for purposes for which amounts in either restricted, assigned or unassigned fund balance classifications could be used, the District’s policy is to consider restricted amounts to have spent first, followed by assigned amounts and then unassigned amounts.

For the year ended September 30, 2018, the district has established a nonspendable fund balance of \$54,868 for prepayments.

The District’s restricted fund balance is comprised of donations that are restricted by the donor. The District is currently reporting a restricted fund balance of \$52,291.

The District’s assigned fund balance is fund balance classification occurring by Board of Commissioners authority. Amounts have been assigned for reserve replacements. The board has allocated the following amounts as assigned General Fund balance:

Apparatus	\$ 857,313
Equipment	175,150
Building	208,597
Exercise Equipment	4,000
Computers and Equipment	12,775
Appliances	22,600
Total	\$ 1,280,435

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 13 – FIREFIGHTERS’ PENSION PLAN

The District maintains a single-employer, public employee retirement system. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans. The Plan's financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The District produces an annual stand-alone financial report for the Firefighter Pension Fund, which can be obtained from the Boca Grande Fire Control District's Pension Board. Also, regulatory reports are filed with the Division of Retirement of the State of Florida.

Plan Administration

The Boca Grande Fire Control District (“the District”) was created by law under Chapter 43.22372 of the State of Florida. The Pension Fund of the Boca Grande Fire Control District is a single-employer defined benefit pension plan organized and operated under the provisions of Chapter 175 of the Florida Statutes – Firefighter Pensions (“Chapter 175”). The District started the Pension Fund in 1999. All licensed firefighters working for the Boca Grande Fire Department (“the Department”) are included in the Pension Fund. Regulatory reports are filed with the Division of Retirement of the State of Florida. In March 2009, the Plan became a "Local Law" Plan in accordance with the applicable sections of Chapter 175.

The Pension Fund is administered by a five person Board of Trustees (“The Board”). This board is composed of two residents of Boca Grande appointed by the Board of Commissioners of the District, two firefighters elected by the members of the Department’s firefighters participating in the Pension Fund, and one individual selected by the other four Board members. The trustees serve two-year terms and may succeed themselves after a term is completed. The Board meets quarterly to set policy and discuss and act upon matters pertinent to the Pension Fund. It operates independent from the District’s Board of Commissioners.

Plan Membership

Membership of the plan consisted of the following at September 30, 2018:

Retirees and beneficiaries receiving benefits	1
Terminated plan members entitled to, but not yet receiving, benefits*	8
Active plan members	<u>19</u>
Total	<u>28</u>

\* The 8 members are not vested, they are just waiting to receive refunds of contributions.

# BOCA GRANDE FIRE CONTROL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

### NOTE 13 – FIREFIGHTERS’ PENSION PLAN (Continued)

#### Benefits Provided

The annual benefits to be paid to a retired firefighter are calculated at 3% of the average salary before retirement (best five years of the last ten worked) times the number of years worked. A firefighter is vested in the pension plan after 10 years of service. Eligibility to receive a pension is based either on reaching age 50 with at least 10 years of service or 25 years of service, regardless of age. The pension payments continue over a participant’s lifetime and on passing may be assigned to a spouse or other surviving relative. In the event the participant is disabled (after vesting) benefits are also available under the pension plan.

The Plan provides retirement, termination, disability, and death benefits, as follows:

#### Normal Retirement

Date: Earlier of age 50 and 10 years of credited service, or 25 years of credited service, regardless of age.  
Benefit: 3.00% of average final compensation times credited service.

#### Vesting

Schedule: 100% after 10 years of credited service.  
Benefit Amount: Member will receive the vested portion of his/her accrued benefit payable at the otherwise normal or early (reduced) retirement date.

#### Disability

Eligibility: Service Incurred - Covered from date of employment.  
Non-Service Incurred - 10 years of credited service.  
Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation, (service incurred).

#### Cost of Living Adjustments

Normal, Early and Line-of-Duty Disability Retirees will receive annual COLA'S each October 1st equal to the actual increase in CPI for the previous one-year period ending in June, with a maximum increase of 3.0%.

#### Pre-Retirement Death Benefits

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years at the otherwise normal retirement date.  
Non-Vested: Refund of accumulated contributions without interest.

#### Contributions

The Pension Fund is funded with annual contributions from three sources: contributions from the participating firefighters; contributions from operating expenses of the District; and excise tax receipts from the State of Florida.

The required total annual pension fund contribution is determined by an actuarial analysis of the composition of the participating members of the Department. This actuarial analysis is performed by an independent firm.

The contribution requirements of plan members and the District are established and may be amended by the District’s board, as allowed within the provisions of Chapter 175, Florida Statutes. An actuarial study projected an aggregate contribution rate of 40.56 percent of covered payroll for the 2018 fiscal year. The aggregate contribution is provided by three sources, as follows.



BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 13 – FIREFIGHTERS’ PENSION PLAN (Continued)

Contributions (continued)

1) Plan members are required to contribute four percent (4.0%) of their compensation. Compensation of full-time firefighters is the fixed monthly remuneration paid and excludes compensation received from overtime or covering another firefighter’s shift. Compensation of volunteer firefighters is based on actual cash remuneration received for services rendered.

Under provisions of Chapter 175, Florida Statutes, the contribution due from members may be adjusted by the District’s board, but may not be more than five percent (5.0%) nor less than one-half percent (.5%).

2) The State of Florida remits a portion of an excise tax of 1.85% after July 1st of each year that it collects on the receipts of premiums from policyholders of property insurance policies covering property within the legally defined boundaries of the District. The excise is payable annually on July 1.

3) The District is responsible for the remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

Net Pension Liability

The District’s net pension liability was measured as of September 30, 2017. 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, 2016 updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods:

Inflation	3.00%
Salary increases	5.50%
Discount rate and investment rate of return	6.80%

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.

Mortality Rate Disabled Lives:

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

Male: 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale

The date of the most recent experience study for which significant assumptions are based upon is not available.

Long Term Expected Rate of Return

The long-term expected rate of return on pension plan investments can be 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 2.30%. 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.

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 13 – FIREFIGHTERS’ PENSION PLAN (Continued)

Long Term Expected Rate of Return (continued)

Best estimates 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Equity securities	70.00%	5.5%
Debt securities	30.00%	1.5%

Discount Rate

The discount rate used to measure the total pension liability was 6.80%. 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 periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Reporting Period Ending September 30, 2017	\$ 7,630,094	\$ 5,637,303	\$ 1,992,791
Changes for a year:			
Service cost	466,725	-	466,725
Interest	549,683	-	549,683
Differences between expected and actual experience	284,643	-	284,643
Changes of assumptions	-	-	-
Contributions - employer	-	489,400	(489,400)
Contributions- state	-	118,973	(118,973)
Contributions - employee	-	60,004	(60,004)
Net investment income	-	557,404	(557,404)
Benefit payments, including refunds of employee contributions	(26,490)	(26,490)	-
Administrative expenses	-	(40,971)	40,971
New Changes	1,274,561	1,158,320	116,241
Reporting Period Ending September 30, 2018	\$ 8,904,655	\$ 6,795,623	\$ 2,109,032

BOCA GRANDE FIRE CONTROL DISTRICT

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

NOTE 13 – FIREFIGHTERS’ PENSION PLAN (Continued)

Changes in Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	5.80%	6.80%	7.80%
Sponsor's Net Pension Liability	\$3,764,503	\$2,109,032	\$803,939

Pension Plan Fiduciary Net Position

Detailed information amount the pension plan’s fiduciary net position is available in a separately issued Plan financial report.

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 \$704,830. 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
Differences between expected and actual experience	\$ 237,205	\$ 267,749
Changes of assumptions	473,924	-
Net difference between projected and actual earnings on pension plan investments	575	-
Employer contributions subsequent to the measurement date	727,150	-
Total	<u>\$ 1,438,854</u>	<u>\$ 267,749</u>

The outcome of the Deferred Outflows of resources related to pensions resulting from Employer and State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year ended September 30:

2018	\$ 111,227
2019	\$ 154,171
2020	\$ 68,392
2021	\$ 70,102
2022	\$ 43,752
Thereafter	\$ (3,689)

NOTE 14 – CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of GASB Statement No. 75 requires the restatement of September 30, 2017 net position as follows:

Net Position, September 30, 2017, as previously reported	\$ 4,848,492
Cumulative affect of application of GASB Statement No. 75	<u>(321,012)</u>
Net Position, September 30, 2017, as restated	<u>\$ 4,527,480</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

BOCA GRANDE FIRE CONTROL DISTRICT  
 BUDGETARY COMPARISON STATEMENT - GENERAL FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Budget Amounts		Actual (GAAP Basis)	Variance- Favorable (Unfavorable)
	Original	Final		
<u>REVENUES</u>				
Taxes	\$ 3,476,488	\$ 3,476,488	\$ 3,467,078	\$ (9,410)
Interest income	8,000	8,000	5,922	(2,078)
Rental income	44,400	44,400	45,507	1,107
Other	-	-	212,965	212,965 *
	<u>3,528,888</u>	<u>3,528,888</u>	<u>3,731,472</u>	<u>202,584</u>
<u>EXPENDITURES</u>				
Current				
Salaries	1,963,000	1,963,000	1,909,861	53,139
Employee benefits	951,800	951,800	893,871	57,929
Uniforms	7,000	7,000	4,406	2,594
Maintenance and repairs	118,000	151,500	139,638	11,862
Insurance	200,000	172,700	117,062	55,638
Tax collector and property appraiser fees	119,000	104,000	80,823	23,177
Professional fees	17,000	17,000	16,095	905
Utilities and phone	28,000	28,000	25,585	2,415
Other	95,400	104,200	152,434	(48,234) *
Capital outlay	29,688	29,688	279,162	(249,474) *
	<u>3,528,888</u>	<u>3,528,888</u>	<u>3,618,937</u>	<u>(90,049)</u>
NET CHANGE IN FUND BALANCE	-	-	112,534	112,534
Fund balance-beginning of the year	1,487,290	1,487,290	1,487,290	-
Fund balance-end of the year	<u>\$ 1,487,290</u>	<u>\$ 1,487,290</u>	<u>\$ 1,599,824</u>	<u>\$ 112,534</u>

\* The District received grants totaling \$167,040 included in other revenues that were used for capital outlay or other expenditures. The District's Board also approved capital outlay expenditures from reserves of \$68,453.

See accompanying notes to financial statements

BOCA GRANDE FIRE CONTROL DISTRICT

Schedule of Changes in Net Pension Liability and Related Ratios  
for the Fiscal Year Ended September 30, 2018

Reporting Period Ending Measurement Date	Last 10 Fiscal Years*			
	9/30/2018 9/30/2017	9/30/2017 9/30/2016	9/30/2016 9/30/2015	9/30/2015 9/30/2014
<b>Total Pension Liability</b>				
Service cost	\$ 466,725	\$ 371,341	\$ 386,855	\$ 305,320
Interest	549,683	494,133	440,846	330,724
Changes in benefit terms	-	-	844,690	-
Differences between expected and actual experience	284,643	(368,421)	(33,203)	-
Changes of assumptions	-	710,885	-	-
Benefit payments, including refunds of employee contributions	(26,490)	(44,249)	(43,743)	(42,950)
Net Change in Total Pension Liability	1,274,561	1,163,689	1,595,445	593,094
Total Pension Liability - Beginning	7,630,094	6,466,405	4,870,960	4,277,866
<b>Total Pension Liability- Ending (a)</b>	<b>\$ 8,904,655</b>	<b>\$ 7,630,094</b>	<b>\$ 6,466,405</b>	<b>\$ 4,870,960</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 489,400	\$ 336,963	\$ 286,700	\$ 289,200
Contributions- state	118,973	110,255	104,930	115,340
Contributions - employee	60,004	51,592	5,929	5,750
Net investment income	557,404	374,707	(83,023)	500,844
Benefit payments, including refunds of employee contributions	(26,490)	(44,249)	(43,743)	(42,950)
Administrative expenses	(40,971)	(41,676)	(41,022)	(33,502)
Other	-	5,706		
Net Change in Plan Fiduciary Net Position	1,158,320	793,298	229,771	834,682
Plan Fiduciary Net Position - Beginning	5,637,303	4,844,005	4,614,234	3,779,552
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 6,795,623</b>	<b>\$ 5,637,303</b>	<b>\$ 4,844,005</b>	<b>\$ 4,614,234</b>
<b>Net Pension Liability- Ending (a) - (b)</b>	<b>\$ 2,109,032</b>	<b>\$ 1,992,791</b>	<b>\$ 1,622,400</b>	<b>\$ 256,726</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.32%	73.88%	74.91%	94.73%
Covered Employee Payroll**	1,500,108	1,351,113	1,301,064	1,149,986
Net Pension Liability as a Percentage of covered Employee Payroll	140.59%	147.49%	124.70%	22.32%

\*Pursuant to GASB 68, until a full 10-year trend is compiled, information will be presented for those years available.

\*\* The Covered Employee Payroll numbers shown are in compliance with GASB 82, except for the 2016 Reporting Period Ending year.

**Notes to schedule:**

*Changes of benefit terms:*

For the 2016 Reporting Period Ending year, amounts reported as changes of benefit terms were resulted from the following changes:

- The definition of Salary was amended effective October 1, 2015 to include up to three hundred (300) hours of overtime per fiscal year.
- The Member Contribution Rate was increased from 0.50% to 4.00% of Salary, effective October 1, 2015.
- The requirement for Normal Retirement eligibility was amended from the earlier of (1) Age 55 and the completion of 10 years of Credited Service, or (2) Age 52 and the completion of 25 years of Credited Service to the earlier of (1) Age 50 and the completion of 10 years of Credited Service, or (2) the completion of 25 years of Credited Service, regardless of age. This change also became effective on October 1, 2015.

*Changes of assumptions:*

For the 2017 Reporting Period Ending year, 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. Additionally, the investment rate of return was lowered from 7.25% to 6.80% per year compounded annually, net of investment related expenses.

BOCA GRANDE FIRE CONTROL DISTRICT  
SCHEDULE OF CONTRIBUTIONS AND NOTES

SEPTEMBER 30, 2018

	Last 10 Fiscal Years*			
	9/30/2018	9/30/2017	9/30/2016	9/30/2015
Actuarially Determined Contribution	\$ 526,538	\$ 447,218	\$ 343,880	\$ 378,345
Contributions in Relation to the Actuarially Determined Contributions	608,373	447,218	391,630	404,540
Contribution Excess	<u>\$ (81,835)</u>	<u>\$ -</u>	<u>\$ (47,750)</u>	<u>\$ (26,195)</u>
Covered Employee Payroll**	\$ 1,500,108	\$ 1,351,113	\$ 1,301,064	\$ 1,149,986
Contributions as a Percentage of Covered Employee Payroll	40.56%	33.10%	30.10%	35.18%

\*Pursuant to GASB 68, until a full 10-year trend is compiled, information will be presented for those years available.

\*\* For the 2015 reporting ending year, the covered employee payroll was based on Pensionable Salary.

**Notes to Schedule**

Valuation Date: 10/01/2015

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:

Funding Method:	Frozen Entry Age Actuarial Cost Method.
Amortization Method:	Level Percentage of Pay, Closed
Remaining Amortization Period:	25 Years (as of 10/01/2015)
Mortality:	RP 2000 Combined Healthy Table (sex distinct) with a five year set forward for disabled lives. Per the actuarial report, this assumption sufficiently accommodates expected mortality improvements.
Interest Rate:	7.25% per year compounded annually, net of investment related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.
Retirement Age:	Earlier of 1) Age 50 and the completion of 10 years of service or 2) the completion of 25 years of service, regardless of age. Also, any Member who has reached Normal Retirement is assumed to continue employment for one additional year. Per the actuarial report, this assumption is reasonable based on plan provisions.
Disability Rates:	See table below. It is assumed that 75% of disablements and active member deaths are service related. The assumed rates of disablement were developed from those used by other plans containing Florida municipal firefighters.
Termination Rates:	See table below. The assumed rates of termination were developed from those used by other plans containing Florida municipal firefighters.
Salary Increases:	5.5% per year until the assumed retirement age, see table on the following page. This assumption was approved in conjunction with a special actuarial analysis dated August 5, 2014.
Payroll Growth:	3.0% per year. This is in compliance with Part VII of Chapter 112, Florida Statutes.
Cost-Of-Living Adjustments:	2.9% per year.
Asset Valuation Method:	Fair Market Value, net of investment related expenses

Age	% Becoming Disabled During the Year	% Terminating During the Year
20	0.03%	6.00%
30	0.04%	5.00%
40	0.07%	2.60%
50	0.18%	0.80%

BOCA GRANDE FIRE CONTROL DISTRICT

Schedule of Components of Pension Expense  
for the Fiscal Year Ended September 30, 2018

	Net Pension Liability	Deferred Inflows	Deferred Outflows	Pension Expense
<b>Beginning Balance</b>	\$ 1,992,791	\$ 425,571	\$ 1,458,115	\$ -
<b>Employer contributions made after 9/30/17</b>	-	-	727,150	-
<b>Total pension liability factors:</b>				
Service cost	466,725	-	-	466,725
Interest	549,683	-	-	549,683
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience with regard to economic or demographic assumptions	284,643	-	284,643	-
Current year amortization of experience difference	-	(65,092)	(47,438)	(17,654)
Changes of assumptions about future economic or demographic factors or other inputs	-	-	-	-
Current year amortization of change in assumptions	-	-	(118,481)	118,481
Benefit payments, including refunds of employee contributions	(26,490)	-	-	-
<b>Net Change in Total Pension Liability</b>	<u>\$ 1,274,561</u>	<u>\$ (65,092)</u>	<u>\$ 845,874</u>	<u>\$ 1,117,235</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 489,400	\$ -	\$ (489,400)	\$ -
Contributions- state	118,973	-	(118,973)	-
Contributions - employee	60,004	-	-	(60,004)
Net investment income	403,768	-	-	(403,768)
Difference between projected and actual earnings on pension plan investments	153,636	153,636	-	-
Current year amortization	-	(75,383)	(85,779)	10,396
Benefit payments, including refunds of employee contributions	(26,490)	-	-	-
Administrative expenses	(40,971)	-	-	40,971
<b>Net Change in Plan Fiduciary Net Position</b>	<u>\$ 1,158,320</u>	<u>\$ 78,253</u>	<u>\$ (694,152)</u>	<u>\$ (412,405)</u>
<b>Ending Balance</b>	<u><u>\$ 2,109,032</u></u>	<u><u>\$ 438,732</u></u>	<u><u>\$ 1,609,837</u></u>	<u><u>\$ 704,830</u></u>



BOCA GRANDE FIRE CONTROL DISTRICT

Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
for the Fiscal Year Ended September 30, 2018

	<b>Last 10 Fiscal Years*</b>	
<b>Reporting Period Ending</b>	9/30/2018	
<b>Measurement Date</b>	<u>9/30/2017</u>	
<b>Total Pension Liability</b>		
Service cost	\$	15,456
Interest		14,785
Changes in benefit terms		-
Differences between expected and actual experience		-
Changes of assumptions		(32,535)
Benefit payments, including refunds of employee contributions		<u>(2,403)</u>
Net Change in Total Pension Liability		(4,697)
Total Pension Liability - Beginning		<u>391,901</u>
<b>Total Pension Liability- Ending</b>	<b>\$</b>	<b><u>387,204</u></b>
Covered Employee Payroll**		1,604,081
Net Pension Liability as a Percentage of covered Employee Payroll		24.14%

\*Pursuant to GASB 68, until a full 10-year trend is compiled, information will be presented for those years available.

\*\* Projected FY 2018 payroll based off actual FY 2017 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:

Fiscal Year Ending September 30, 2018:	4.18%
Fiscal Year Ending September 30, 2017:	3.64%

**OTHER REPORTS**

INDEPENDENT AUDITORS' 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*

To the Board of Commissioners of  
Boca Grande Fire Control District  
Boca Grande, 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 Boca Grande Fire Control 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 June 24, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Boca Grande Fire Control 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 Boca Grande Fire Control District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Boca Grande Fire Control 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. *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 Boca Grande Fire Control 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.

*Suplee Shea Cramer & Rocklein P.A.*

Suplee Shea Cramer & Rocklein, P.A.

Sarasota, FL  
June 24, 2019

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH FLORIDA STATUTES  
SECTION 218.415 – INVESTMENTS OF PUBLIC FUNDS

To the Board of Commissioners  
Boca Grande Fire Control District

We have examined the Boca Grande Fire Control District's (the District) compliance with Section 218.415, *Florida Statutes - Local Government Investment Policies*, during the fiscal year ended September 30, 2018. Management is responsible for the District's compliance with these requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

This report is intended solely for the information and use of management and the Board of Commissioners of the Boca Grande Fire Control District and is not intended to be and should not be used by anyone other than these specified parties.

*Suplee Shea Cramer & Rocklein, P.A.*

Suplee Shea Cramer & Rocklein, P.A.

Sarasota, Florida  
June 24, 2019





# SUPLEE SHEA CRAMER & ROCKLEIN, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

T. RAYMOND SUPLEE, CPA  
NORMAN J. SHEA III, CPA  
THOMAS R. CRAMER, CPA  
JOSEPH E. ROCKLEIN III, CPA  
CANDY L. KESSEL, CPA  
MARINA DINER, CPA  
JAY D. MILLER, CPA

## MANAGEMENT LETTER

To the Board of Commissioners of  
Boca Grande Fire Control District  
Boca Grande, Florida

### **Report on the Financial Statements**

We have audited the financial statements of the Boca Grande Fire Control District, Florida, as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 24, 2019.

### **Auditors' Responsibility**

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

### **Other Reports and Schedules**

We have issued our Independent Auditors' 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* 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, which are dated June 24, 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 significant 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 Boca Grande Fire Control District was established by Chapter 96-507 Laws of Florida. There are no component units.

### **Financial Condition and Management**

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

Pursuant to Section 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Boca Grande Fire Control District. It is management's responsibility to monitor the Boca Grande Fire Control 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 recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we 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 Board of Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

*Suplee Shea Cramer & Rocklein, P.A.*

Suplee Shea Cramer & Rocklein, P.A.

Sarasota, FL  
June 24, 2019