MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT

BASIC FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Matlacha/Pine Island Fire Control 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 entity'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.

Auditors' 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 auditors' 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.

Board of Commissioners
Matlacha/Pine Island Fire Control District

Opinions

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

Emphasis of Matter

As described in Note 13, 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 9, schedule of changes in the District's total OPEB liability and related ratios on page 42, the schedules of the District's proportionate share of net pension liability and the schedules of District's contributions on pages 43 through 46, 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 24, 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. 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 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 District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 24, 2019

This discussion and analysis of the Matlacha/Pine Island Fire Control District (the District) financial statements is 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 fund financial statements, and notes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2018, the District's assets and deferred outflows exceeded its liabilities and deferred inflows, resulting in net position of $2,867,468.
- The District's total net position increased $871,134 or 43.6%, in comparison to the prior year.
- Total revenues increased $502,583 or 9.5%, in comparison to the prior year.
- Total expenses increased $396,727 or 9.1%, in comparison to the prior year.
- At the close of fiscal year 2018, governmental funds reported ending fund balance of $5,814,865, an increase of $3,702,682. $2,266,931 of the fund balance is available for spending at the District's discretion (unassigned fund balance).

Government – Wide Financial Statements

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

The statement of net position (page 10) presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference being 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 District accounts for its services in as governmental funds. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable government financial resources (and the current liabilities). The main focus is on how money flows into and out of the funds and the balances left at year-end that are available for spending. The District uses a General Fund and a Capital Projects Fund. The General Fund is the general operating fund. All general tax revenues and budgeted debt proceeds are accounted for in this fund. From this fund, all general operating expenditures and budgeted capital expenditures are paid. The Capital Projects Fund is used to account for debt proceeds specific to the construction of an additional fire station and the equipment related to that construction.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The 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 measureable and available as net current assets.

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 17. 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 position for the District for fiscal years 2018 and 2017:

	2018	2017
ASSETS		
Current and Other Assets	$ 6,090,298	$ 2,252,365
Capital Assets	3,994,841	3,856,050
Total Assets	10,085,139	6,108,415
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount Related to Pensions	1,847,346	1,935,119
Deferred Amount Related to OPEB	18,581	-
Total Deferred Outflows of Resources	1,865,927	1,935,119
LIABILITIES		
Current Liabilities	531,603	194,197
Noncurrent Liabilities	7,806,797	5,153,302
Total Liabilities	8,338,400	5,347,499
DEFERRED INFLOWS OF RESOURCES		
Deferred Amount Related to Pensions	734,898	699,701
Deferred Amount Related to OPEB	10,300	-
Total Deferred Inflows of Resources	745,198	699,701
NET POSITION		
Net Investment in Capital Assets	3,595,039	3,453,786
Restricted	70,199	60,975
Unrestricted	(797,770)	(1,518,427)
Total Net Position	$ 2,867,468	$ 1,996,334

Net investment in capital assets is comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The unrestricted net position balance of ($797,770) represents the difference between the District's total net position and the amount invested in capital assets and restricted for capital outlay. The favorable change to unrestricted net position is partly due to the increase in property tax revenues from the increase in taxable property valuations based on market conditions and the addition of new construction to the tax rolls. Additionally, the proceeds from a FEMA grant, investment earnings, and other revenue sources, combined with expenditures budgeted to increase the District's fund balance, contributed to the increase in unrestricted net position.

The following schedule reports the revenues, expenses, and changes in net position (activities) for the District for the fiscal years 2018 and 2017:

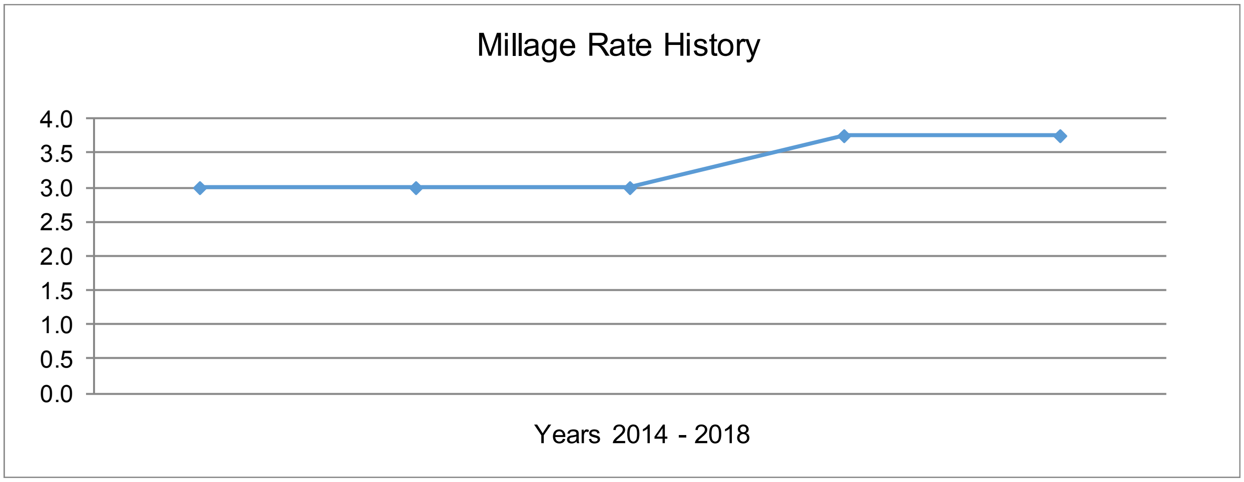
	2018	2017
REVENUES		
General Revenues		
Property Taxes	$ 5,573,247	$ 5,193,552
Miscellaneous:		
Impact Fees	36,695	28,889
Investment Earnings	40,877	14,690
Donations from Private Sources	2,690	2,405
Other	75,461	42,214
Program Revenues:		
Intergovernmental Operating Grant	63,522	8,347
Charges for Services	1,423	1,235
Total Revenues	5,793,915	5,291,332
EXPENSES		
Public Safety - Fire Control:		
Personal Services	3,739,583	3,574,421
Operating Expenditures	763,945	637,993
Interest	81,322	12,850
Depreciation	195,400	158,259
Total Program Expenses	4,780,250	4,383,523
INCREASE IN NET POSITION	1,013,665	907,809
Net Position - Beginning	1,996,334	1,088,525
Restatement of Net Position	(142,531)	-
NET POSITION - ENDING	$ 2,867,468	$ 1,996,334

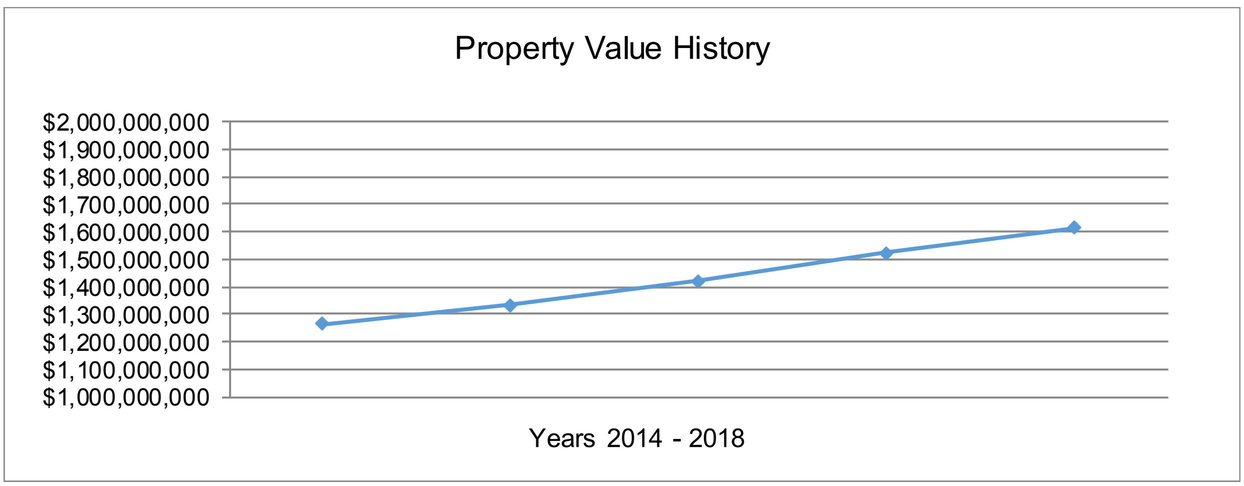
Property tax revenue increased over the prior year by $379,695 or 7.3% due to an increase in property values and the addition of new construction to the tax rolls.

Total expenses increased $396,727 or 9.1% in comparison to the prior year primarily due to the budgeted increase in personnel and the associated fringe benefit and training costs as well as the implementation of the third year of the STEP compensation plan pursuant to the three-year collective bargaining agreement ratified in November 2015.

The District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Accordingly, the implementation required the restatement of the September 30, 2017 net position. Details are presented in Note 13 on page 41.

The following charts compare the change in property value and growth in millage rates for the past five years:





Governmental Funds

The focus on the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of a fiscal year.

The general fund is the chief operating fund of the District.

At the end of the fiscal year, the general fund reported ending fund balance of $3,402,603, an increase of $1,290,420 or 61.1% from the previous year. Unassigned fund balance is $2,266,931, or 66.6% of total fund balance.

During fiscal year 2018, the District's financial condition continued to improve. This is evidenced by the increase in the general fund's fund balance in the amount of $1,290,420. Tax revenues increased due to the 5.4% market value increase in taxable property values and the addition of $24,700,626 of new construction to the tax rolls.

During the fiscal year, a Capital Projects fund was established to account for long-term debt issued to construct and equip a fourth fire station to improve response time to the eastern-most part of the

District. $2,595,996 in capital lease proceeds were issued during the fiscal year and construction began early in the subsequent fiscal year with an estimated completion date prior to the close of that year.

Budgetary Highlights

The District adopts an annual budget for the general fund as required by Florida Statute. The difference between the final budgeted expenditures and actual expenditures represents a favorable variance of $910,080 or 16.7%.

Budget versus actual comparison for the general fund can be found on page 16.

Capital Assets

Nondepreciable capital assets include land and construction in progress. Depreciable assets include buildings, improvements other than buildings, office equipment, machinery and equipment, and vehicles.

The following is a schedule of the District's capital assets for the fiscal years 2018 and 2017:

	2018	2017
CAPITAL ASSETS		
Land	$ 794,112	$ 794,112
Construction in Progress	207,848	28,505
Total Capital Assets Not being Depreciated	1,001,960	822,617
Fire and Rescue Equipment	559,962	429,174
Buildings	3,437,993	3,437,993
Fire and Rescue Vehicles	1,501,016	1,579,616
Pagers and Radios	174,639	161,996
Furniture, Fixtures, and Equipment	117,968	121,158
Total Capital Assets being Depreciated	5,791,578	5,729,937
ACCUMULATED DEPRECIATION		
Fire and Rescue Equipment	(313,282)	(285,037)
Buildings	(1,188,420)	(1,099,070)
Fire and Rescue Vehicles	(1,049,024)	(1,075,583)
Pagers and Radios	(158,209)	(155,332)
Furniture, Fixtures, and Equipment	(89,762)	(81,482)
Total Accumulated Depreciation	(2,798,697)	(2,696,504)
Total Capital Assets being Depreciated, Net	2,992,881	3,033,433
CAPITAL ASSETS, NET	$ 3,994,841	$ 3,856,050

The increase in capital assets in fiscal year 2018 was the net change resulting from the acquisition and disposal of equipment.

Debt Administration

The following is a schedule of the District's outstanding debt at September 30:

	2018	2017
Capital Lease Payable	$ 2,958,372	$ 402,264

Additional information on the District's debt can be found in Note 6 on page 25.

Economic Factors and Next Year's Budget Rates

For the fourth consecutive year, the financial condition of the District improved as of September 30, 2018. The following factors were used in the preparation of the fiscal year 2019 budget to continue to improve the financial condition of the District:

- The District levied a tax rate of 3.7500 mills which, in conjunction with the 4.3% increase in taxable values, plus $23,575,732 in new construction, is estimated to generate an increase in net tax revenues of $333,158 or 6.0% over the prior fiscal year.
- Personal services were budgeted to increase by $417,241 or 10.7% for the first year implementation of the three-year collective bargaining agreement ratified in August 2018 and for budgeting three new firefighter/paramedics to be hired in February 2019. Augmenting the appropriations for the annual pay-out of excess unused vacation hours and adding $60,000 to the budget, recognizing that upcoming retirements of long-term employees will require the pay-out of accumulated sick and vacation leave.
- Operating expenditures were budgeted to increase by $8,145, or less than 1%, due to funds reallocation between line-items.
- Capital outlay expenditures were budgeted at $627,500, an increase of $29,500 or 4.9% to provide for Station 1 remodeling, hydrants, an inspector vehicle, a drone for brush fire surveillance, augmenting the security system, placing a skid unit and pump on the brush truck, twenty-five replacement radios, and to fund one-half the cost of replacing the boat. The other one-half of the boat cost is funded by a grant from the West Coast Inland Navigation District.
- Debt service expenditures were budgeted to increase by $238,581 or 465.7% due to the first year repayment of the debt issued to construct and equip Station 4 on the eastern side of the District.
- Ending fund balance projected to be available at September 30, 2019 is estimated to increase by $869,014 or 47.5%, which will continue to improve the District's financial condition.

During fiscal year 2019, the District broke ground and began construction of Station 4 on its property in the Matlacha area to reduce response time to its eastern-most residents. Construction is estimated to be completed by the end of the fiscal year.

Requests 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:

Ben Mickuleit, Fire Chief
Matlacha/Pine Island Fire Control District
5700 Pine Island Road
Bokeelia, Florida 33922
(239) 283-0030

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

ASSETS	
Cash	$ 3,310,888
Accounts Receivable	9,726
Prepaid Items	15,620
Due from Other Governments	104,119
Cash - Restricted	2,633,227
Due from Other Governments - Restricted	16,718
Capital Assets:	
Nondepreciable	1,001,960
Depreciable Assets, Net	2,992,881
Total Assets	10,085,139
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Amount Related to Pension	1,847,346
Deferred Amount Related to OPEB	18,581
Total Deferred Outflows of Resources	1,865,927
LIABILITIES	
Accounts Payable	66,803
Retainage Payable	2,227
Accrued Liabilities	174,065
Accrued Interest	78,013
Compensated Absences:	
Expected to be Paid in One Year	48,488
Expected to be Paid After One Year	494,802
Capital Leases Payable:	
Expected to be Paid in One Year	162,007
Expected to be Paid After One Year	2,796,365
Total OPEB Liability	275,526
Net Pension Liability	4,240,104
Total Liabilities	8,338,400
DEFERRED INFLOWS OF RESOURCES	
Deferred Amount Related to Pension	734,898
Deferred Amount Related to OPEB	10,300
Total Deferred Inflows of Resources	745,198
NET POSITION	
Net Investment in Capital Assets	3,595,039
Restricted	70,199
Unrestricted	(797,770)
Total Net Position	$ 2,867,468

See accompanying Notes to Basic Financial Statements.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

PROGRAM EXPENSES	
Public Safety - Fire Control:	
Personal Services	$ 3,739,583
Operating Expenditures	763,945
Interest	81,322
Depreciation	195,400
Total Program Expenses	4,780,250
PROGRAM REVENUES	
Intergovernmental Operating Grant	63,522
Charges for Services	1,423
Total Program Revenue	64,945
NET PROGRAM EXPENSES	4,715,305
GENERAL REVENUES	
Property Taxes	5,573,247
Impact Fees	36,695
Investment Earnings	40,877
Donations from Private Sources	2,690
Other	75,461
Total General Revenues	5,728,970
INCREASE IN NET POSITION	1,013,665
Net Position - Beginning of Year as Previously Reported	1,996,334
Restatement of Net Position - Note 13	(142,531)
Net Position - Beginning of Year as Restated	1,853,803
NET POSITION - END OF YEAR	$ 2,867,468

See accompanying Notes to Basic Financial Statements.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2018

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash	$ 3,310,888	$ -	$ 3,310,888
Accounts Receivable	9,726	-	9,726
Due from Other Governments	104,119	-	104,119
Due from Other Funds	130,058	-	130,058
Cash - Restricted	53,481	2,579,746	2,633,227
Due from Other Governments - Restricted	16,718	-	16,718
Total Assets	$ 3,624,990	$ 2,579,746	$ 6,204,736
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 31,604	$ 35,199	$ 66,803
Retainage Payable	-	2,227	2,227
Accrued Expenses	174,065	-	174,065
Due to Other Funds	-	130,058	130,058
Total Liabilities	205,669	167,484	373,153
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue	16,718	-	16,718
FUND BALANCE			
Restricted for Capital Outlay	53,481	2,412,262	2,465,743
Committed:			
Sick Pay	156,686	-	156,686
Contingency/Disaster Reserve	500,000	-	500,000
Station No. 2 Improvements	50,000	-	50,000
Station No. 4 Debt Service	325,228	-	325,228
Assigned for Subsequent Year's Expenditures	50,277	-	50,277
Unassigned	2,266,931	-	2,266,931
Total Fund Balances	3,402,603	2,412,262	5,814,865
Total Liabilities Deferred Inflows of Resources and Fund Balances	$ 3,624,990	$ 2,579,746	$ 6,204,736

See accompanying Notes to Basic Financial Statements.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED SEPTEMBER 30, 2018

Fund Balances - Governmental Funds		$ 5,814,865
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 are, therefore, not reported in the governmental funds.		3,994,841
Prepaid expenses reported on the statement of net position are not reported in the governmental funds.		15,620
Certain revenues will be collected after year-end, but are not available to pay for the current period's expenditures, and therefore are reported as deferred inflows in the funds.		16,718
Deferred Outflows of Resources are reported as a result of changes in deferred amounts related to Pensions and OPEB in the Statement of Net Position.		1,865,927
Debt Interest Payable that is not payable in the current period and therefore is not reported in the governmental funds.		(78,013)
Long-term liabilities are not payable in the current period and therefore are not reported in the governmental funds.		
Capital Lease Payable	$ (2,958,372)	
Total OPEB Liability	(275,526)	
Compensated Absences	(543,290)	
Net Pension Liability	(4,240,104)	
		(8,017,292)
Deferred Inflows of Resources are reported as a result of changes in deferred amounts related to Pensions and OPEB in the Statement of Net Position		(745,198)
Net Position of Governmental Activities		$ 2,867,468

See accompanying Notes to Basic Financial Statements.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property Taxes	$ 5,573,247	$ -	$ 5,573,247
Licenses and Permits	1,423	-	1,423
Intergovernmental	63,522	-	63,522
Miscellaneous:			
Investment Earnings	39,358	1,519	40,877
Impact Fees	19,977	-	19,977
Rental Income	29,780	-	29,780
Donations from Private Sources	2,190	-	2,190
Other	88,348	-	88,348
Total Revenues	5,817,845	1,519	5,819,364
EXPENDITURES			
Public Safety:			
Current:			
Personal Services	3,514,112	-	3,514,112
Operating Expenditures	741,309	29,667	770,976
Capital Outlay	220,772	155,586	376,358
Debt Service:			
Principal	39,888	-	39,888
Interest	11,344	-	11,344
Total Expenditures	4,527,425	185,253	4,712,678
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,290,420	(183,734)	1,106,686
OTHER FINANCING SOURCES			
Proceeds from Issuance of Capital Lease	-	2,595,996	2,595,996
NET CHANGE IN FUND BALANCE	1,290,420	2,412,262	3,702,682
Fund Balance - October 1, 2017	2,112,183	-	2,112,183
FUND BALANCE - SEPTEMBER 30, 2018	$ 3,402,603	$ 2,412,262	$ 5,814,865

See accompanying Notes to Basic Financial Statements.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

Net Changes in Fund Balance - Governmental Funds		$ 3,702,682
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives and reported as Depreciation Expense. Transactions involving Capital Assets are summarized below.		
Expenditures for Capital Assets	$ 376,358	
Depreciation Expense	(195,400)	
Loss on Disposal of Capital Assets	(42,167)	
Subtotal		138,791
Certain operating expenditures for future periods recognized on the Statement of Revenues, Expenditures and Changes in Fund Balances but not on the Statement of Activities. This amount represents the change in prepaid expenses.		7,031
Certain revenues not considered available are not recognized in the governmental funds, but are included in the Statement of Activities.		16,718
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Change in Compensated Absences	(48,567)	
Change in Accrued Interest Payable	(69,978)	
Subtotal		(118,545)
Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.		
Capital Lease Proceeds	(2,595,996)	
Capital Lease Payments	39,888	
Subtotal		(2,556,108)
Net change in the total OPEB liability and related deferred amounts is reported in the government-wide statements, but not in the governmental fund statements.		2,286
Net change in the net pension liability and related deferred amounts is reported in the government-wide statements, but not in the governmental fund statements.		(179,190)
Change in Net Position of Governmental Activities		$ 1,013,665

See accompanying Notes to Basic Financial Statements.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	$ 5,508,722	$ 5,508,722	$ 5,573,247	$ 64,525
Licenses and Permits	700	700	1,423	723
Intergovernmental	8,160	8,160	63,522	55,362
Miscellaneous:				
Investment Earnings	13,020	13,020	39,358	26,338
Impact Fees	25,000	25,000	19,977	(5,023)
Rental Income	29,779	29,779	29,780	1
Donations from Private Sources	500	500	2,190	1,690
Other	29,779	29,779	88,348	58,569
Total Revenues	5,615,660	5,615,660	5,817,845	202,185
EXPENDITURES				
Public Safety:				
Current:				
Personal Service:				
Salaries	2,308,248	2,342,170	2,152,579	189,591
Benefits	1,543,735	1,554,224	1,361,533	192,691
Operating Expenditures:				
Professional Services	320,080	320,080	175,498	144,582
Training and Physicals	38,300	43,900	22,170	21,730
Accounting and Contractual Services	41,000	41,000	33,203	7,797
Travel	5,500	5,500	3,763	1,737
Communications	46,760	46,760	46,883	(123)
Utilities	35,600	35,600	29,942	5,658
Rentals and Leases	4,719	4,719	2,751	1,968
Insurance	71,500	71,500	71,983	(483)
Repairs and Maintenance	157,500	157,500	119,889	37,611
Fuel and Operating Supplies	60,000	60,000	42,008	17,992
Uniforms	22,500	22,500	11,444	11,056
Other	82,820	82,820	181,775	(98,955)
Capital Outlay	460,000	598,000	220,772	377,228
Debt Service:				
Principal	51,232	51,232	39,888	11,344
Interest	-	-	11,344	(11,344)
Total Expenditures	5,249,494	5,437,505	4,527,425	910,080
EXCESS REVENUES OVER EXPENDITURES	366,166	178,155	1,290,420	1,112,265
NET CHANGE IN FUND BALANCE	366,166	178,155	1,290,420	1,112,265
Fund Balance - October 1, 2017	2,112,183	2,112,183	2,112,183	-
FUND BALANCE - SEPTEMBER 30, 2018	$ 2,478,349	$ 2,290,338	$ 3,402,603	$ 1,112,265

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Defining the Governmental Reporting Entity

The Matlacha/Pine Island Fire Control District (the District) is an independent special district of the state of Florida. The District was established by act of the Florida legislature dated July 10, 1963, as Chapter 63-1558, Laws of Florida, and as repealed and replaced by Chapter 2000-396 Laws of Florida, on May 22, 2000. The business and affairs of the District are governed by an elected Board of Commissioners, which consists of five members and operates under state statutes. The Commissioners serve on a staggered four-year term basis.

The District provides fire control and protection services, fire safety inspections, and rescue services to the District's incorporated land area. In providing these services, the District operates and maintains three station houses and their related equipment, and employs 31 full-time employees, including 27 professional firefighters.

In evaluating the District as a reporting entity, management considered all potential component units in accordance with applicable Governmental Accounting Standards Board Statements (GASBS). A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Management reviewed all of the financial accountability concepts and determined that there are no component units required to be included in the District's financial statements.

Basic Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities that report information about the District as a whole. The statement of net position reports all financial and capital resources.

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

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Investment earnings are recognized when earned. All other sources of revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. Generally, revenues are considered available when they are collected within the current period or within 60 days after the end of the fiscal year.

Fund Accounting

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, revenue 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. The District reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the District. All financial resources, which are not specifically restricted or designated as to use, are recorded in the General Fund.

Capital Projects Fund

The Capital Projects Fund is used to account for the accumulation of resources that are restricted, committed, or assigned to expenditure for the construction and equipping of the District's Fire Station 4.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than $1,000 and an estimated useful life of more than one year.

Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of the donation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	
Building	20 to 40 Years
Fire and Rescue Vehicles	5 to 15 Years
Fire and Rescue Equipment	5 to 7 Years
Furniture, Fixtures, and Equipment	5 to 7 Years
Pagers and Radios	5 to 7 Years

Budgets and Budgetary Accounting

The following procedures are used by the District in establishing the budgetary data reflected in the financial statements:

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed general fund-operating budget for the fiscal year commencing on the upcoming first day of October. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayers’ comments.

3. The budget is adopted by approval of the Board of Commissioners.

4. Budget transfers cannot be made between expenditure accounts without approval of the Board of Commissioners.

5. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.

6. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Budgeted appropriations lapse at year-end.

7. The level of control for appropriations is exercised at the fund level. There were two supplemental appropriations made during the year ended September 30, 2018.

8. A budget was not adopted for the capital projects fund.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the District's statement of net position represent pension related amounts and other postemployment benefit (OPEB) related amounts. These amounts, except for contributions made after the measurement date, will be recognized as increases in pension expense and OPEB expense in future years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the District's statement of net position represent pension related amounts and OPEB related amounts. These amounts will be recognized as reductions in expense in future years. The deferred inflows of resources reported in the District's balance sheet represents unavailable impact fees revenue. This amount is deferred and recognized as inflow of resources in the period that the amount becomes available.

Pensions

In the government-wide statement of net position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

In the government-wide statement of net position, a liability is recognized for the District's total OPEB liability as determined by an actuarial review of the health care coverage purchased by retirees to continue participation in the District's health plan. The District does not subsidize the retirees' premium cost. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability and changes of benefit terms or actuarial assumptions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impact Fees

The District receives impact fees in accordance with an interlocal agreement with Lee County, Florida. Impact fees collected by Lee County are remitted on a quarterly basis to the District. The District, with prior approval from Lee County, may expend amounts collected on qualifying expenditures. Funds received that are not expended within 20 years must be refunded. Because of the eligibility requirements imposed in the agreement, (1) prior approval before expenditure and (2) refund if not expended, the District records receipts of funds as restricted cash. During the current fiscal year, the District recognized $19,977 in impact fees. Restricted cash and restricted due from other governments presented in the accompanying financial statements related to impact fees totaled $70,199 at September 30, 2018. This amount is also reflected as a restriction of net position.

Fund Balance

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. There was no nonspendable fund balance at September 30, 2018.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the District’s Board of Fire Commissioners, the District’s highest level of decision-making authority. Commitments may be changed or lifted only by the Board of Fire Commissioners taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned Fund Balance – Includes spendable fund balance amounts established by the administration of the District that are intended to be used for specific purposes that are neither considered restricted or committed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for the general fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District expends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

Unassigned fund balance is the residual classification for the general fund and represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District's fund balance policy states that annually, if prior committed or assigned fund balances cause the unassigned fund balance to fall below 17% of general fund operating expenditures, the Fire Chief will notify the Board of Commissioners in order for the necessary action to be taken to restore the unassigned fund balance to 17% of the general fund operating expenditures.

Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. Vacation and sick leave is accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the liability and it is probable that the District will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The liability is recognized at the government-wide level when the benefits are earned by employees.

For governmental funds, reporting a fund liability and expenditures for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations or retirements.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. The District has elected to treat these items under the purchase method for the governmental fund financial statements. As such, the costs are recognized immediately as expenditures when paid.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of 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 as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH

As of September 30, 2018, the District's cash was as follows:

Deposits with Financial Institutions	$ 3,364,347
Cash with Escrow Agents	2,579,746
Cash on Hand	22
Total	$ 5,944,115

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk for its deposits.

NOTE 3 INTERFUND RECEIVABLE AND PAYABLE

The District recorded a payable from the Capital Projects Fund to the General Fund of $130,058 to repay the General Fund for amounts paid in conjunction with the construction and equipping of Station 4.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	$ 794,112	$ -	$ -	$ 794,112
Construction in Progress	28,505	179,343	-	207,848
Total Capital Assets, Not Being Depreciated	822,617	179,343	-	1,001,960
Capital Assets being Depreciated:				
Fire and Rescue Equipment	429,174	138,745	(7,957)	559,962
Buildings	3,437,993	-	-	3,437,993
Fire and Rescue Vehicles	1,579,616	45,627	(124,227)	1,501,016
Pagers and Radios	161,996	12,643	-	174,639
Furniture, Fixtures, and Equipment	121,158	-	(3,190)	117,968
Total Capital Assets being Depreciated	5,729,937	197,015	(135,374)	5,791,578
Less Accumulated Depreciation for:				
Fire and Rescue Equipment	(285,037)	(36,202)	7,957	(313,282)
Buildings	(1,099,070)	(89,350)	-	(1,188,420)
Fire and Rescue Vehicles	(1,075,583)	(55,501)	82,060	(1,049,024)
Pagers and Radios	(155,332)	(2,877)	-	(158,209)
Furniture, Fixtures, and Equipment	(81,482)	(11,470)	3,190	(89,762)
Total Accumulated Depreciation	(2,696,504)	(195,400)	93,207	(2,798,697)
Total Capital Assets being Depreciated, Net	3,033,433	1,615	(42,167)	2,992,881
Total Capital Assets	$ 3,856,050	$ 180,958	$ (42,167)	$ 3,994,841

NOTE 5 LINE OF CREDIT

The District has an agreement with a local financial institution for a $1,500,000 revolving line of credit. The proceeds of this line of credit can be used only for working capital and soft costs associated with the design or the new addition to the existing stations, and for other lawful purpose, as may be duly approved by the District's Board of Commissioners.

The line of credit has a current maturity of August 23, 2019. Interest is charged on a floating basis at 79% of the prime rate as quoted in the Wall Street Journal. There is no collateral associated with this line of credit. In connection with this agreement, the District is required to maintain its principal transaction account at the financial institution.

During the year ended September 30, 2018, the District borrowed and repaid $-0- under this line of credit.

NOTE 6 LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Leases	$ 402,264	$ 2,595,996	$ 39,888	$ 2,958,372	$ 162,007
Compensated Absences	494,723	296,454	247,887	543,290	48,488
Total	$ 896,987	$ 2,892,450	$ 287,775	$ 3,501,662	$ 210,495

Long-term debt consisted of the following at September 30, 2018:

$443,933 Capital Lease Payable to a Financial Institution, Annual Payments of $51,232, including Interest Payable at 2.82%, due January 15, 2026.	$ 362,376
$350,000 Capital Lease Payable to a Financial Institution, Annual Payments of $49,847, including Interest Payable at 2.94%, due December 18, 2025.	93,496
$2,502,500 Capital Lease Payable to a Financial Institution, Annual Payments of $188,733, including Interest Payable at 4.28%, due March 6, 2038.	2,502,500
Accrued Compensated Absences	543,290
Subtotal	3,501,662
Less: Amount Expected to be Paid in One Year	(210,495)
Long-Term Debt Payable After One Year	$ 3,291,167

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

The assets acquired through the capital lease are:

Assets	Amount	Accumulated Depreciation	Balance
Fire Trucks	$ 443,933	$ (70,289)	$ 373,644

Capital lease proceeds, including interest earnings, totaling $93,677 were held in escrow at September 30, 2018 as a down payment for the Station 4 fire truck.

Capital lease proceeds, including interest earnings, totaling $2,486,069 were held in escrow at September 30, 2018 and will be remitted as progress payments during the construction of Station 4.

Future minimum capital lease payments are as follows:

Year Ending September 30,	Amount
2019	$ 289,812
2020	289,811
2021	256,174
2022	239,964
2023	239,964
2024-2028	1,097,356
2029-2033	943,662
2034-2038	943,668
Total Minimum Lease Payments	4,300,411
Less: Amount Representing Interest	1,342,039
Present Value of Minimum Lease Payments	$ 2,958,372

NOTE 7 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. Discounts are allowed for payment of property taxes before March 1 of the following year. On April 1, any unpaid taxes become delinquent. If the taxes are still unpaid in May, tax certificates are then offered for sale to the general public. The Lee County, Florida Tax Collector performs the billing and collection of all property taxes for the District. Taxes are recognized as revenue when levied to the extent that they result in current receivables.

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

July 1	◆ Assessment roll validated
September 30	◆ Millage resolution approved and taxes levied following certification of assessment roll
October 1	◆ Beginning of fiscal year for which tax is to be levied

NOTE 7 PROPERTY TAXES (CONTINUED)

November 1	◆ Property taxes due and payable (levy date) with various discount provisions through March 1
April 1	◆ Taxes become delinquent
Prior to June 1	◆ Tax certificates sold by Lee County

The Board of Commissioners of the District levied ad valorem taxes at a millage rate of $3.75 per $1,000 (3.75 mils) of the 2017 net taxable value of real property located within the District.

NOTE 8 DEFINED BENEFIT PENSION PLANS

Background

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

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

The District's pension expense totaled $555,279 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2018.

	FRS Plan	HIS Plan	Total
Net Pension Liability	$ 3,685,237	$ 554,867	$ 4,240,104
Deferred Outflows of Resources Related to Pensions	1,751,519	95,827	1,847,346
Deferred Inflows of Resources Related to Pensions	614,684	120,214	734,898
Pension Expense	526,125	29,154	555,279

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

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

- *Regular Class* – Members of the FRS who do not qualify for membership in the other classes.
- *Senior Management Service Class (SMSC)* – Members in senior management level positions.
- *Special Risk Class* – Members who are special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided

Benefits under the FRS Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Continued)

The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service:	Percent Value
Regular Class Members Initially Enrolled before July 1, 2011	
Retirement up to Age 62 or up to 30 Years of Service	1.60 %
Retirement up to Age 63 or up to 31 Years of Service	1.63
Retirement up to Age 64 or up to 32 Years of Service	1.65
Retirement up to Age 65 or up to 33 Years of Service	1.68
Regular Class Members Initially Enrolled on or After July 1, 2011	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement up to Age 66 or up to 34 Years of Service	1.63
Retirement up to Age 67 or up to 35 Years of Service	1.65
Retirement up to Age 68 or up to 36 Years of Service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service On and After October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement. In 2017, Senate Bill 7022 made several changes to FRS. The bill provides for renewed membership in the investment plan to reemployed defined contribution plan retirees, as well as, In-Line-of Duty Death Benefits.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the District, effective July 1, 2017, were applied to employee salaries as follows: regular employees 7.92%, senior management 22.71%, special risk 23.27%, and DROP participants 13.26%. The District's contributions to the FRS Plan were $347,919 for the year ended September 30, 2018.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs

At September 30, 2018, the District reported a liability of $3,685,237 for its proportionate share of the FRS 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 proportion of the net pension liability was based on the District's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2018, the District's proportion was .01223%, which was a decrease of 0.00003% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the District recognized pension expense of $526,125 for its proportionate share of FRS's pension expense. In addition, the District reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 312,195	$ 11,331
Changes in Actuarial Assumptions	1,204,156	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	284,729
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	149,975	318,624
District Contributions Subsequent to the Measurement Date	85,193	-
Total	$ 1,751,519	$ 614,684

$85,193 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2019	$ 365,654
2020	272,591
2021	51,075
2022	208,054
2023	133,311
Thereafter	20,957

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
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. 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, as outlined in the FRS Plan's investment policy and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0 %	2.9 %	2.9 %	1.8 %
Fixed Income	18.0 %	4.4 %	4.3 %	4.0 %
Global Equity	54.0 %	7.6 %	6.3 %	17.0 %
Real Estate (Property)	11.0 %	6.6 %	6.0 %	11.3 %
Private Equity	10.0 %	10.7 %	7.8 %	26.5 %
Strategic Investments	6.0 %	6.0 %	5.7 %	8.6 %
Totals	100.0 %			
Assumed Inflation - Mean			2.6 %	1.9 %

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of 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 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.

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the FRS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
FRS Plan Discount Rate	6.00 %	7.00 %	8.00 %
District's Proportionate Share of the FRS Plan Net Pension Liability	$ 6,725,712	$ 3,685,237	$ 1,159,943

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at http://www.dms.myflorida.com.

Retiree Health Insurance Subsidy Program

Plan Description

The Retiree Health Insurance Subsidy Program (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statues, 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.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Benefits Provided

For the fiscal year ended June 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, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which 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 June 30, 2018, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statues. 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 the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The District's contributions to the HIS Plan were $28,170 for the year ended September 30, 2018.

Pension Costs

At September 30, 2018, the District reported a liability of $554,867 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 proportion of the net pension liability was based on the District's contributions received during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all participating employers. At June 30, 2018, the District's proportion was 0.00524%, which was an increase of 0.0001% from its proportion measured as of June 30, 2017.

For the year ended September 30, 2018, the District recognized pension expense of $29,154 for its proportionate share of HIS's pension expense. In addition, the District reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	$ 8,495	$ 943
Changes in Actuarial Assumptions	61,708	58,665
Net Difference Between Projected and Actual Earnings on HIS Program Investments	335	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	18,605	60,606
District Contributions Subsequent to the Measurement Date	6,684	-
Total	$ 95,827	$ 120,214

$6,684 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year Ending September 30,	Amount
2019	$ (4,498)
2020	(4,526)
2021	(4,601)
2022	(2,045)
2023	(12,922)
Thereafter	(2,479)

Actuarial Assumptions

The total pension liability in the July 1, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% per year
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. 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.

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 3.87% for the HIS Plan. 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.

Pension Liability Sensitivity

The following presents the District's proportionate share of the net pension liability for the HIS Plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
HIS Plan Discount Rate	2.58 %	3.58 %	4.58 %
District's Proportionate Share of the HIS Plan Net Pension Liability	$ 631,961	$ 554,867	$ 490,605

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at http://www.dms.myflorida.com.

NOTE 9 DEFINED CONTRIBUTION PLANS

Florida Retirement System Pension Plan

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

NOTE 9 DEFINED CONTRIBUTION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. District employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Special Risk Class, etc.), as the FRS defined benefit 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 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 2017-18 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class. The percentages are the same as those listed previously to the FRS Plan.

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 FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 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 June 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled $11,885 for the year ended September 30, 2018.

NOTE 9 DEFINED CONTRIBUTION PLANS (CONTINUED)

New York Life Pension Plan

The District had for numerous years offered pension benefits for all full-time employees through a defined contribution plan with New York Life. Beginning in the fiscal year ended September 30, 2002, the District provided the Florida Retirement System as a benefit option to all employees. Each employee was allowed to choose to remain with the existing defined contribution plan with New York Life or to transfer to the Florida Retirement System. All new employees after this date are required to participate in the Florida Retirement System. The District amends the provisions of its defined contribution plan with the New York Life to mirror the periodic changes for the high-risk employees provided by the Florida Retirement System.

The New York Life Plan (the Plan) is a single-employer plan. Employees are eligible to participate if they have reached 18 years of age and have completed one year of service upon the anniversary date of the Plan. Contributions are made to the Plan based upon eligible compensation. The contribution rate mirrors the Florida Retirement System contribution rates. Each participant becomes 100% vested immediately upon participation in the Plan.

Contributions to the Plan for the fiscal years ended September 30, 2018, 2017, and 2016 were $93,824, $93,252, and $93,149 respectively. The number of participants with vested benefits at September 30, 2018 was 5. All eligible employees are required to contribute 3% of their salary to this pension Plan.

The Plan provides for a variety of participant directed investments in mutual funds, all of which are administered by New York Life Insurance and Annuity Corporation.

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description and Funding Policy

The District provides postemployment health care benefits in accordance with Section 112.0801, *Florida Statutes*, to all eligible employees who retire from the District. Retirees are to pay their full premium for the plan. This is a benefit to retirees because the cost of health insurance for retirees exceeds the full premium. Employees will subsidize the cost of retirees under the group coverage. This benefit is available to employees with 25 years of service or age 55 with 6 years of service. There are currently two retirees eligible for this benefit. Expenditures for postemployment health care benefits are recognized as premiums are paid.

No trust or agency has been established for the plan.

The plan does not issue a separate financial report.

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Participant Data

As of September 30, 2018, the following employees were covered by the benefit terms:

Retirees	2
Active Employees	28
Total Employees	30

Total OPEB Liability

The District's total OPEB liability of $275,526 was measured as of September 30, 2017 and was determined by an actuarial valuation as of September 30, 2017. The following table shows the changes in the District's total OPEB liability for the year ended September 30, 2018.

	Total OPEB Liability
Balance, as of October 1, 2017	$ 280,531
Changes:	
Service Cost	8,913
Interest	8,526
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Employer Contributions	-
Changes of Assumptions	(11,444)
Benefit Payments	(11,000)
Net Changes:	(5,005)
Balance, as of September 30, 2018	$ 275,526

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Methods and Assumptions

The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions.

Actuarial cost method	Entry Age Normal level percent of pay
Discount rate	3.50% (20-year GO bond index)
Healthcare cost trend rate	5.40% for FY2018, gradually decreasing over several decades to an ultimate rate of 4.40% in FY2070 and later years. In addition, the medical trend rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 2.2% beginning calendar year 2022 for plans other than Medicare Supplement plans.
Inflation rate	2.40%

Mortality rates were based on the RP-2000 mortality tables, projected from the year 2000 using scale AA.

The following are changes in assumptions and inputs that have been made since the previous valuation date:

The discount rate was changed from 3.10% to 3.50% based on updated 20-year municipal bond rates.

The actuarial cost method was changed from using the Projected Unit Credit cost method to the Entry Age Normal level percent of pay cost method due to new GASBS Nos. 74 and 75 accounting rules.

Healthcare trend rates were reset to reflect updated cost increase expectations, including an adjustment to reflect the impact of the Affordable Care Act's Excise Tax on high-cost health insurance plans.

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Liability Discount Rate Sensitivity

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

Description	1% Decrease	Current Discount Rate	1% Increase
OPEB Plan Discount Rate	2.50%	3.50%	4.50%
Total OPEB Liability	$ 305,261	$ 275,526	$ 249,377

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

Description	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 244,828	$ 275,526	$ 312,432

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

For the year ended September 30, 2018, the District's OPEB expense was $16,295. At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Actuarial Assumptions	$ -	$ 10,300
District Contributions Subsequent to the Measurement Date	18,581	-
Total	$ 18,581	$ 10,300

$18,581 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as a decrease in OPEB expense as follows:

Year Ending September 30,	Amount
2019	$ (1,144)
2020	(1,144)
2021	(1,144)
2022	(1,144)
2023	(1,144)
Thereafter	(4,580)

NOTE 11 RISK MANAGEMENT

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

The District participates in workers' compensation insurance program with Preferred Governmental Insurance Trust (PGIT). The District pays an annual premium for this insurance program. Participation in this risk pool is nonassessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The District transfers the risk of loss to PGIT with limits of liability of $1,000,000 per accident or disease for workers' compensation.

The District purchased commercial insurance for general/professional liability, automobile and rescue vehicle, and property. The District retains the risk of loss up to a deductible amount (ranging from $-0- to $1,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of either guaranteed replacement value or between $1,000,000 to $5,000,000, per occurrence, for general/professional liability, automobile, and property. There were no significant reductions in insurance coverage as compared to the prior year. Settlement claims have not exceeded insurance coverage in any of the past three years.

NOTE 12 COMMITMENTS

The District is committed for general contracting services under a general construction agreement for services related to the construction of its new fire station. For the year ended September 30, 2018, expenditures totaled approximately $22,271. Future committed costs associated with this contract total approximately $2,004,412.

NOTE 13 CHANGE IN ACCOUNTING PRINCIPLE

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

Net Position, September 30, 2017, as Previously Reported	$ 1,996,334
Cumulative Affect of Application of GASBS No. 75	(142,531)
Net Position, September 30, 2017, as Restated	$ 1,853,803

REQUIRED SUPPLEMENTARY INFORMATION

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS[1]
YEAR ENDED SEPTEMBER 30, 2018

Total OPEB Liability	
Service Cost	$ 8,913
Interest	8,526
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Employer Contributions	-
Changes of Assumptions	(11,444)
Benefit Payments	(11,000)
Net Change in Total OPEB Liability	(5,005)
Total OPEB Liability - Beginning	280,531
Total OPEB Liability - Ending	$ 275,526
Covered-Employee Payroll	$ 2,190,250
District's Total OPEB Liability as a Percentage of Its Covered-Employee Payroll	12.6%

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

Note: No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2018 *

	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.012234971%	0.012269380%	0.013239069%	0.011234914%	0.013063510%
District's Proportionate Share of the Net Pension Liability	$ 3,685,237	$ 3,629,200	$ 3,342,875	$ 1,451,140	$ 797,066
District's Covered Payroll	$ 1,703,443	$ 1,533,379	$ 1,604,254	$ 1,493,665	$ 1,644,471
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	216.34%	236.68%	208.38%	97.15%	48.47%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.26%	83.89%	84.88%	92.00%	96.09%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2018 *

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 347,919	$ 318,327	$ 300,433	$ 276,646	$ 311,987
Contributions in Relation to the Contractually Required Contribution	(347,919)	(318,327)	(300,433)	(276,646)	(311,987)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,705,952	$ 1,595,463	$ 1,544,059	$ 1,477,342	$ 1,650,571
Contributions as a Percentage of Covered Payroll	20.39%	19.95%	19.46%	18.73%	18.90%

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDIARY PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2018 *

	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.005242455%	0.005187613%	0.005609455%	0.005357147%	0.005970092%
District's Proportionate Share of the Net Pension Liability	$ 554,867	$ 554,684	$ 653,759	$ 546,345	$ 558,218
District's Covered Payroll	$ 1,772,708	$ 1,657,850	$ 1,733,671	$ 1,625,157	$ 1,773,809
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	31.30%	33.46%	37.71%	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%

*The Amounts Presented for Each Fiscal Year were Determined as of June 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDIARY PENSION PLAN [1]
YEAR ENDED SEPTEMBER 30, 2018 *

	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 28,170	$ 28,390	$ 27,720	$ 21,909	$ 21,716
Contributions in Relation to the Contractually Required Contribution	(28,170)	(28,390)	(27,720)	(21,909)	(21,716)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,757,028	$ 1,710,241	$ 1,669,860	$ 1,602,413	$ 1,786,955
Contributions as a Percentage of Covered Payroll	1.60%	1.66%	1.66%	1.37%	1.22%

*The Amounts Presented for Each Fiscal Year were Determined as of September 30.

[1] Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

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*

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, 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 and each major fund of Matlacha/Pine Island Fire Control 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 24, 2019.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, as described below, that we consider to be a material weakness.

2018-001 Audit Adjustment

Criteria

Management is responsible for establishing and maintaining internal controls for the proper recording of all the District's year-end accruals.

Condition

As part of the audit, we proposed audit adjustments to revise the District's books at year-end. The adjustments involved recording invoices received after year-end for construction-related services provided before year-end, reversing the prior year payroll accrual, reversing a duplicate due from funds entry, and reversing cash in escrow and capital lease proceeds for undisbursed funds at year-end.

Cause

Management relies on the audit firm to propose adjustments necessary for the preparation of the annual financial statements and related disclosures. However, management has reviewed and approved the proposed audit adjustments.

Effect

The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

Recommendation

We recommend management be consistently aware of all procedures involved in recording accruals and develop internal control policies to ensure proper recording of these items.

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*.

The District's Response to Findings

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

Board of Commissioners
Matlacha/Pine Island Fire Control District

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 24, 2019

CliftonLarsonAllen LLP
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MANAGEMENT LETTER

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

Report on the Financial Statements

We have audited the financial statements of the Matlacha/Pine Island Fire Control District (the District), as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated May 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 Florida Auditor General.

Other Reporting Requirements

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 Accountants' 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 May 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 findings and recommendations made in the preceding financial audit report. There were no findings or recommendations made in the preceding 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 Note 1 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 to 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 to identify 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.

Financial Condition and Management (Continued)

Pursuant to Sections 10.554(1)(i)5.b. 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 recommendations 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.c., 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 218.39(3)(b), Florida Statutes. The District does not have any special district component units.

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 which 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 Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 24, 2019

MATLACHA/PINE ISLANDFIRE CONTROL DISTRICT
5700 PINE ISLAND ROAD
BOKEELIA, FLORIDA 33922-3132

PHONE: 239-283-0030 FAX: 239-283-3313

May 24, 2019

CliftonLarsonAllen LLP
12800 University Drive, Suite 210
Fort Myers, FL 33907

Dear Sir:

Please be advised that this serves as written statement of explanation regarding the findings and recommendations contained in the Internal Control Letter included in the audit of the financial statements dated September 30, 2018:

The District provides the following response to the current year findings and recommendations:

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

2018-001 Audit Adjustment

Criteria
Management is responsible for establishing and maintaining internal controls for the proper recording of all the District's year-end accruals.

Condition
As part of the audit, we proposed audit adjustments to revise the District's books at year-end. The adjustments involved recording invoices received after year-end for construction-related services provided before year-end, reversing the prior year payroll accrual, reversing a duplicate due from funds entry, and reversing cash in escrow and capital lease proceeds for undisbursed funds at year-end.

Cause
Management relies on the audit firm to propose adjustments necessary for the preparation of the annual financial statements and related disclosures. However, management has reviewed and approved the proposed audit adjustments.

Effect
The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal control.

Recommendation
We recommend management be consistently aware of all procedures involved in recording accruals and develop internal control policies to ensure proper recording of these items.

RESPONSE

The District is highly concerned about the internal controls over its finances. Accordingly, the District has engaged the services of a government accounting consultant to review and take responsibility for the District's annual financial statements. And in response to this internal control comment, the District has augmented the scope of work for this consultant to include the preparation of monthly financial reports, a balance sheet and a statement of revenues, expenditures and changes in fund balance, budget and actual to be presented monthly to the Board of Commissioners.

Finally, with regard to the Management Letter, this serves as written statement of explanation pursuant to the rules of the Auditor General Section 10.557(1). The District is pleased that no findings were noted in the current year.

The District appreciates the thorough review of internal controls and management comments provided by CliftonLarsonAllen LLP during the audit of the fiscal year 2018 financial statements. The District intends to work diligently toward eliminating future comments.

Respectfully submitted,

B.

Benjamin Mickuleit, Fire Chief

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

We have examined Matlacha/Pine Island Fire Control District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2018. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements 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 specified 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 the specified requirements.

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018.

This report is intended solely for the information and use of the District and the Auditor General, State of Florida and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
May 24, 2019