

**NORTH COLLIER FIRE CONTROL  
AND RESCUE DISTRICT**

**BASIC FINANCIAL STATEMENTS  
TOGETHER WITH ADDITIONAL REPORTS**

**YEAR ENDED  
SEPTEMBER 30, 2018**

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Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
North Collier Fire Control and Rescue District  
1885 Veterans Park Drive  
Naples, Florida 34109-0492

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major, the non-major fund and the fiduciary fund type of North Collier Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of North Collier Fire Control and Rescue District Firefighters' Pension Trust Fund ("Pension Fund") as of and for the year ended September 30, 2018, which represent 100% of the assets, liabilities and net position as well as 100% of the revenue and expenses of the District's Fiduciary Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for North Collier Fire Control and Rescue District Firefighters' Pension Trust Fund, is based on the report of the other auditors. We also did not audit the financial statements of the Florida Retirement System Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2018. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2018 and for the year then ended. The Florida Retirement System financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the District's government-wide financial statements, are based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair

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presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

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

***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Impact Fee Fund	Unmodified
Inspection Fee Fund	Unmodified
Firefighters' Pension Trust Fund	Unmodified

***Opinions***

***Unmodified Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the non-major fund and the fiduciary fund type of North Collier Fire Control and Rescue District as of September 30, 2018, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matters***

During the year ended September 30, 2018, the District's unrestricted net asset balance remained a deficit of \$7,858,148, due substantially to recording the current year actuarially determined OPEB increase in the liability of \$56,124 and the District's decrease in its proportionate share of its pension liability of \$2,089,921. The total OPEB and net pension liability at September 30, 2018 were \$10,173,608 and \$14,648,252, respectively. This is a non-cash actuarially determined liability related to the future cost of allowing retirees to remain on the District's health care policy and for paying a portion of retiree coverage. The pension liability is a non cash actuarially determined liability for the District's participation in the State's FRS defined benefit retirement system. The District's fund balance remains approximately equal to three (3) months budgeted expenditures. Our opinion was not modified for this matter.

As described in Note P, the District adopted the provisions on 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 of its beginning net position for the change in accounting principle and recorded the District's respective net OPEB liability. The auditor's opinion was not modified with respect to this 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 i-xi, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement

System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB No. 75 and Related Notes to the Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB No. 75 and Related Notes to the Schedule, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB No. 75 and Related Notes to the Schedule, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Required Supplementary Information*

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

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining financial statements as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

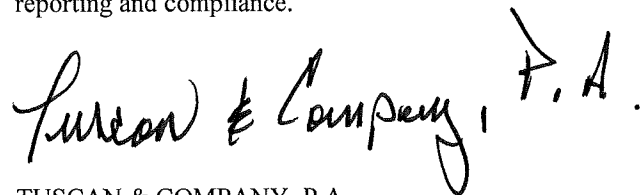
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Section 218.415, Florida Statutes***

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated May 20, 2019, on our consideration of North Collier Fire Control and Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering North Collier Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated May 20, 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, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering North Collier Fire Control and Rescue District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
May 20, 2019

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



## **Management's Discussion and Analysis of Financial Statements FYE September 30, 2018**

This Discussion and Analysis of the North Collier Fire Control & Rescue District's ("The District") basic financial statements is provided to assist the reader in understanding the District's financial activities and significant changes in ending financial position for the fiscal year ended September 30, 2018. These statements include the recently adopted requirements of GASB Statements #34, #68 and #74/75 and incorporate those annual reporting requirements, as well as the financial statement format and presentation.

Contained within are the basic financial statements, consisting of the government-wide financial statements, governmental fund and fiduciary fund financial statements and related notes to the financial statements. This Discussion and Analysis will also provide an analytical overview of these statements, including comparisons of the District's financial position at September 30, 2018 versus September 30, 2017.

### **District Highlights**

1. At the conclusion of fiscal year 2018, the District's assets exceeded its liabilities, resulting in net assets of \$25,778,323 as compared to net assets at September 30, 2017 of \$28,256,992.
2. The District had (\$7,858,148) deficit of unrestricted net assets at September 30, 2018 as compared to (\$3,046,464) deficit of unrestricted net assets at September 30, 2017. The amount of unrestricted net assets (deficit) increased by \$4,811,684.
3. Total revenues on the government-wide funds basis increased \$7,420,341 or 21% percent, in comparison to the prior year.
4. Total expenses on the government-wide basis increased by \$4,689,102 or 14% percent, in comparison to the prior year.

### **Government-wide Financial Statements**

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 5 and 6) 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 5) presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. The District's capital assets are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities (page 6) presents revenue and expense information showing how the District's net assets 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 incurred).

**Governmental Fund Financial Statements**

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

Governmental fund financial statements (found on pages 7 and 9) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

**Fiduciary Fund**

The fiduciary fund is used to account for resources held for the benefit of retired employees that participated in the District's Firefighters' Pension Plan (Plan 2). The fiduciary funds are not reflected in the government-wide financial statements because the resources of this fund are not available to support the District's programs. The accounting used for the fiduciary fund is much like that used for governmental proprietary funds. The fiduciary fund financial statements can be found on pages 11 and 12.

**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 13. 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 are designed so that the user can determine if the District's financial condition is better or worse than the prior year.

**The following is a Condensed Summary Statement of Net Position for the District (Primary Government) at September 30, 2018 and 2017:**

**Summary Statement of Net Position  
September 30**

Assets:	<u>2018</u>	<u>2017</u>
Current and Other Assets	\$12,412,353	\$12,632,056
Capital Assets	<u>36,618,338</u>	<u>33,961,755</u>
Total Assets	<u>49,030,691</u>	<u>46,593,811</u>
 Deferred Outflows - Pensions	 <u>16,656,160</u>	 <u>16,996,941</u>
<b>Liabilities:</b>		
Current Liabilities	1,905,117	3,994,787
Non-Current Liabilities	<u>29,525,357</u>	<u>24,897,875</u>
Total Liabilities	<u>31,430,474</u>	<u>28,892,662</u>
<b>Net Position:</b>		
Deferred Inflows - Pensions	<u>8,478,054</u>	<u>6,441,098</u>
 Net Investment in Capital Assets	 33,522,765	 31,283,401
Restricted	113,706	20,055
Unrestricted (deficit)	<u>(7,858,148)</u>	<u>(3,046,464)</u>
Total Net Position	<u>\$25,778,323</u>	<u>\$28,256,992</u>

Current and other assets represent 25 percent of total assets at September 30, 2018, as compared to 27 percent of total assets at September 30, 2017. Current assets at September 30, 2018 are comprised of unrestricted cash balances of \$8,024,105, restricted cash of \$2,688,952, due from other governments of \$560,001, other receivables of \$98,769 and other assets of \$1,040,526. The balances of unrestricted cash represent amounts that are available for spending at the discretion of the Board of Fire Commissioners of the District. Restricted cash balances are comprised of the impact fee funds restricted for the purchase of capital assets, and unspent inspections fee revenue restricted to support the inspection of new construction.

The net investment in capital assets represent 130 percent of net assets at September 30, 2018, as compared to 111 percent at September 30, 2017. These assets are comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation, and the outstanding related debt used to purchase the assets. The assigned fund balance of \$9,819,575 and unassigned fund balance of \$0 represents resources available for spending at September 30, 2018. However, the District's Board has specifically assigned those resources to particular uses.

**Summary of Revenues, Expenses and Changes in Net Assets  
For the Years Ended September 30, 2018 and September 30, 2017**

Revenues:	<u>2018</u>	<u>2017</u>
General Revenues		
Ad Valorem Taxes	\$35,131,208	\$30,739,575
Program Revenues		
Grants	627,271	1,148,036
Charges for Services	2,625,917	2,154,236
Miscellaneous		
Impact Fees	3,228,814	196,157
Investment Earnings	123,270	61,853
Gain (Loss) on Disposition of Capital Assets	(48,415)	(67,538)
Other	<u>483,766</u>	<u>519,171</u>
Total Revenues	42,171,831	34,751,490
Expenses:		
Public Safety–Fire/ Rescue Service	<u>38,288,854</u>	<u>33,599,752</u>
Increase (Decrease) in Net Position	3,882,977	1,151,738
Net Position-Beginning of Year, As Originally Stated	<u>28,256,992</u>	<u>27,105,254</u>
Prior Period Adjustment – GASB No. 75	<u>(6,361,646)</u>	<u>-</u>
Net Position, Beginning of Year, As Restated	<u>21,895,346</u>	<u>27,105,254</u>
Net Position-End of Year	<u>\$25,778,323</u>	<u>\$28,256,992</u>

The assessed value of the property within the North Naples Service Delivery Area increased 8.1 percent for the 2017-2018 fiscal year as compared to the prior year's assessed value and an adjustment to the millage rate from 0.95 mills to 1.000 mills, resulting in an increase in Ad Valorem tax revenues of \$3,676,473. The property values in the North Naples Service Delivery Area decreased by 25 percent during the fiscal years 2007-2012, resulting in a decrease in Ad Valorem revenue. However, property values have since increased between 2012 and 2018 and have now exceeded the previous high point in value during FYE 9-30-07.

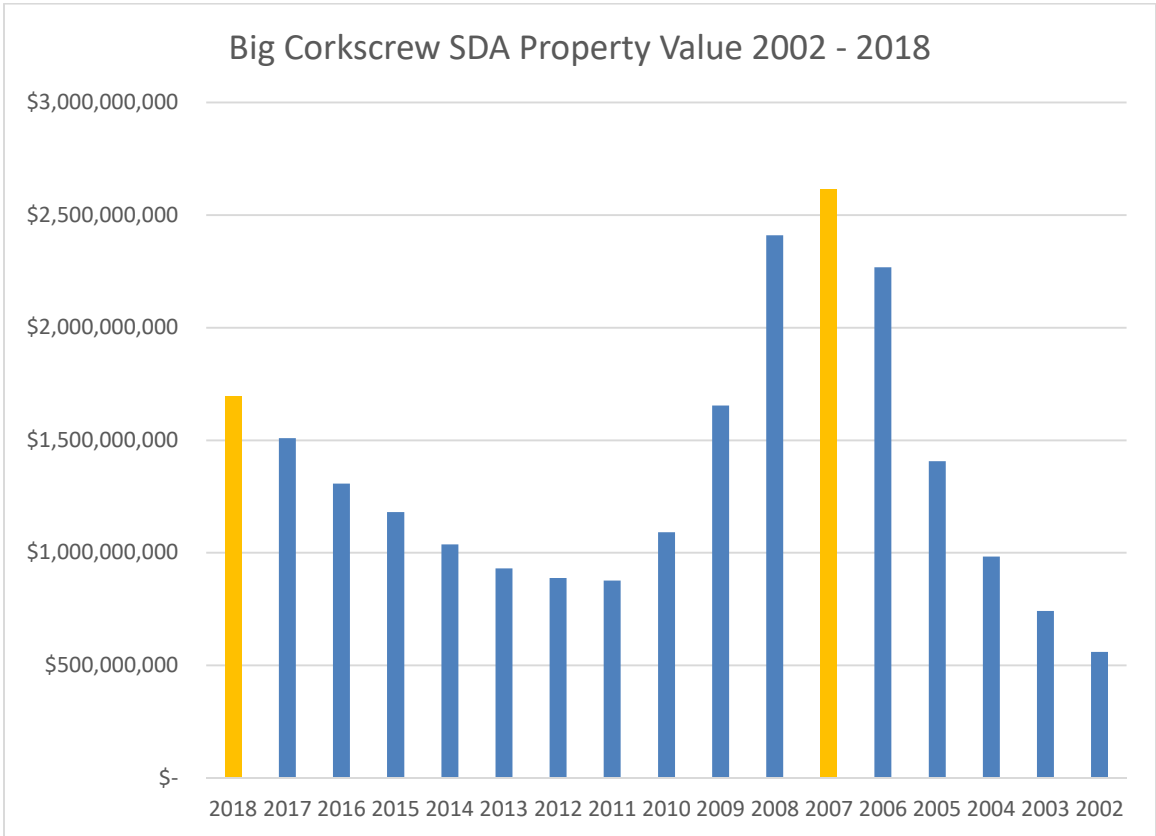
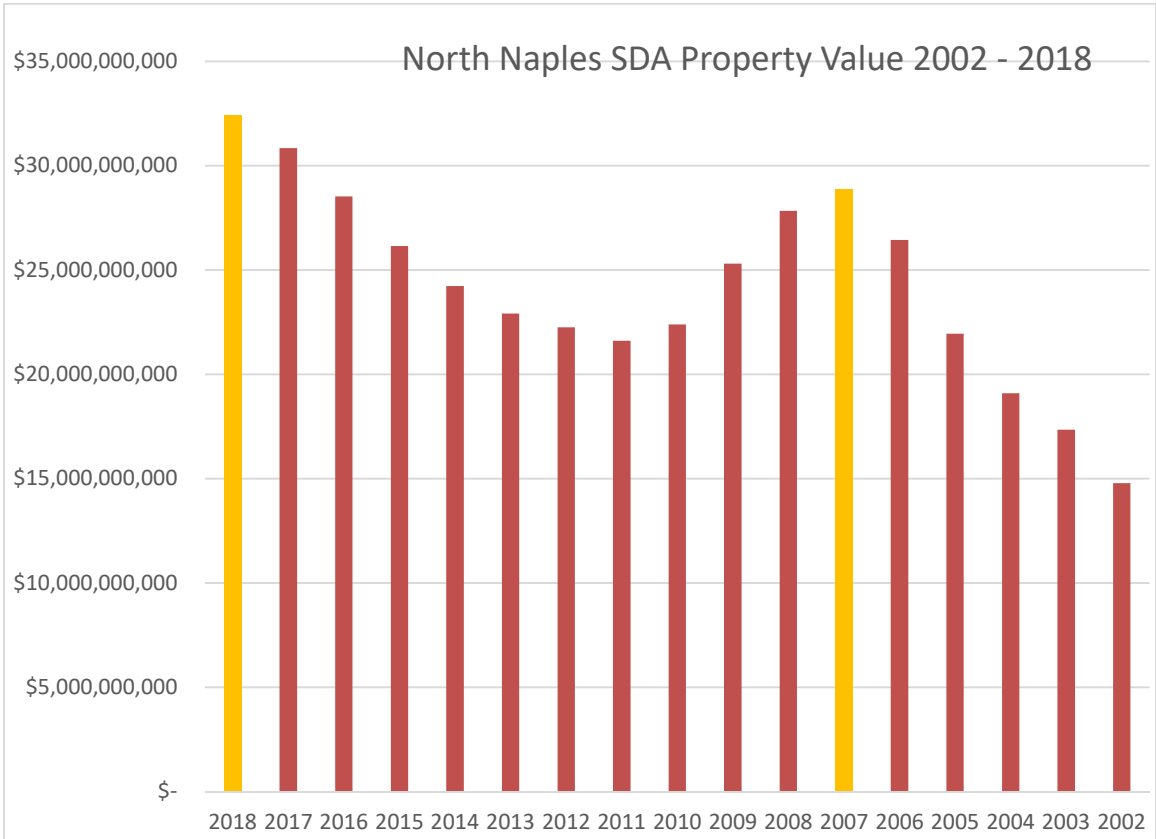
The Board adopted a millage rate of 1.000 mills in the North Naples Service Delivery Area taxing unit, or \$1.00 for every \$1,000 of taxable property value. This millage rate was 2.41 percent more than the rolled back rate (the taxing rate necessary to generate the same Ad Valorem revenue as was generated during the 2016-2017 fiscal year) of .9765.

The assessed value of the property within the Big Corkscrew Island Service Delivery Area increased 15.5 percent for the 2017-2018 fiscal year as compared to the prior year's assessed value, resulting in an increase in Ad Valorem tax revenues of \$715,160. The property values in the Big Corkscrew Island Service Delivery Area decreased by 66 percent during the fiscal years 2007-2012, resulting in a decrease in Ad Valorem revenue. Although property values have increased between 2012 and 2018, property value in the Big Corkscrew Island Service Delivery Area is still 42 percent lower FYE 9-30-17 than it was in FYE 9-30-07.

The Board adopted an increased millage rate of 3.50 mills from 3.45 mills in the Big Corkscrew Island Service Delivery Area taxing unit, or \$3.50 for every \$1,000 of taxable property value. This millage rate was 13.81 percent more than the rolled back rate (the taxing rate necessary to generate the same Ad Valorem revenue as was generated during the 2016-2017 fiscal year) of 3.2950.

Prior to the 2007-2008 fiscal year, the increase in Ad Valorem revenue resulting from the increase in property value was sufficient to provide adequate funds to support operational, capital and reserve financial requirements in the District without increasing the millage rate. While property values have been on the increase over the last few years, the increases have not been sufficient to prevent the use of reserves to fund capital purchases.

The following chart identifies the change in appraised property values in the District by service delivery area and the millage rate maintained by the District.



## Fund Balance – Governmental Fund Financial Statements

The Board of Fire Commissioners’ directive is to utilize the fund balance and cash reserves of the General Fund to fund only capital purchases and improvements, and to maintain the District’s financial position. During the 2016-2017 fiscal year, the District utilized approximately \$2.7 million of reserves to fund operating expenses due to two significant hurricanes (Matthew and Irma) in addition to an extreme brush fire season, among other factors. However, the District was able to increase the General Fund balance by over \$1.9 million from \$8,919,984 at September 30, 2017 to \$10,860,101 at September 30, 2018. This includes the non-spendable amount of \$1,040,526 restricted for prepaid expenses, \$9,819,575 of assigned reserves, and \$0 in unassigned reserves. Subsequent to the 2017-2018 fiscal year, the District received reimbursement of less than \$1 million from FEMA for many of the Hurricane Irma expenses incurred. Receipt of these reimbursement funds will be used to replenish the District’s General Fund reserves.

Assigned reserves have been established and maintained in accordance with anticipated future needs of the District, including operating expenses for the first quarter of the fiscal year prior to the receipt of Ad Valorem revenue, and the replacement of capital assets. Additionally, increases in health insurance, and other personnel and operating expenses that require funds to be set aside, or assigned, to prepare for the funding of future expenditures. The following General Fund Assigned Reserves were approved for the fiscal year ended September 30, 2018:

<u>NonSpendable Fund Balance</u>	<u>Amount</u>
<b>General Fund Prepaid Expenses</b>	<b><u>\$ 1,040,526</u></b>
<u>Assigned Fund Balance</u>	<u>Amount</u>
Operating Reserve – First Quarter	\$ 8,555,976
Minimum Operating Reserve per Policy	<u>1,263,599</u>
<b>Total Assigned Reserves</b>	<b><u>\$9,819,575</u></b>
<u>Unassigned Fund Balance</u>	<u>Amount</u>
<b>General Fund – Unassigned</b>	<b><u>\$ 0</u></b>
<b>Total General Fund Reserves</b>	<b><u>\$10,860,101</u></b>

## Impact Fees

With the creation of the North Collier Fire Control and Rescue District in January 2015, an impact fee study was performed to establish impact fee rates for the new District. However, that study was not completed and new rates were not adopted until October 1, 2016. Prior year impact fee assessments were based on a structure’s square footage. The new rate structure bases fees on structure usage classifications and the methodology utilizes population rather than emergency call volume. The impact of the change in methodology has resulted in a decrease in impact fee receipts. Total impact fee receipts decreased 54 percent from fiscal year 2015-2016 to 2016-2017 (by \$1,456,082 to \$1,218,227). Impact Fee receipts decreased by another 14 percent (by \$168,427 to \$1,049,800) in 2017-2018. Total Impact Fee Fund expenses for the 17-18 fiscal year were \$3,240,515, consisting of Collier County collection fees, permitting and engineering fees for vacant land, emergency traffic signal installation, annual debt service payment

for land purchased in the Big Corkscrew Service Delivery Area, and land purchased in the North Naples service delivery area (“Yarberry Lane”).

### **Inspection Fees**

Inspection fee revenue for the year ended September 30, 2018 was \$1,951,515 representing an increase of \$325,539 or 20 percent as compared to inspection fee revenue in the prior fiscal year (2017). In June of 2014, the District terminated its Interlocal Agreement with the Fire Code Official’s office to provide fire plan review services and assumed the responsibility for those plan reviews. As a result \$1,001,237 of the fund’s revenue was attributable to plan review fees. The Inspection Fee Fund had sufficient revenue in the 2017-2018 fiscal year to support the majority of functions associated with new construction inspections and plan reviews. However, based on receipts for the first half of the 2018-2019 fiscal year for both inspection fees and plan review fees, there may be less collected than the previous year. The Board held a special meeting in early 2018 discussing inspection and other prevention bureau fees. It was determined rate increases were necessary (as previous rates were unchanged since 2003) and the Board adopted the new fee structure on May 10, 2018. The anticipated increase in revenue may not be seen immediately and is contingent on the volume of new construction projects.

### **Budgetary Highlights**

Budget versus actual comparisons are reported in the required supplementary information other than management’s discussion and analysis on pages 77 through 91 and are reflected by taxing subunit (service delivery area).

The amendments to General Fund revenue were necessary to reflect an increase of \$122,511 in grant revenue (SAFER Grant), an increase of \$90,000 (proceeds for the sale of a 2006 Sutphen Engine), and adding \$888,147 in debt proceeds associated with lease-to-purchase agreement for one tower truck. By these amendments, General Fund revenue was increased by \$1,100,658.

The amendments to the General Fund expenditures were a result of several factors. Budgeted personnel expenses were increased by \$21,000 to reflect the increase in reimbursable overtime related to the hurricanes and brush fires. Amendments were also made to operational expenses (an increase of \$53,511 mostly attributable protective gear and associated equipment) and capital expenses (an increase of \$949,147) to pertaining to protective gear, dive team, and \$888,147 for the capital lease purchase of a tower truck. Finally, the District budgeted a transfer of funds from the General Fund to the Impact Fee Fund in the amount of \$1,255,000 representing the total amount to be paid back resulting from the purchase of the Yarberry Lane property (with GF funds).

### **Capital Assets**

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

The following is a schedule of the District’s capital assets as of September 30, 2018 and 2017.

### **Capital Assets**



## September 30

	<u>2018</u>	<u>2017</u>
Capital Assets		
Land	\$15,712,989	\$12,823,117
Construction in Progress	<u>1,317,631</u>	<u>1,296,888</u>
Total Capital Assets not Depreciated	17,030,620	14,120,005
Assets Held Under Capital Lease	3,612,747	2,720,300
Buildings	20,674,645	20,475,332
Vehicles	8,926,075	9,000,165
Office Equipment	1,222,924	1,337,546
Equipment & Machinery	<u>3,821,928</u>	<u>4,008,407</u>
Total Capital Assets Being Depreciated	<u>38,258,319</u>	<u>37,541,750</u>
Accumulated Depreciation		
Assets Held Under Capital Lease	(586,213)	(288,626)
Buildings	(7,635,683)	(7,293,433)
Vehicles	(6,933,206)	(6,597,072)
Office Equipment	(678,883)	(686,173)
Equipment & Machinery	<u>(2,836,616)</u>	<u>(2,834,696)</u>
Total Accumulated Depreciation	<u>(18,670,601)</u>	<u>(17,700,000)</u>
Total Capital Assets Being Depreciated, Net	<u>19,587,718</u>	<u>19,841,750</u>
Capital Assets – Net of Depreciation	36,618,338	33,961,755
Less: Capital Lease/Note Payables	<u>(3,095,573)</u>	<u>(2,678,354)</u>
Net Assets Invested in Capital Assets Net of Related Debt	<u>\$33,522,765</u>	<u>\$31,283,401</u>

Significant capital asset purchases made during the fiscal year ended September 30, 2018 include:

1. Building improvements totaling \$127,520 at the Sun Century site (\$73,634), Station 44 (\$21,630), and Station 45 (\$32,256).
2. Kawasaki Mule (side by side) totaling \$12,299.
3. Ladder truck (46) totaling \$892,447, which is the unit associated with the capital lease.
4. Fire and Rescue Equipment totaling \$62,797 including K-12 saws, thermal imaging cameras, Hurst spreaders, and air bottles.
5. Station equipment totaling \$5,308 including an ice machine and refrigerator.
6. Twenty-seven sets of replacement Bunker Gear totaling \$56,412.
7. Dive equipment totaling \$12,011 (TLS dry suits).
8. Training equipment totaling \$33,885 (cargo container and BullEx training prop).
9. Other equipment totaling \$59,113 (server rack, Board room TVs, and MDT computers).
10. Impact Fee Capital purchases totaling \$3,140,068, consisting of:
  - a. Station 42 Emergency Traffic Signal - \$229,454
  - b. St. 14 CIP (permit extension, etc.) - \$4,010
  - c. Yarberry Lane property (planning and land acquisition) - \$2,906,604

For additional information on the District's capital assets, see Note E on pages 36 and 37.

### **Debt Administration**

As of September 30, 2018, the District had long term obligations of \$29,991,928, as compared to \$25,200,645 at September 30, 2017 an increase of \$4,791,283 or 19 percent. (The restated balance at September 30, 2017 was \$31,562,291 due to the GASB 75 conversion of the Net OPEB Obligation). The significant increase is largely due to the increase in the restated Net OPEB obligation balance at September 20, 2017 (as noted below). Additionally, the District added a capital lease for one ladder truck during the fiscal year ended September 30, 2018. That debt consists of:

1. Compensated absences (accrued vacation liability) in the amount of \$2,074,495, as compared to \$2,028,280 at September 30, 2017.
2. Net OPEB liability of \$10,173,608 as compared to \$3,755,838 at September 30, 2017, representing post employment health insurance obligations pursuant to GASB No. 75. Per the District's GASB 75 report, "*the difference between the Net OPEB Obligation/(Asset) as of September 30, 2017 and the GASB 75 Unfunded Actuarial Accrued Liability as of the reporting period ending September 30, 2017 (based on a measurement date of September 30, 2016), should be reported as a restatement of the beginning net position.*" The amended September 30, 2017 balance was restated to be \$10,117,484 (an increase of \$6,361,646). Therefore, the increase in Net OPEB liability during the fiscal year ended September 30, 2018 was only \$56,124.
3. Capital lease for medical equipment and fire apparatus identified above in the total amount of \$2,808,073. This includes the lease to purchase agreement for 12 Lucas Chest Compressors, which was entered into in 2013 as and is a principal only lease, with no associated interest cost. The lease to purchase agreement for the three fire engines and one ladder truck was entered into on January 15, 2016 and the lease to purchase agreement for one velocity ladder truck was entered into on May 1, 2017.
4. Note payable for the purchase of land in the amount of \$287,500.
5. Pension liability (FRS) in the amount of \$9,462,215 (see Note F).
6. Pension liability (HIS) in the amount of \$2,012,375 (see Note F).
7. Pension liability (Ch. 175) in the amount of \$3,173,662 (see Note F).

### **Economic Facts and Next Year's Budget Millage Rates**

The following factors were being taken into consideration when the fiscal year ending September 30, 2019 budget was prepared:

1. Appraised taxable property values **increased** by \$1,583,764,364, or 5.1 percent for tax year 2018 (FY 2019) in the North Naples service delivery area as compared to an increase of 8 percent in 2017. In the Big Corkscrew service delivery area, taxable property values **increased** by \$181,795,790 or 12 percent for tax year 2018 (FY 2019) as compared to an increase of 15 percent in 2017.
2. The Board adopted a millage rate of 1.000 mils in the North Naples service delivery area and 3.50 mils in the Big Corkscrew service delivery area for the

- fiscal year ending September 30, 2019. The Board believes the increase in valuation (at the same millage rate) is necessary to replace some of the reserves used in the 16-17 year in addition to compensate for future capital funding. The Board has expressed the desire to continue to move towards one unified taxing rate District wide. However, the alternative addition of a non-ad valorem fire fee assessment was not approved by local voters as of the November 2017 elections.
3. No use of General Fund reserves has been budgeted; rather, the Board has provided direction to add over \$1 million to reserves. Limited capital purchases include various computer hardware and equipment, radios, and dive team equipment.

### **Request for Information**

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Ben Van Klinger, Chief Financial Officer, North Collier Fire Control & Rescue District, 1885 Veterans Park Drive, Naples, FL 34109, 239-597-1322, e-mail: [bvanklinger@northcollierfire.com](mailto:bvanklinger@northcollierfire.com).

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF NET POSITION**  
**September 30, 2018**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 8,024,105
Restricted cash and cash equivalents	2,688,952
Due from other governments	560,001
Other receivables	98,769
Other assets	<u>1,040,526</u>
Total current assets	<u>12,412,353</u>
Noncurrent assets:	
Capital assets:	
Land	15,712,989
Construction in progress	1,317,631
Depreciable buildings, equipment, and vehicles (net of \$18,670,601 accumulated depreciation)	<u>19,587,718</u>
Total noncurrent assets	<u>36,618,338</u>
<b>TOTAL ASSETS</b>	<u>49,030,691</u>
<b>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</b>	<u>16,656,160</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued expenses	1,345,317
Retainage payable	-
Contract deposits	7,500
Unearned revenue	85,729
Current portion of long-term obligations	<u>466,571</u>
Total current liabilities	1,905,117
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>29,525,357</u>
<b>TOTAL LIABILITIES</b>	<u>31,430,474</u>
<b>DEFERRED INFLOWS OF RESOURCES - PENSIONS</b>	<u>8,478,054</u>
<b>NET POSITION</b>	
Net investment in capital assets	33,522,765
Restricted	113,706
Unrestricted (deficit)	<u>(7,858,148)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 25,778,323</u>

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF ACTIVITIES  
Year Ended September 30, 2018**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 31,534,077
Operating expenses	4,967,855
Depreciation	1,683,662
Interest and fiscal charges	<u>103,260</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	38,288,854
 <b>PROGRAM REVENUES</b>	
Charges for services	2,625,917
Operating grants and contributions	<u>627,271</u>
NET PROGRAM EXPENSES	<u>35,035,666</u>
 <b>GENERAL REVENUES</b>	
Ad Valorem taxes	35,131,208
Impact fees	3,228,814
Interest	123,270
Loss on disposition of capital assets	(48,415)
Other	<u>483,766</u>
TOTAL GENERAL REVENUES	<u>38,918,643</u>
 INCREASE IN NET POSITION	 3,882,977
 <b>NET POSITION - Beginning of the year, as restated</b>	 <u>21,895,346</u>
<b>NET POSITION - End of the year</b>	<u><u>\$ 25,778,323</u></u>

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2018**

	General Fund	Impact Fee Fund	Inspection Fee Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,024,105	\$ -	\$ -	\$ 8,024,105
Restricted cash and cash equivalents	-	1,350,731	1,338,221	2,688,952
Due from other governments	474,400	85,601	-	560,001
Due from other funds	2,763,791	7,065	284,276	3,055,132
Other receivables	98,769	-	-	98,769
Prepaid expenses	1,040,526	-	-	1,040,526
<b>TOTAL ASSETS</b>	<b>\$ 12,401,591</b>	<b>\$ 1,443,397</b>	<b>\$ 1,622,497</b>	<b>\$ 15,467,485</b>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,345,317	\$ -	\$ -	\$ 1,345,317
Retainage payable	-	-	-	-
Due to other funds	188,673	1,357,668	1,508,791	3,055,132
Contract deposits	7,500	-	-	7,500
Unearned revenue	-	85,729	-	85,729
<b>TOTAL LIABILITIES</b>	<b>1,541,490</b>	<b>1,443,397</b>	<b>1,508,791</b>	<b>4,493,678</b>
 <b>FUND BALANCE</b>				
Nonspendable	1,040,526	-	-	1,040,526
Restricted	-	-	113,706	113,706
Assigned	9,819,575	-	-	9,819,575
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>10,860,101</b>	<b>-</b>	<b>113,706</b>	<b>10,973,807</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 12,401,591</b>	<b>\$ 1,443,397</b>	<b>\$ 1,622,497</b>	<b>\$ 15,467,485</b>

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
September 30, 2018**

	<u>Amount</u>	
Total fund balance of governmental funds	\$ 10,973,807	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated:		
Land	15,712,989	
Construction in progress	<u>1,317,631</u>	
		17,030,620
Governmental capital assets being depreciated:		
Building, equipment and vehicles	38,258,319	
Less accumulated depreciation	<u>(18,670,601)</u>	
		19,587,718
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows - OPEB Obligation	409,664	
Deferred inflows - OPEB Obligation	(542,609)	
Deferred outflows - FRS/HIS	5,781,937	
Deferred inflows - FRS/HIS	(4,253,378)	
Deferred outflows - FPT	10,464,559	
Deferred inflows - FPT	<u>(3,682,067)</u>	
		8,178,106
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Net OPEB liability	(10,173,608)	
Net pension liability - FRS	(9,462,215)	
Net pension liability - HIS	(2,012,375)	
Net pension liability - FPT	(3,173,662)	
Capital leases	(2,808,073)	
Note payable	(287,500)	
Compensated absences	<u>(2,074,495)</u>	
		(29,991,928)
Elimination of interfund amounts:		
Due to other funds	(3,055,132)	
Due from other funds	<u>3,055,132</u>	
		-
Total net position of governmental activities	<u>\$ 25,778,323</u>	

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2018**

	General Fund	Impact Fee Fund	Inspection Fee Fund	Total Governmental Funds
<b>REVENUES</b>				
Ad Valorem taxes	\$ 35,131,208	\$ -	\$ -	\$ 35,131,208
Intergovernmental revenue:				
State firefighter supplement	73,760	-	-	73,760
Federal grants	498,648	-	-	498,648
Other intergovernmental	54,863	-	-	54,863
Charges for services:				
Inspection fees and other	678,234	-	946,446	1,624,680
Plan review fees	-	-	1,001,237	1,001,237
Impact fees	-	3,228,814	-	3,228,814
Miscellaneous:				
Interest	107,737	11,701	3,832	123,270
Other	483,766	-	-	483,766
TOTAL REVENUES	<u>37,028,216</u>	<u>3,240,515</u>	<u>1,951,515</u>	<u>42,220,246</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	29,390,961	-	1,752,961	31,143,922
Operating expenditures	4,832,943	30,009	104,903	4,967,855
Capital outlay	1,263,191	3,140,069	-	4,403,260
Debt service:				
Principal reduction	413,428	57,500	-	470,928
Interest and fiscal charges	90,323	12,937	-	103,260
TOTAL EXPENDITURES	<u>35,990,846</u>	<u>3,240,515</u>	<u>1,857,864</u>	<u>41,089,225</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,037,370</u>	<u>-</u>	<u>93,651</u>	<u>1,131,021</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds from capital lease	888,147	-	-	888,147
Proceeds from disposition of capital assets	14,600	-	-	14,600
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>902,747</u>	<u>-</u>	<u>-</u>	<u>902,747</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>1,940,117</u>	<u>-</u>	<u>93,651</u>	<u>2,033,768</u>
FUND BALANCE - Beginning of the year	<u>8,919,984</u>	<u>-</u>	<u>20,055</u>	<u>8,940,039</u>
FUND BALANCE - End of the year	<u>\$ 10,860,101</u>	<u>\$ -</u>	<u>\$ 113,706</u>	<u>\$ 10,973,807</u>

The accompanying notes are an integral part of this statement.



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

**Year Ended September 30, 2018**

	<u>Amount</u>	
Net change (revenues and other financing sources over (under) expenditures and other financing uses) in fund balance - total governmental funds	\$ 2,033,768	
The increase (change) in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. In the Statement of Activities, however, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The loss on disposition of capital assets decreases the net position.		
Plus: expenditures for capital assets	4,403,260	
Less: proceeds on disposition of capital assets	(14,600)	
Less: loss on disposition of capital assets	(48,415)	
Less: current year depreciation	<u>(1,683,662)</u>	
		2,656,583
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Borrowings (proceeds from issuance):		
Less: capital lease	<u>(888,147)</u>	
		(888,147)
Repayments (principal retirement):		
Plus: capital leases	413,428	
Plus: note payable	<u>57,500</u>	
		470,928
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Less: transfers in	-	
Plus: transfers out	-	
(Increase) decrease in net pension liability - FRS	2,015,369	
(Increase) decrease in net pension liability - HIS	258,015	
(Increase) decrease in net pension liability - FPT	(183,463)	
Increase (decrease) in deferred outflows	(340,781)	
(Increase) decrease in deferred inflows	(2,036,956)	
(Increase) decrease in Net OPEB liability	(56,124)	
(Increase) decrease in compensated absences	<u>(46,215)</u>	
		<u>(390,155)</u>
Increase in net position of governmental activities		<u>\$ 3,882,977</u>

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF FIDUCIARY NET**  
**POSITION - FIDUCIARY FUND**  
**September 30, 2018**

	Firefighters' Pension Fund
<b>ASSETS</b>	
Investments, at fair value:	
Cash and cash equivalents	\$ 1,492,018
Fixed income mutual funds	3,712,946
Equity securities	56,278,449
U.S. Government securities	5,805,217
Corporate bonds	7,379,442
Real estate	<u>6,385,710</u>
	81,053,782
Prepaid expenses	-
Due from other governments - State	11,032
Due from District	-
Due from employees	-
Due from securities sold	337,147
Accrued investment income	<u>118,687</u>
<b>TOTAL ASSETS</b>	<u><b>81,520,648</b></u>
<b>LIABILITIES</b>	
Accounts payable	92,178
Due for securities purchased	<u>499,783</u>
<b>TOTAL LIABILITIES</b>	<u><b>591,961</b></u>
<b>NET POSITION</b>	
Restricted for DROP benefits	75,539
Restricted for defined pension benefits	<u>80,853,148</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 80,928,687</b></u>

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY**  
**NET POSITION - FIDUCIARY FUND**  
**Year Ended September 30, 2018**

	Firefighters' Pension Fund
	<u>                    </u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 2,990,030
Plan members	412,640
Buybacks	40,172
State of Florida, insurance premiums	<u>1,741,988</u>
Total contributions	<u>5,184,830</u>
Investment income:	
Net appreciation (depreciation) including realized gains/losses	4,247,295
Interest and dividends	<u>2,537,440</u>
	6,784,735
Less: investment expenses	<u>(298,403)</u>
Net investment income (loss)	6,486,332
Other income	<u>-</u>
<b>TOTAL ADDITIONS</b>	<u>11,671,162</u>
<b>DEDUCTIONS</b>	
Benefits paid	628,263
DROP distributions	746,668
Administrative expenses	<u>115,357</u>
<b>TOTAL DEDUCTIONS</b>	<u>1,490,288</u>
<b>NET INCREASE IN NET POSITION</b>	10,180,874
<b>NET POSITION - BEGINNING</b>	<u>70,747,813</u>
<b>NET POSITION - ENDING</b>	<u>\$ 80,928,687</u>

The accompanying notes are an integral part of this statement.

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

**Organization**

North Collier Fire Control and Rescue District (the "District") is an independent special taxing district located in Collier County, Florida. On January 1, 2015, the North Collier Fire Control and Rescue District was officially formed by merging the North Naples Fire Control and Rescue District and the Big Corkscrew Island Fire Control and Rescue District. On February 6, 2014, the two Districts entered into an Interlocal Agreement to merge. Each Board adopted a resolution identifying their intent to initiate the voluntary merger process pursuant to Florida Statute Chapter 189.074. The two Districts created a proposed Joint Merger Plan which was adopted by both Boards and ultimately put before the voters of each District by referendum. On November 4, 2014, voters from both districts approved the referendum to merge the two districts into one. On June 10, 2015, the Governor signed into legislation the official enabling act of the new District via Laws of Florida (LOF) Chapter 2015-191. The merger is intended to ensure the best possible emergency response times, operational efficiencies and ensure long term sustainability of the combined District. There was no impairment of capital assets as the result of the merger, which was effective as of January 1, 2015 and no significant accounting adjustment other than to combine the assets, liabilities and net position/fund balance at January 1, 2015 of both Districts. The District has the general and special powers prescribed by Florida Statute Chapters 189, 191 and 633.15. The District is governed by a five (5) member elected Board of Commissioners. Commissioners serve on a staggered four (4) year term basis.

The North Collier Fire Control and Rescue District provides fire control and protection services, fire safety, inspections, code enforcement, fire hydrant maintenance, firefighter training, and crash and fire rescue services as well as basic and advanced life support services. In providing these services, the District operates and maintains ten (10) stations and the related equipment and employs approximately 230 full-time professional firefighters and administrative staff.

During the year ended September 30, 2009, the North Naples Fire Control and Rescue District entered into a joint venture agreement with Florida SouthWestern State College (FSW) for the operation of the North Collier Fire Training Center (NCFTC) to educate and train students as State Certified Firefighters. The North Collier Fire Control and Rescue District is now licensed to operate the NCFTC and FSW is the program coordinator. The District provides the training room and training

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

**Organization, continued**

facilities for the NCFTC. FSW, as program coordinator, is responsible for the operations of the NCFTC including but not limited to the screening and enrolling of students and for screening and engaging instructors. Therefore, the activities of the NCFTC are not included in the District's basic financial statements.

**Reporting Entity**

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39) and GASB Statement Number 61, "The Financial Reporting Omnibus - An Amendment of GASB Statements No. 14 and No. 34" (GASB 61).

This Statement requires the basic financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included or included in the District's basic financial statements.

**Government-wide Financial Statements**

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the pension fund financial statements. Under the accrual basis of accounting, revenues, expenses,

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

**Government-wide Financial Statements, continued**

gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

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

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

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspection fees, burn permits, and hydrant tests.

**Fund Financial Statements**

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54). Essentially, the implementation resulted in adoption of a fund balance policy and reclassification of the components within fund balance.

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

**Fund Financial Statements, continued**

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

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

**Governmental Funds**

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

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

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

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

**Governmental Funds, continued**

In accordance with the District's enabling documents, separate budgets within the General Fund are maintained for the North Naples (NN) Service Delivery Area and the Big Corkscrew Island (BCI) Service Delivery Area. Separate budgets are required for each service delivery area until such time as when one consistent millage rate is adopted for both service delivery areas. As such, separate service delivery area budget vs. actual comparison statements are included in the required supplementary information and a combining schedule is included in the other information section as the District must maintain and report a single General Fund.

**Fiduciary Fund**

The Pension Trust Fund accounts for the activities of the Firefighters' Pension Trust (FPT) Fund, which accumulates resources for the pension benefit payments to qualified firefighters.

The net position of this fund is not considered to be part of the net position of the District and is not available to the District's creditors.

**Measurement Focus and Basis of Accounting**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available.



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

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

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

Revenues susceptible to accrual are interest on investments, and intergovernmental revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

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

Separate financial statements are provided for governmental funds and the fiduciary fund, even though the latter are excluded from the government-wide financial statements.

**Non-current Government Assets/Liabilities**

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

**Major Funds**

The District reports the following major governmental funds:

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

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

**Major Funds, continued**

The Impact Fee Fund (the District has one combined Impact Fee Fund) consists of fees imposed and collected by Collier County based on new construction within each service delivery area of the District. The fees are restricted and can only be used for certain capital expenditures associated with growth within the District.

**Non-Major Fund**

The District reports the following non-major fund:

The Inspection Fee Fund is used by the District to account for the receipt and expenditures of its Inspection and Plan Review Fee Programs. Fees are charged for the inspection of new building construction and for fire code plan review. The fees are collected by Collier County and are remitted to the District.

**Fiduciary Fund**

The Fiduciary Fund is excluded from the government-wide financial statements because the resources of those funds are not available to support the District's programs. The only type of fiduciary fund the District maintains is a Firefighters' Pension Trust Fund, under Florida Statute Chapter 175, which accounts for retirement assets held by the Plan that are payable to qualified firefighters upon retirement.

**Budgetary Information**

The District has elected to report budgetary comparisons of its major funds and its non-major fund as required supplementary information (RSI).

**Investments**

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

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

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

**Capital Assets**

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

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

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

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

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

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as expenditures in the government-wide statements, but rather are capitalized and depreciated.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset</u>	<u>Years</u>
Buildings	15-30
Capital Assets acquired under Capital Lease	6
Office Equipment	3-30
Vehicles	3-10
Equipment and Machinery	3-15

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

**Budgets and Budgetary Accounting**

The District adopted separate annual General Fund budgets for each of the two (2) service delivery areas within the District's General Fund.

The District adopted annual budgets for the Special Revenue Funds, including the Impact Fee Fund and the Inspection Fee Fund.

No budget was adopted or required to be adopted for the Firefighters' Pension Trust Fund.

The District follows these procedures in establishing budgetary data for the General Fund, the Impact Fee Fund, and the Inspection Fee Fund:

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these basic financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

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

**Budgets and Budgetary Accounting, continued**

Several budget amendments were approved by the Board of Commissioners during the year ended September 30, 2018. Budgeted revenues and expenditures were increased (decreased) as follows:

	<u>Amount</u>
General fund - NN SDA	\$ (30,547)
General fund - BCI SDA	<u>(486,161)</u>
Total General Fund	<u>\$ (516,708)</u>
Impact fee fund	<u>\$ 2,642,078</u>
Inspection fee fund	<u>\$ -</u>

**Impact Fees/Deferred Revenue**

The District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is imposed and collected by Collier County and remitted to the District which accounts for impact fees collected by service delivery area. The fee is refundable if not expended by the District within six (6) years from the date of collection. The District, therefore, records this fee as restricted cash and as unearned revenue until the date of expenditure, at which time it is recognized as revenue and charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements.

**Net Position**

In the government-wide financial statements, net position is identified as restricted when there are externally imposed constraints as to its use, such as through debt covenants, by grantors, or by law.

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

**Fund Balances**

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

Restricted fund balances are those that are restricted by a third party such as inspection fees. Restricted fund balances can only be spent for the stipulated purposes.

The District's assigned fund balances are a result of official action of the District's Board. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of budgeted total expenditures. The assigned fund balance includes the District's operational and capital reserves as well as its disaster reserve. At September 30, 2018, fund balance is also assigned for a variety of specific items by District Board action. Any use of the assigned fund balance requires the District's Board approval.

**Due To/From Other Funds**

Interfund receivables and payables arise from interfund transactions and are recorded by funds affected in the period in which the transactions are executed.

**Due From Other Governments**

No allowance for losses on uncollectible accounts has been recorded since the District considers all amounts to be fully collectible.

**Indirect Costs**

Expenses are allocated between service delivery areas on the same line item based upon a Board approved cost allocation plan. For the year ended September 30, 2018, the costs were allocated on a percentage basis of 84.82% to NN SDA and 15.18% to BCI SDA.

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

**Compensated Absences**

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave if certain criteria are met. The costs of accumulated annual leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued vacation and personal leave benefits is recorded in the government-wide Statement of Net Position.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because, at present, it is not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

**Management Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Interfund Transactions**

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

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

**Pensions**

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

The District's retirement plans and related amounts are described in a subsequent note.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount on pensions is reported only in the government-wide Statement of Net Position. The deferred outflows of resources related to pensions and OPEB are discussed in a subsequent note.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amount on pensions is reported only in the government-wide Statement of Net Position. A deferred amount on pension results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with pensions and OPEB through these plans except earnings which are amortized over five to seven years.



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

**Reclassifications**

Certain amounts in the financial statements have been reclassified to conform with the current presentation. These reclassifications had no effect on the results of operations or fund equity.

**Subsequent Events**

Subsequent events have been evaluated through May 20, 2019, which is the date the basic financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

Cash and cash equivalents of the primary government (exclusive of the Firefighters' Pension Trust Fund) were \$10,713,057, of which \$2,688,952 was restricted at September 30, 2018. Total cash and cash equivalents included cash on hand of \$1,300 at September 30, 2018.

**Deposits**

The District's deposit policy (exclusive of the Firefighters' Pension Fund) allows deposits to be held in demand deposit and money market accounts and is consistent with Florida Statutes, Chapter 218.415(17). All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2018.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2018**

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

**Deposits, continued**

Deposits consist of the following at September 30, 2018:

<u>District</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>Unrestricted</u>		
<u>General Fund</u>		
Depository Accounts	\$ 5,937,060	\$ 6,159,628
Money Market	<u>2,085,745</u>	<u>2,085,745</u>
Total General Fund	<u>\$ 8,022,805</u>	<u>\$ 8,245,373</u>
<u>Restricted</u>		
<u>General Fund</u>		
Depository Accounts	\$ -	\$ -
<u>Special Revenue Funds</u>		
Impact Fee		
Depository Accounts	1,350,731	1,370,303
Inspection Fee		
Depository Accounts	<u>1,338,221</u>	<u>1,338,221</u>
Total Special Revenue Funds	<u>2,688,952</u>	<u>2,708,524</u>
Total Restricted Funds	<u>\$ 2,688,952</u>	<u>\$ 2,708,524</u>

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

The District held no other types of deposits during the year ended September 30, 2018.

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

**Restricted Cash and Equivalents**

The following is a brief description of the restrictions on cash and cash equivalents:

The Impact Fee account is used to account for the deposit of impact fees received by both service delivery areas and are restricted for certain capital asset acquisition associated with growth within the District. Impact fees are collected by Collier County for the District pursuant to County ordinance and District resolution.

The Inspection Fee account is used to account for inspection fees collected for performing new construction fire inspections within the District. Such revenue is restricted for inspection service related costs.

**NOTE C - INVESTMENTS**

**Firefighters' Pension Plan - Investments**

Investments held in the Firefighters' Pension Trust Fund (the "Plan") totaled \$81,053,782 (including \$1,492,018 in cash and cash equivalents, \$3,712,946 in mutual funds, \$56,278,449 in equity securities, \$13,184,659 in fixed income securities, and \$6,385,710 in real estate) at September 30, 2018. Such investments are administered in accordance with Firefighters' Pension Board policy. This policy provides for investments in cash and cash equivalents, money markets, mutual funds, equities, treasury notes, federal agency guaranteed securities, corporate bonds, notes and/or equities and real estate.

The Firefighters' Pension Trust Fund accounts for resources held to fund the respective firefighter employee pension benefits.

**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

The Firefighters' Pension Trust Fund investments were held by a financial and investment institution and are subject to certain insurances up to limits specific to the trustee/custodian institution and retirement trust funds. These assets are subject to loss of principal.

**Investment Authorization:**

The Plan's investment policy is determined by the Plan's Board of Trustees. The policy has been designed by the Board to conduct the operations of the Plan in a manner so that the assets will provide the pension and other benefits provided under applicable laws. As such, the policy is designed by the Board to maximize the Plan's asset value, while assuming risk that is consistent with the Board's risk tolerance. The Trustees are authorized to acquire and retain every kind of property (real, personal or mixed) and every kind of investment specifically including, but not by way of limitation, money markets, mutual funds, bonds, debentures, stocks (preferred or common) and other corporate obligations. Investments are carried at fair value at September 30, 2018. Interest and dividend revenues are recorded as earned. Purchases and sales of investments are recorded on the trade-date basis.

Unrealized gains and losses are presented as net appreciation (depreciation) in fair value of investments on the statement of changes in fiduciary net position along with gains and losses realized on sales of investments.

Given the inherent nature of investments, it is reasonably possible that changes in the value of those investments will occur in the near term and that such changes could materially affect the amounts reported (loss of principal).

Investment in all equity securities shall be limited to those listed on a major U.S. stock exchange and limited to no more than 80% (at market) of the Plan's total asset value. The equity position in any one company shall not exceed 5% of the Plan's total assets at market. Investments in stock of foreign companies shall be limited to 35% of the value of the Plan's total assets at market.

The fixed income portfolio shall be comprised of securities with a quality rating of investment grade or higher by a major rating service. Except for Treasury and Agency obligations, the debt portion of the Plan shall contain no more than 10% of a given issuer irrespective of the number of differing issues.

**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

Investment Authorization, continued:

The current target allocation at September 30, 2018, of these investments at market is as follows:

<u>Authorized Investments</u>	<u>Investment Policy -Target Allocation %</u>	<u>Long Term Expected Real Rate Return %</u>
Domestic Equities	35-55%	7.5%
Fixed Income	15-40%	2.5%
TIPS	0-10%	Not Available
Real Estate	0-15%	4.5%
International Equities	10-25%	8.5%
International Fixed Income	0-10%	3.5%
Global Tactical Asset Allocation	0-15%	3.5%
Cash and Cash Equivalents	Minimal	Minimal

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

Information about the sensitivity of the fair values of the Plan's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investment by maturity at September 30, 2018:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>More than 10</u>
Corporate bonds	\$ 7,379,442	\$ -	\$ 3,020,354	\$ 2,883,504	\$ 1,475,584
Mutual funds	3,712,946	-	2,640,276	786,773	285,897
U.S. Agencies	4,790,403	180,579	-	170,508	4,439,316
U.S. Treasuries	1,014,814	-	34,298	154,718	825,798
	<u>\$ 16,897,605</u>	<u>\$ 180,579</u>	<u>\$ 5,694,928</u>	<u>\$ 3,995,503</u>	<u>\$ 7,026,595</u>

Credit Risk:

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Plan's investment policy utilizes portfolio diversification in an effort to mitigate this risk.

**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

Credit Risk, continued:

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

	Fair Value	Percentage of Portfolio
Quality rating of credit risk debt securities		
A	\$ 621,176	0.78 %
A1	281,260	0.35
A2	846,041	1.06
A3	1,631,707	2.05
AA	235,030	0.30
Aa2	249,411	0.31
Aa3	140,817	0.18
AAA	2,138,995	2.69
B	383,919	0.48
Ba1	131,724	0.17
Baa1	1,920,365	2.41
Baa2	1,510,475	1.90
Baa3	602,361	0.76
BB	626,745	0.79
BBB	1,254,976	1.58
Unrated government securities	<u>4,322,603</u>	<u>5.43</u>
Total credit risk debt securities	<u>\$ 16,897,605</u>	<u>21.24 %</u>

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

Concentration of Credit Risk:

The investment policy of the Plan contains limitations on the amount that can be invested in any one equity issuer as well as maximum portfolio allocation percentages. There were no individual equity investments that represented 5% or more of Plan net position at September 30, 2018. In addition, the Plan contains limitations on the amount that can be invested in any one debt issuer, except for the debt securities issued by the U.S. Government. There were no investments in non-U.S. Government debt securities that represented 10% or more of Plan net position at September 30, 2018.

Custodial Credit Risk:

This is the risk that in the event of the failure of the counterparty, the plan will not be able to recover the value of its investments or collateral securities that are in the

**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

Custodial Credit Risk, continued:

possession of an outside party. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. Consistent with the Plan's investment policy, the investments are held by the Plan's custodial bank and registered in the Plan's name.

Foreign Currency Risk:

This is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The Plan's primary exposure to foreign currency risk is derived from its direct investments in international equity and fixed income mutual funds. The Plan owns shares in international equity and international bond funds. In accordance with the Plan's investment policy statement, the US equity and fixed income separate account managers may invest in individual securities designated as foreign as part of the normal course of the investment process. The individual foreign securities may be American Depository Receipts, or NYSE common stock, both transacted in US dollars, or foreign ordinary securities transacted in foreign currency. The investment policy limits the foreign investments to no more than 35% of the Plan's investment balance in equities and no more than 10% in fixed income. As of September 30, 2018, the Plan's exposure to foreign currency risk related to foreign equity funds and bonds is as follows:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
International equity funds and fixed income (bonds)	<u>\$ 17,831,832</u>	<u>22%</u>

Fair Value Measurements:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy as established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market as follows:

Level 1 - Inputs to the valuation methodology are based upon quoted prices for identical assets in active markets.

**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

Fair Value Measurements, continued:

Level 2 - Inputs to the valuation methodology are based upon observable inputs for the assets either directly or indirectly, other than those considered Level 1 inputs, which may include quoted prices for identical assets in markets that are not considered to be active, and quoted prices of similar assets in active or inactive markets.

Level 3 - Inputs to the valuation methodology are based upon unobservable inputs.

Following is a description of the valuation methodologies used for asset measured at fair value.

Common stock: Valued at the closing price reported on the New York Stock Exchange.

Government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

Mutual funds: Valued at the daily closing price as reported by the Plan. Mutual funds held by the Plan are open-ended mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yield of similar instruments, but included adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote, if available.

Real estate: Valued at the net asset value of shares held by the Plan at year end. The Plan has investments in private market real estate investments for which no liquid public market exists.



**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

Fair Value Measurements, continued:

The following table presents the Plan's fair value hierarchy for investments at fair value as of September 30, 2018:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b><u>Investments by fair value level</u></b>				
Equity securities:				
Common stocks	\$ 24,123,954	\$ 24,123,954	\$ -	\$ -
Foreign stocks	1,447,274	1,447,274	-	-
Domestic equity mutual funds	19,148,387	-	19,148,387	-
International equity mutual funds	11,413,448	-	11,413,448	-
REIT	145,386	-	145,386	-
Total equity securities	<u>56,278,449</u>	<u>25,571,228</u>	<u>30,707,221</u>	<u>-</u>
Debt securities				
U.S. treasury securities	1,014,814	1,014,814	-	-
U.S. agency securities	4,790,403	-	4,790,403	-
Corporate bonds	7,379,442	-	7,379,442	-
Fixed income mutual funds	3,712,946	-	3,712,946	-
Total debt securities	<u>16,897,605</u>	<u>1,014,814</u>	<u>15,882,791</u>	<u>-</u>
Total investments by fair value	73,176,054	<u>\$ 26,586,042</u>	<u>\$ 46,590,012</u>	<u>\$ -</u>
<u>Investments measured at the net asset value (NAV)</u> *				
Real estate fund	6,385,710			
Money market funds (exempt)	<u>1,492,018</u>			
Total investments	<u>\$ 81,053,782</u>			

\* As required by GAAP, certain investments have not been classified in the fair value hierarchy. The fair value amounts presented in the previous table are intended to permit reconciliation for the fair value hierarchy to the total investment line item in the Statement of Fiduciary Net Position.

**NOTE C - INVESTMENTS, CONTINUED**

**Firefighters' Pension Plan - Investments, continued**

Fair Value Measurements, continued:

The following table summarizes investment for which fair value is measured using the net asset value per share practical expedient, including their relate unfunded commitments and redemption restrictions:

Investments measured at the NAV

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if Currently Eligible</u>	<u>Redemption Notice Period</u>
Real estate fund	\$ 6,385,710	\$ -	Quarterly	90 Days

Real estate fund: The fund is an open-ended real estate investment fund investing primarily in core institutional office, retail, industrial, and multi-family properties located throughout the United States. The investment is valued at NAV and its redemption must be received by the fund 90 days prior to quarter end.

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

Interfund receivables and payables at September 30, 2018, are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Impact Fee Fund	\$ 1,255,000	\$ 7,065
Inspection Fee Fund	<u>1,508,791</u>	<u>181,608</u>
Total General Fund	<u>2,763,791</u>	<u>188,673</u>
Special Revenue Funds:		
Impact Fee Fund		
General Fund	7,065	1,255,000
Inspection Fee fund	-	102,668
Inspection Fee Fund		
General Fund	181,608	1,508,791
Impact Fee Fund	<u>102,668</u>	<u>-</u>
Total Special Revenue Funds	<u>291,341</u>	<u>2,866,459</u>
Total	<u>\$ 3,055,132</u>	<u>\$ 3,055,132</u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Position at September 30, 2018.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE E - CAPITAL ASSETS ACTIVITY**

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

	Balance October 1 2017	Increases/ Additions	Decreases/ Retirements	Adjustments/ Reclassifications	Balance September 30 2018
Capital Assets Not Being Depreciated:					
Land	\$ 12,823,117	\$ 2,889,872	\$ -	\$ -	\$ 15,712,989
Construction in progress	<u>1,296,888</u>	<u>20,743</u>	<u>-</u>	<u>-</u>	<u>1,317,631</u>
Total Capital Assets Not Being Depreciated	<u>14,120,005</u>	<u>2,910,615</u>	<u>-</u>	<u>-</u>	<u>17,030,620</u>
Capital Assets Being Depreciated:					
Assets held under capital lease	2,720,300	892,447	-	-	3,612,747
Buildings	20,475,332	356,974	(157,661)	-	20,674,645
Office equipment	1,337,546	65,820	(180,442)	-	1,222,924
Vehicles	9,000,165	12,299	(86,389)	-	8,926,075
Equipment & machinery	<u>4,008,407</u>	<u>165,105</u>	<u>(351,584)</u>	<u>-</u>	<u>3,821,928</u>
Total Capital Assets Being Depreciated	<u>37,541,750</u>	<u>1,492,645</u>	<u>(776,076)</u>	<u>-</u>	<u>38,258,319</u>
Less Accumulated Depreciation:					
Assets held under capital lease	(288,626)	(297,587)	-	-	(586,213)
Buildings	(7,293,433)	(454,882)	112,632	-	(7,635,683)
Office equipment	(686,173)	(160,499)	167,789	-	(678,883)
Vehicles	(6,597,072)	(422,523)	86,389	-	(6,933,206)
Equipment & machinery	<u>(2,834,696)</u>	<u>(348,171)</u>	<u>346,251</u>	<u>-</u>	<u>(2,836,616)</u>
Total Accumulated Depreciation	<u>(17,700,000)</u>	<u>(1,683,662)</u>	<u>713,061</u>	<u>-</u>	<u>(18,670,601)</u>
Total Capital Assets being Depreciated, Net	<u>19,841,750</u>	<u>(191,017)</u>	<u>(63,015)</u>	<u>-</u>	<u>19,587,718</u>
Capital Assets, Net	<u>\$ 33,961,755</u>	<u>\$ 2,719,598</u>	<u>\$ (63,015)</u>	<u>\$ -</u>	<u>36,618,338</u>
				Related Debt	<u>(3,095,573)</u>
				Net investment in capital assets	<u>\$ 33,522,765</u>

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED**

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

	<u>Amount</u>
General Government	
Total Depreciation Expense	<u>\$1,683,662</u>

The District has capital assets held under capital leases with a total cost of \$3,612,747 at September 30, 2018. The capital assets held under capital lease has accumulated depreciation of \$586,213 and depreciation expense of \$297,587 for the year ended September 30, 2018.

**NOTE F - LONG-TERM OBLIGATIONS**

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

	Balance October 1 2017	Additions	Retirements And Adjustments	Balance September 30 2018	Amounts Due Within One Year
Net OPEB Liability	\$10,117,484	\$ 56,124	\$ -	\$10,173,608	\$ -
Net Pension Liability - FRS	11,477,584	-	(2,015,369)	9,462,215	-
Net Pension Liability - HIS	2,270,390	-	(258,015)	2,012,375	-
Net Pension Liability - FPT	2,990,199	183,463	-	3,173,662	-
Capital Leases	2,333,354	888,147	(413,428)	2,808,073	409,071
Note Payable - Land	345,000	-	(57,500)	287,500	57,500
Compensated Absences	2,028,280	46,215	-	2,074,495	-
	<u>\$31,562,291</u>	<u>\$ 1,173,949</u>	<u>\$ (2,744,312)</u>	<u>\$29,991,928</u>	<u>\$ 466,571</u>

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

	<u>Amount</u>
Net OPEB liability - actuarially determined - GASB No. 75	\$ 10,173,608
Net pension liability - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	9,462,215
Net pension liability - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	2,012,375

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE F - LONG-TERM OBLIGATIONS, CONTINUED**

	<u>Amount</u>
Net pension liability - Firefighters' Pension Trust (FPT) plan. This amount is actuarially determined through calculation based upon the audited financial statements of the FPT Plan.	3,173,662
\$160,240 capital lease payable dated April 19, 2013, for eleven (11) chest compression systems to financial institution over a 60 month period ending March 2018 in equal payments of \$2,671 at a zero stated interest rate. Paid in full during fiscal year ended September 30, 2018.	-
\$2,546,268 capital lease payable dated January 15, 2016 for one (1) ladder truck and three (3) pumper trucks payable to a financial institution in ten (10) annual payments of \$295,233 ending December 14, 2025 including interest at 2.822%.	2,088,084
\$888,147 capital lease payable beginning May 1, 2018 for a ladder truck payable to a financial institution in five (5) annual payments of \$193,000 ending May 1, 2022 including interest at 2.74%.	719,989
\$1,150,000 note payable dated January 1, 2003 to SunTrust Bank over a 20 year period ending November 1, 2022 in equal annual principal payments on November 1 of \$57,500 plus accrued interest at a rate of 3.75%. The note is collateralized by Impact Fees.	287,500
Non-current portion of compensated absences. Employees of the District are entitled to paid vacation based on length of service and job classification. (Combined SDA)	<u>2,074,495</u>
	29,991,928
Less Current Portion	<u>(466,571)</u>
Long-Term Portion	<u>\$ 29,525,357</u>

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

Years Ending <u>September 30</u>	Capital Leases Payable <u>Principal (1)</u>	Capital Leases Payable <u>Principal (1)</u>	Note Payable <u>Principal (2)</u>	Total <u>Principal</u>
2019	\$ 236,305	\$ 172,766	\$ 57,500	\$ 466,571
2020	242,974	177,500	57,500	477,974
2021	249,831	182,363	57,500	489,694
2022	256,881	187,360	57,500	501,741
2023	264,131	-	57,500	321,631
2024 - 2026	<u>837,962</u>	<u>-</u>	<u>-</u>	<u>837,962</u>
	<u>\$ 2,088,084</u>	<u>\$ 719,989</u>	<u>\$ 287,500</u>	3,095,573
		Net OPEB Liability		10,173,608
		Net Pension Liability - FRS		9,462,215
		Net Pension Liability - HIS		2,012,375
		Net Pension Liability - FPT		3,173,662
		Compensated absences		<u>2,074,495</u>
		Total long-term debt		<u>\$ 29,991,928</u>

(1) Debt service paid through General Fund

(2) Debt service paid through Impact Fee Fund

Interest expense for the year ended September 30, 2018, was \$103,260 including interest expense on capital lease of \$89,749.

**NOTE G - RETIREMENT PLANS**

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

- Plan 1 - Florida Retirement System (FRS)
- Plan 2 - Firefighters' Pension Trust Fund (Florida Statute 175)
- Plan 3 - 401(a) Plan

Employee participation in a specific plan is based on the respective employee's original hire date.

**General Information about the Florida Retirement System**

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2018, is available from the Florida Department of Management Services' Website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

**NOTE G - RETIREMENT PLANS, CONTINUED**

**General Information about the Florida Retirement System, continued**

The District's total FRS and HIS pension expense was \$1,230,330 for the year ended September 30, 2018 and is recorded in the government-wide financial statements. Total District actual FRS and HIS retirement contribution expenditures were \$981,054, \$1,203,482 and \$1,186,368 for the years ended September 30, 2018, 2017 and 2016, respectively. The District contributed 100% of the required contributions.

**FRS Pension Plan**

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

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

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

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

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

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

**NOTE G - RETIREMENT PLANS, CONTINUED**

**FRS Pension Plan, continued**

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

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

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



**NOTE G - RETIREMENT PLANS, CONTINUED**

**FRS Pension Plan, continued**

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2018 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.92	8.26
Florida Retirement System, Senior Management Service	3.00	22.71	24.06
Florida Retirement System, Special Risk	3.00	23.27	24.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	13.26	14.03
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	45.50	48.70

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/17 - 6/30/18.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/18 - 6/30/19.

\* As defined by the Plan.

**NOTE G - RETIREMENT PLANS, CONTINUED**

**FRS Pension Plan, continued**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan.** At September 30, 2018, the District reported an FRS pension liability of \$9,462,215 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At September 30, 2018, the District's proportionate share was .031414516 percent, which was a decrease of .007388205 percent from its proportionate share measure as of September 30, 2017.

For the year ended September 30, 2018, the District recognized FRS pension expense of \$1,148,147. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 801,592	\$ 29,094
Change of assumptions	3,091,789	-
Net difference between projected and actual earnings on pension plan investments	-	731,071
Changes in proportion and differences between District contributions and proportionate share of contributions	1,035,736	2,713,521
District contributions subsequent to the measurement date	<u>219,914</u>	<u>-</u>
Total	<u>\$ 5,149,031</u>	<u>\$ 3,473,686</u>

**NOTE G - RETIREMENT PLANS, CONTINUED**

**FRS Pension Plan, continued**

The deferred outflows of resources related to the FRS pension, totaling \$219,914 resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 6.4 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2019	\$ 222,140
2020	222,140
2021	222,140
2022	222,141
2023	404,908
Thereafter	<u>161,962</u>
Total	<u>\$ 1,455,431</u>

**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 percent
Real payroll growth	0.65 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

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

**NOTE G - RETIREMENT PLANS, CONTINUED**

**FRS Pension Plan, continued**

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	2.9%	2.9%	1.8%
Fixed income	18%	4.4%	4.3%	4.0%
Global equity	54%	7.6%	6.3%	17.0%
Real estate (property)	11%	6.6%	6.0%	11.3%
Private equity	10%	10.7%	7.8%	26.5%
Strategic investments	<u>6%</u>	6.0%	5.7%	8.6%
Total	<u>100%</u>			
Assumed inflation - Mean			2.6%	1.9%

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

**NOTE G - RETIREMENT PLANS, CONTINUED**

**FRS Pension Plan, continued**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent which was reduced from 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
District's proportionate share of the net pension liability	<u>\$ 17,268,939</u>	<u>\$ 9,462,215</u>	<u>\$ 2,978,269</u>

**Pension Plan Fiduciary Net Position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report (FRS "CAFR") dated June 30, 2018.

The FRS CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
 Division of Retirement  
 Bureau of Research and Member Communications  
 P.O. Box 9000  
 Tallahassee, FL 32315-9000

850-488-5706 or toll free at 877-377-1737

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions in the pension plan.

**NOTE G - RETIREMENT PLANS, CONTINUED**

**HIS Plan**

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

**Benefits Provided.** For the year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2018, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan.** At September 30, 2018, the District reported a HIS liability of \$2,012,375 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability was used to calculate the net pension liability determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net HIS liability was based on the

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
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**NOTE G - RETIREMENT PLANS, CONTINUED**

**HIS Plan, continued**

District's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At September 30, 2018, the District's proportionate share was .019013168 percent, which was a decrease of .002220391 percent from its proportionate share measured as of September 30, 2017.

For the fiscal year ended September 30, 2018, the District recognized HIS expense of \$86,123. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,809	\$ 3,419
Change of assumptions	223,800	212,765
Net difference between projected and actual earnings on HIS pension plan investments	1,215	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	353,362	563,508
District contributions subsequent to the measurement date	<u>23,720</u>	<u>-</u>
Total	<u>\$ 632,906</u>	<u>\$ 779,692</u>

The deferred outflows of resources related to HIS, totaling \$23,720, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 7.2 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2019	\$ (27,392)
2020	(27,392)
2021	(27,392)
2022	(27,393)
2023	(27,696)
Thereafter	<u>(33,241)</u>
Total	<u>\$ (170,506)</u>

**NOTE G - RETIREMENT PLANS, CONTINUED**

**HIS 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 percent
Real Payroll Growth	0.65 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.87 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for the Plan.

**Discount Rate.** The discount rate used to measure the total HIS liability was increased from 3.58 % to 3.87%. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 3.87 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
District's proportionate share of the net HIS liability	<u>\$ 2,291,977</u>	<u>\$ 2,012,375</u>	<u>\$ 1,779,310</u>



**NOTE G - RETIREMENT PLANS, CONTINUED**

**HIS Plan, continued**

**Pension Plan Fiduciary Net Position.** Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report (FRS "CAFR") dated June 30, 2018.

The FRS CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P.O. Box 9000  
Tallahassee, FL 32315-9000

850-488-5706 or toll free at 877-377-1737

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions to the HIS plan.

**FRS - Defined Contribution Pension Plan**

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

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

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017-18 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.92	8.26
Florida Retirement System, Senior Management Service	3.00	22.71	24.06
Florida Retirement System, Special Risk	3.00	23.27	24.50
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	13.26	14.03
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	45.50	48.70

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/17 - 6/30/18.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/18 - 6/30/19.

\* As defined by the Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 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.

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

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

The District's Investment Plan pension expense included within the FRS expense totaled \$85,015 for the year ended September 30, 2018.

Payables to the Investment Plan. At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan.

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

The following brief description of the North Collier Fire Control and Rescue District Firefighters' Pension Plan (originally known as the North Naples Firefighters' Pension Plan) (the "Plan") is provided for general information purposes only. The Plan's name changed effective January 1, 2015 with the District's merger. Participants should refer to the plan agreement for a more complete description of the Plan. On July 11, 1996, under the authority of Florida Statute 175 and Laws of Florida, Chapter 95-338, the District's Board of Commissioners passed Resolutions 96-004 and 96-005, providing for the establishment and funding of a single employer defined benefit retirement plan and trust for newly hired fire suppression personnel. The resolutions establish that certified firefighters hired on or after January 1, 1996 are to become participants in the District's Firefighters' Pension Trust (FPT) Fund. The Plan is totally administered, including all investment management, by a third party administrator and the Plan's appointed Pension Board.

Effective October 1, 2011, employee participants were required to contribute 3% (similar to FRS) of compensation (an increase from .5% of compensation) per Resolution 11-031.

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

Effective January 1, 2015, employees of the Big Corkscrew Island (BCI) Fire District merged with those of North Naples Fire District. As such, five employees of BCI joined Plan 2.

During the year ended September 30, 2015, the District adopted Governmental Accounting Standards Board Statement No. 68 "Accounting and Financial Reporting for Pensions" (GASB 68). As such, the Plan's beginning net position was restated and the net pension liability was recorded in the government-wide financial statements.

During the years ended September 30, 2018, 2017, and 2016 there were employee contributions in the amount of \$412,640, \$416,608, and \$353,357, respectively, to the Plan. The employer contributed 100% of its required contributions, as well as those required contributions of the participating firefighters (0.5% pick-up).

The Plan provides for full-time firefighting personnel to become eligible to participate in the Plan immediately upon hire. Under District resolution 96-005, the District elected to pay the 0.5% (1% prior to December 9, 2004) employee required contribution on behalf of the employee. Effective December 9, 2004, the employee contribution was reduced to 0.5% (employee pick up). Effective July 1, 2001 (per resolution 01-01), benefits under the Plan vest after six years of creditable service. Employees who elect normal retirement at or after age 55 with 6 years of creditable service, or 25 years of service regardless of age, are entitled to a retirement benefit. Effective October 1, 2011, required employee contributions increased to 3% of compensation. Employees may elect early retirement after 6 years of creditable service with a reduction in benefit not to exceed 3% for each year before normal retirement. The Plan also includes certain disability and death benefits.

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

**Contributions** - Contributions to the Plan are derived from three sources: the plan's participants are required to contribute to the plan in the amount of 3% of their covered wages and pursuant to resolution 11-031 the District has elected to increase the affected employees' salary by 0.5% (employer pick-up), State funds (fire [hazard] insurance premium tax per Florida Statute Chapter 175) and employer (remaining amount necessary to meet actuarial requirement). For the period from January 1, 1996 through September 30, 1996, no employer contributions were required. Employer contributions were required beginning October 1, 1996. The State contributions under Chapter 175 began in June 1997. This revenue is based on property fire insurance premiums paid within the District and is applied up to an approved "frozen" limit of \$1,746,716. The District (employer) is required to fund the difference each year between the total contributions from all other sources for the year and the total cost for the year pursuant to the most recent actuarial valuation of the Plan. The total cost for any year equals total normal cost plus the additional amounts sufficient to amortize the unfunded past service liability over a 30 year period commencing the first year of the Plan's inception.

Pursuant to the actuarial study dated October 1, 2018 for the year ended September 30, 2018, the District's contribution (District only) requirement was 19% of the actuarially determined covered payroll. Actual District contributions to the Plan for the years ended September 30, 2018, 2017 and 2016, were \$2,990,030, \$2,927,841, and \$1,750,382 respectively. The State contributions for the years ended September 30, 2018 and 2017 were \$1,741,988 and \$1,369,167, respectively. Employees contributed (3%) \$412,640 to the Plan for the year ended September 30, 2018. At September 30, 2018, \$80,928,687 the Plan's total net position was restricted for retiree benefits.

**Payables to the Pension Plan.** At September 30, 2018, the District reported a payable of \$0 for the outstanding amount of contributions payable to the pension plan.

**Pension Benefits** - Effective July 1, 2001, employees with 6 or more years of service are entitled to monthly pension benefits, beginning at the earlier of age 55 with 6 years of credited service or 25 years credited service regardless of age. Benefit is

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

equal to 3.53% of their average final compensation (AFC) times credited service prior to October 1, 2013 plus 3% of average final compensation times credited service on and after October 1, 2013. AFC means the average of the highest five (5) years within the last ten (10) years of service. Maximum benefit is 100% of AFC. The plan permits early retirement with 6 years (10 years prior to July 2, 2001) of credited service. Members hired after December 31, 2014 must have 10 years of credited service to qualify for early retirement. Employees may elect to receive their pension benefits in the form of a 10 year certain and life annuity. If employees terminate before rendering 6 years of credited service, they forfeit the right to receive the portion of their accumulated plan benefits.

All retirement benefits are annually increased for cost of living at 3%.

**Death and Disability Benefits** - Upon the death of any vested member, whether or not still in active employment, a survivor benefit is payable to the beneficiary starting when the member would have reached retirement age. The benefit is equal to the vested pension benefit and is payable for 10 years. A spousal and/or minor benefit is provided for line of duty death equal to a minimum of one half of the members salary for life (spouse) or age 18 (child).

Employees who become totally disabled with at least 8 years of credited service receive the greater of the accrued pension benefit or 25% of AFC, if non-service incurred, or 42% of AFC, if active service incurred. Effective December 9, 2004, the active service related benefit was increased to 65%.

**Supplemental Benefits** - Effective December 31, 2004, each service and disability retiree and their joint pensioners or beneficiaries and vested terminated members shall receive a supplemental payment to be used as a health insurance subsidy payment. The amount shall be five dollars (\$5) for each full year of credited service for life. The maximum monthly supplement is one hundred fifty dollars (\$150) and the minimum thirty dollars (\$30).

**DROP** - Effective December 12, 2013, Resolution 13-034 was adopted, which established a Deferred Retirement Option Plan ("DROP"). An "eligible participant" of the pension plan, which is defined as an individual currently on full-time work status, may elect to participate in the DROP on the first day of the month coincident with or

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

next following either, attainment of age fifty-five (55) and the completion of ten (10) years of credited service, or the completion of twenty-five (25) years of credited service, which date shall constitute the "initial date of eligibility". An eligible participant electing to participate in DROP must complete and execute such forms as may be required by the District and supplied by the Board of Trustees not less than thirty (30) days prior to entering the DROP. The forms shall include, but not limited to, an irrevocable letter of resignation effective no later than the conclusion of the maximum period of DROP participation. Election into the DROP is irrevocable provided there shall be no minimum period of participation; however in the event of a voluntary termination prior to the maximum period, any DROP participant termination prior to such maximum DROP period shall submit a written notice at least thirty (30) days prior to such early termination of DROP participation.

An eligible participant may elect to participate in the DROP only once. After commencement of participation in DROP, a participant shall no longer earn, accrue or purchase additional service credits towards retirement benefits or later enhancements to the firefighters' pension plan.

Upon the effective date of an eligible participant's participation in DROP, all contributions by and on behalf of the participant to the plan shall be discontinued. For all plan purposes, service and vesting credits of an eligible participant electing DROP shall be fixed as of the effective date of commencement of DROP participation. Any services as a firefighter after entry into DROP shall not be used for calculation or determination of benefits payable by the pension plan. The average final compensation of a participant, as defined in this plan shall be determined as of the effective date of commencement of DROP participation and other subsequent earnings shall not be used for calculation or determination of benefits payable by the pension plan.

**Income Recognition** - Interest income is recorded on the accrual basis. Investments are reported at market value. Short-term investments are reported at cost, which approximates market value.

**Actuarial Present Value of Accumulated Plan Benefits** - Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' age at entry to the Plan and are based upon the current starting salary for firefighters at entry level. Benefits payable under all circumstances, retirement, death, disability and termination of employment, are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of October 1, 2016 were (a) life expectancy of participants - RP 2000 (combined healthy, sex distinct) Mortality Table was used, (b) retirement age assumptions (the assumed average retirement age was 55), and (c) annual investment return of 7.5% (net of fees). The actuarial valuation reflected assumed average rates of return of 7.5% (net of fees). The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**Payment of Benefits** - Benefit payments to participants are recorded upon distribution. The District contributed 100% of the required contributions. A summary of certain Plan details and trend information is included below.

A copy of the Plan and Plan audit as of and for September 30, 2018 can be obtained by writing to the District at 1885 Veterans Park Drive, Naples, Florida 34109-0492, or by calling (239) 597-3222.

The following is a summary of the Single-Employer Defined Benefit Pension Plan (Florida Statutes Chapter #175), including funding policies, contribution methods, benefit provisions and trend information:



**NOTE G - RETIREMENT PLANS, CONTINUED**

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

	Firefighters' Pension Trust Fund - Plan 2
	<hr/>
Year established and governing authority	District Resolution 96- 004 (July 11, 1996)
Governing body	Board of Trustees of Plan
Determination of contribution requirements:	Actuarially determined
Employer (District)	Amount required in excess of Member and applicable State contributions needed in order to pay current costs and amortize any unfunded past service cost over 30 years
Plan members	3.0% of covered payroll
Funding of administrative costs:	Employer
Period required to vest	6 years
Annual salary increase	Graduated Scale based on Credited Service (see below)
Post retirement benefit increase	Cost of living increase of 3% each year
Eligibility for distribution (Normal retirement)	Earlier of 55 with 6 years of credited service or 25 years credited service regardless of age
Provisions for:	
Disability benefits	Yes
Death benefits	Yes
Early retirement	Yes
Assumed inflation	2.5%
Actuarial assumption/method changes since prior valuation:	
Actuarial Cost Method	Entry Age Normal. Prior valuations utilized Frozen Entry Age method
Net-of-Fees Investment Return	7.50%
Annual Salary Increase	flat 6% per year to graduated scale (9% per year for first 10 years & 3% per year for 10+ years)

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

**Net Pension Liability of the Fund** - The components of the net pension liability of the District at September 30, 2018 were as follows:

	<u>Amount</u>
Total pension liability	\$ 84,102,348
Plan fiduciary net position	<u>(80,928,686)</u>
District's net pension liability	<u>\$ 3,173,662</u>
Plan fiduciary net position as a percentage of the total pension liability	96.23%

The total pension liability was determined by an actuarial valuation as of September 30, 2018 using certain actuarial assumptions, the most significant of which were 7.5 percent for the investment rate of return (net of fees), 3.0-9.0 percent for projected salary increases and 2.5 percent for inflation.

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table. Disabled lives are set forward two years for females and set back four years for males.

The Plan's policy with regards to the allocation of invested assets is established and may be amended by the Pension Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the Plan. The investment policy was last amended in February 2014. The following table summarizes the Board's adopted allocation policy and the long-term expected real rates of return for each major asset class:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Actual Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equities	45%	53.39%	7.5%
International equities	15%	15.87%	8.5%
Fixed income	15%	14.62%	2.5%
International fixed income	5%	6.23%	3.5%
Global Tactical Asset Allocation	10%	0.00%	3.5%
Real estate	10%	8.06%	4.5%
Cash and cash equivalents	<u>minimal</u>	<u>1.83%</u>	not available
* annual arithmetic return	<u>100%</u>	<u>100%</u>	

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

The long-term expected rate of return on Plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Discount Rate.** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that plan participant contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan participants. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Rate of Return Sensitivity.** The sensitivity of the net pension liability to changes in the discount rate was measured as follows. The net pension liability of the District was calculated using the discount rate of 7.5 percent. It was also calculated using a discount rate that was 1-percentage-point lower (6.5 percent) and 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net pension liability (asset)	\$ 16,847,931	\$ 3,173,662	\$ (7,880,021)

**Deferred Inflows/Outflows of Resources Related to Pensions**

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

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,253,449	\$ 829,314
Change of assumptions	1,479,092	1,859,039
Net difference between projected and actual earnings on plan investments	-	993,714
Contributions subsequent to the measurement date	<u>4,732,018</u>	<u>-</u>
	<u>\$ 10,464,559</u>	<u>\$ 3,682,067</u>

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

Years Ending September 30	Amount
2019	\$ 381,991
2020	486,206
2021	(378,818)
2022	(416,926)
2023	266,542
Thereafter	<u>1,711,479</u>
Total	<u>\$ 2,050,474</u>

Memberships of the Plan consisted of the following at October 1, 2018:

	Firefighters' Pension Trust Fund - Plan 2
Active plan members	159
Inactive plan members or beneficiaries currently receiving benefits	16
Inactive plan members entitled to but not yet receiving benefits	<u>11</u>
Total	<u>186</u>
Number of participating employers	<u>1</u>
Number of participating state agencies	<u>1</u>

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

The following is a schedule of changes in net pension liability for the fiscal year ended September 30, 2018:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2017	\$ 73,738,012	\$ 70,747,813	\$ 2,990,199
Changes for the fiscal year:			
Service cost	4,341,382	-	4,341,382
Interest	5,804,395	-	5,804,395
Differences between expected and actual experience	1,553,317	-	1,553,317
Changes of assumptions	-	-	-
Change in excess state money	-	-	-
Contributions - Employer	-	2,990,030	(2,990,030)
Contributions - State	-	1,741,988	(1,741,988)
Contributions - Employee	-	412,571	(412,571)
Contributions - Buy Back	40,172	40,172	-
Net investment income	-	6,480,375	(6,480,375)
Benefit payments, including refunds of employee contributions	(1,374,930)	(1,374,930)	-
Administrative expense	-	(109,333)	109,333
Net changes	10,364,336	10,180,873	183,463
Balances at September 30, 2018	\$ 84,102,348	\$ 80,928,686	\$ 3,173,662

**Annual Pension Cost, Net Pension Obligation and Reserves**

Current year annual pension costs for the Firefighters' Pension Trust Fund are shown in the trend information provided. The Firefighters' Pension Trust Fund had a net unfunded actuarial accrued liability at October 1, 2018 of \$3,173,662.

The Plan assets are legally reserved for the payment of the respective plan member benefits within the Plan. There are no assets legally restricted for plan benefits other than these assets within the Plan. The Firefighters' Pension Trust Fund held certain investments at year end.

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

**Trend Information**

Firefighters' Pension Trust Fund								
Fiscal Year	Total (1) Required	Actual Contributions			State (2) Frozen	Actual Contribution	Percentage Contributed	Net Pension Obligation (NPO)
	Annual Pension Contribution	District Required Contribution	State Required Contribution	State (2) Frozen				
2018	\$ 4,732,018	\$ 2,990,030	\$ 1,741,988	\$1,746,716	\$ 4,732,018	100%	-	
2017	\$ 4,302,560	\$ 2,933,393	\$ 1,369,167	\$1,746,716	\$ 4,302,560	100%	-	
2016	\$ 3,146,984	\$ 1,735,437	\$ 1,411,547	\$1,746,716	\$ 3,146,984	100%	-	
2015	\$ 2,594,733	\$ 1,107,133	\$ 1,487,600	\$1,746,716	\$ 2,594,733	100%	-	
2014	\$ 2,896,024	\$ 1,518,926	\$ 1,377,098	\$1,746,716	\$ 2,896,024	100%	-	
2013	\$ 3,386,733	\$ 2,127,828	\$ 1,314,064	\$1,746,716	\$ 3,441,892	102%	-	
2012	\$ 3,283,811	\$ 2,166,246	\$ 1,214,214	\$1,746,716	\$ 3,380,454	103%	-	
2011	\$ 3,473,598	\$ 2,333,799	\$ 1,139,799	\$1,746,716	\$ 3,626,125	104%	-	
2010	\$ 3,190,997	\$ 2,170,443	\$ 1,020,554	\$1,746,716	\$ 3,200,901	100%	-	
2009	\$ 2,796,158	\$ 1,756,228	\$ 1,039,931	\$1,746,716	\$ 3,079,738	110%	-	
2008	\$ 2,211,933	\$ 1,009,715	\$ 1,485,798	\$1,485,798	\$ 2,495,513	113%	-	

(1) The District considers its annual pension cost to be its actuarially determined required annual pension contribution including the employer and state contribution. Fy 2018 required contribution reduced by \$0 excess State money reserve.

**Pension Trust Required Supplementary Information**

**Schedule of Funding Progress Firefighters' Pension Trust Fund:**

Actuarial Valuation Date	Actuarial Value of Assets ** (AVA) (a)	Actuarial Liability (AAL) -Entry Age (b)	Unfunded	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a)/c
			Actuarial Liability (UAAL) (b-a)			
10/01/18	\$80,928,687	\$84,102,348	\$ 3,173,661	96.2%	\$13,739,853	23.1%
10/01/17	\$70,747,813	\$73,738,012	\$ 2,990,199	95.9%	\$13,771,976	21.7%
10/01/16	\$58,512,948	\$61,707,055	\$ 3,194,107	94.8%	\$11,890,295	26.9%
10/01/15	\$51,534,195	\$51,541,750	\$ 7,555	100.0%	\$ 9,671,942	0.1%
10/01/14	\$49,189,571	\$47,467,581	\$(1,721,990)	103.6%	\$ 8,770,495	-19.6%
10/01/13	\$42,143,137	\$41,366,768	\$ (776,369)	101.9%	\$ 9,092,235	-8.5%
10/01/12	\$33,983,491	\$33,924,855	\$ (58,636)	100.2%	\$ 8,254,150	-0.7%
10/01/11	\$26,196,164	\$26,153,965	\$ (42,199)	100.2%	\$ 8,291,830	-0.5%
10/01/10	\$22,990,534	\$23,284,830	\$ 294,296	98.7%	\$ 7,737,940	3.8%
10/01/09	\$17,833,111	\$18,108,267	\$ 275,156	98.5%	\$ 7,522,834	3.7%
10/01/08	\$16,719,426	\$16,890,153	\$ 170,727	99.0%	\$ 7,082,194	2.4%

\*\* reflected by actuary as Plan Fiduciary Net Position

**NOTE G - RETIREMENT PLANS, CONTINUED**

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

	Firefighters' Pension Trust Fund
	<hr/>
Valuation date	10/01/15
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed
Mortality table	RP2000 Combined Healthy
Remaining amortization period	20 years (as of 10/1/15)
Actuarial asset valuation method	5 Year Smoothed Market
Actuarial assumptions:	
Investment rate	7.5% (net of fees)
Projected salary increase	Graduated based on Service (9% per year for first 10 years & (3% per year for 10 or more years)
Inflation	2.5%
Post retirement cost of living adjustment	3%

**Changes of Assumptions**

No changes in assumptions.

**NOTE G - RETIREMENT PLANS, CONTINUED**

**Plan 3 - Plan Description and Provisions - 401(a)**

The Board of Fire Commissioners established the 401(a) Plan for the general employees and elected officials who are ineligible to participate in the Florida Retirement System. The Plan was effective on January 1, 2013. At September 30, 2018, the Plan had two (2) active participants.

The Plan allows for employer contributions. Amounts contributed by the employer correspond to the percentage of contributions by class, established for participants of the Florida Retirement System. Employee contributions are prohibited.

Employer contributions are 100% vested after completion of one year of service. A year of service is based on an employee completing at least 1,000 hours of service during a plan year.

Total District contributions to the Plan for the year ended September 30, 2018, 2017 and 2016 were \$1,174, \$4,076 and \$1,103, respectively.

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

The District formally established two (2) OPEB Plans to provide its retirees the opportunity to obtain insurance (medical, dental and life) benefits. All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As such, active employees with at least twenty five (25) years of service as of September 30, 2010 were allowed to elect to remain in the Defined Benefit Plan or to enter the Post Employment Health Plan (PEHP), a defined contribution plan. The defined benefit plan also provides a \$5,000 life insurance benefit fully paid by the District. All retirees and Early Retirement Incentive Program (ERIP) participants, who were eligible, remained in the Defined Benefit Plan. All other active employees at that time, September 30, 2010, as well as future employees entered the PEHP. Retirees under the PEHP Plan are responsible for the full cost of coverage.



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

The benefits are provided both with and without contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due for both Plans.

Effective January 1, 2015, all active employees of the merged District are covered with the same post retirement health benefits.

Effective May 1, 2017 the District offered a post-employment health insurance supplementation for eligible retirees who have completed fifteen (15) years of service including three (3) years as a Chief Officer. Under this plan, the District shall contribute 100% toward the cost of the retiree's participation in the District's health insurance program for the retiree and qualifying spouse/dependent until the employee reaches the age of 65 or is eligible for Medicare, whichever occurs first. This benefit is provided in lieu of contributions to the PEHP.

**Defined Benefit Plan**

Specifically, the Defined Benefit Plan provides that the District will pay a portion of medical and dental premiums for retirees depending on their years of credited service starting with the completion of fifteen (15) years of credited service. As such, the District pays 50% of the employee's premium and 25% of the spouse's premium at completion of 15 years of service progressing to 100% of the employee's premium and 100% of the spouse's premium upon completion of 25 years of service for certain employees based on final rank at date of retirement.. The District also pays the premium associated with a \$5,000 life insurance benefit.

During fiscal years 2009 and 2010, the District offered two (2) separate Early Retirement Incentive Programs (ERIP) to a number of active employees. A portion of the programs includes full payment of premiums associated with medical, dental, vision and life insurance coverage, including dependent coverage for a period of 3 years. After the 3 year period ends, the ERIP participants receive the Defined Benefit Plan benefits they had been eligible for at termination. During the year ended September 30, 2014, the District paid the final amounts due on the ERIP Plans. Note that the projected premiums for the dental and life benefits are assumed to cover the entire cost of the program.

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

**Post Employment Health Plan (PEHP)**

The PEHP is a defined contribution plan administered by the District.

All employees who did not elect to remain in the Defined Benefit Plan, and all future active employees are participants in the PEHP.

Originally participants in the PEHP had \$7,000 deposited on their behalf into a trust account on the 20th anniversary of their date of hire and on each subsequent anniversary. Additionally, those participants having over 20 years of credited service at their date of retirement also received a \$30,000 deposit on their behalf at date of separation. Effective October 1, 2012, the Plan was changed to limit District total contributions to \$50,000 per employee.

Effective October 1, 2015, participants in the PEHP will have \$2,500 deposited into a trust account following the 5th anniversary of their date of hire and on each subsequent year. Additionally, those participants having over 20 years of credited service at their date of retirement will receive a maximum contribution ranging from \$37,000 to \$50,000 depending on length of service.

The PEHP is designed to offer similar benefits to those offered under the Defined Benefit Plan.

The District, as part of the PEHP, entered a group variable annuity contract. As such, the PEHP Plan's asset custodian and third party administrator is the insurance company through which the annuity is contracted.

**General - Funding Policy**

The District paid \$172,713 for retiree's and ERIP participants' health care premiums as part of the Defined Benefit Plan on a pay-as-you-go basis for the year ended September 30, 2018.

The District also contributed \$402,500 to the PEHP Plan for the year ended September 30, 2018.

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

**Post Employment Health Plan (PEHP), continued**

**General - Funding Policy, Continued**

No separate trust has been established for either Plan. No separate financial statement is issued for either OPEB Plan. All required disclosures are presented herein. The District obtained an actuarial valuation for its two OPEB Plans, on a combined basis, to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Plan Description**

The year ended September 30, 2018 was the District's transition year and as such, the District implemented GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB No. 75 requires the District record its actuarially determined total OPEB liability as well as the restatement of the District's beginning net position balance for the year ended September 30, 2018.

All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2018, there were thirty-six (36) retirees eligible to receive benefits. At September 30, 2018 there were two hundred twenty-seven (227) active District employees. The benefits are provided both with contractual or labor agreements.

**Actuarial Methods and Assumptions**

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

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

**Actuarial Methods and Assumptions, continued**

At September 30, 2018, the District's Net OPEB Liability of \$10,173,608 was measured as of September 30, 2017, and was determined by an actuarial valuation as of that date using the alternate measurement method. OPEB expense for the year ended September 30, 2018 was \$975,693. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

The following simplifying assumptions were made:

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

Annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with an initial rate of 8.75% per year trending to 4.00% by 2073.

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

Amortization Period: Rolling 20 year amortization

Amortization Method: level percentage of payroll

The discount rate was 3.64% (for 2018) (3.06% for 2017) and was based on the 20 Year Municipal Bond Rate with AA/Aa or higher.

Entry age normal cost method was used.

Inflation Rate	3.00%
Salary Increases	6.00%
Discount Rate	3.64%
Initial Trend Rate	8.75%
Ultimate Trend Rate	4.00%
Years to Ultimate	56

The FRS salary scale was used

Participation percentage: 50%

The actuarial assumptions used in the September 30, 2018 valuation were based on results of an actuarial experience study performed for the FRS Retirement Plan.

The rationales for selecting each of the assumptions used in the financial accounting valuation and for the assumptions changes summarized above are to best reflect the current market conditions and recent plan experience.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

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

**Changes in the Net OPEB Liability**

	<u>Amount</u>
Balance at September 30, 2017	\$ 10,117,484
Changes for the Year:	
Service Cost	723,937
Interest Cost on Total OPEB Liability	326,072
Change in Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	(620,125)
Benefit Payments	<u>(373,760)</u>
Net Changes	<u>56,124</u>
Balance at September 30, 2018	<u>\$ 10,173,608</u>

The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percent higher or 1 percent lower than the current discount rate.

	1% Decrease	Current Rate	1% Increase
	<u>2.64%</u>	<u>3.64%</u>	<u>4.64%</u>
Net OPEB Liability	\$ 11,275,143	\$ 10,173,608	\$ 9,213,946

The following presents the net OPEB liability of the District as well as what the District's net OPEB liability would be if it were calculated using healthcare trend rates that are 1 percent higher or 1 percent lower than the current healthcare trend rate.

	1% Decrease	Trend Rate	1% Increase
	<u>3.00-7.75%</u>	<u>4.00-8.75%</u>	<u>5.00-9.75%</u>
Net OPEB Liability	\$ 8,974,801	\$ 10,173,608	\$ 11,600,859

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

**Changes in the Net OPEB Liability, continued**

For the year ended September 30, 2018, the District recognized OPEB expense credit of \$975,693. At September 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources*</u>	<u>Deferred Inflows of Resources*</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	542,609
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	<u>409,664</u>	<u>-</u>
Total	<u>\$ 409,664</u>	<u>\$ 542,609</u>

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

Year Ended September 30:	<u>Amount</u>
2019	\$ (77,516)
2020	(77,516)
2021	(77,516)
2022	(77,516)
2023	(77,516)
Thereafter	<u>(155,029)</u>
Total	<u>\$ (542,609)</u>

**NOTE I - RISK MANAGEMENT**

During the year ended September 30, 2018, the District provided health benefits as follows:

The District continued the use of a high deductible health plan offered to employees and retirees of the District. The District does not offer vision coverage to the employees of the District. The District offers a HSA plan for its employees. The District contributes \$5,000 for those eligible participants who have met the family deductible and \$3,000 for those eligible participants who have to meet the individual deductible to the HSA plan annually.

Participants may also elect to contribute to the respective plan on a pre-tax basis. HSA amounts that are not utilized by the year end are carried over and are the property of the participant per IRS regulation.

The District's HSA contributions for the year ended September 30, 2018 were \$1,030,907.

The District incurred \$4,465,785 in health related claims, third party administration costs, disability, premiums and reinsurance premiums including HSA contributions (noted above) and workers compensation insurance during the year ended September 30, 2018, for the self-insurance and fully-funded insurance programs.

It is the policy of the District to purchase third party commercial insurance for other remaining forms of potential risks to which it is exposed. The District's risk management activities are reported in the General Fund. No accrual has been recorded for claims and incidents not reported to the insurer. The District paid \$450,512 for building, auto and other liability insurances for the year ended September 30, 2018. The District had no significant reductions in insurance coverage from the prior year. Reported claims have not exceeded the insurance coverage for the years ended September 30, 2011 through September 30, 2018.

**NOTE J - PROPERTY TAXES**

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE J - PROPERTY TAXES, CONTINUED**

of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Collier County Tax Collector. No accrual for the property tax levy becoming due in November 2018 is included in the accompanying basic financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2018, \$284,278 was recorded in the General Fund and was due from the Collier County Tax Collector to the District for ad valorem taxes and excess fees, and interest.

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2018, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$1.00 per \$1,000 (1.0 mills) of the 2017 net taxable value of real property located within the North Naples Service Delivery Area.

For the year ended September 30, 2018, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$3.50 per \$1,000 (3.5 mills) of the 2017 net taxable value of real property located within the Big Corkscrew Island Service Delivery Area.



**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE K - IMPACT FEE FUND ACTIVITY**

During the year ended September 30, 2018, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2017	\$ 2,264,743
Impact fee receipts	964,199
Due from other Governments	85,601
Interest and other income	11,701
Operating expenses	(30,009)
Loan interest	(12,937)
Principal reduction	(57,500)
Capital outlay	(3,140,069)
Transfers in (out)	<u>-</u>
Unearned revenue, September 30, 2018	<u>\$ 85,729</u>

**NOTE L - FUND BALANCE/NET POSITION ALLOCATIONS**

Fund Balance/Net Position were allocated for the following purposes at September 30, 2018:

<u>Nonspendable - General Fund</u>	NN Amount	BCI Amount	Total Amount
Nonspendable fund balance - General Fund prepaid expenses	<u>\$ 1,040,526</u>	<u>\$ -</u>	<u>\$ 1,040,526</u>
<u>Assigned fund balance - General Fund</u>	NN Amount	BCI Amount	Total Amount
General Fund - Expenses - Oct - Dec	\$ 8,022,640	\$ 533,336	\$ 8,555,976
General Fund - Minimum operating reserve per policy	<u>1,263,599</u>	<u>-</u>	<u>1,263,599</u>
Total General Fund	<u>\$ 9,286,239</u>	<u>\$ 533,336</u>	<u>\$ 9,819,575</u>
<u>Unassigned - General Fund</u>	NN Amount	BCI Amount	Total Amount
General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Restricted Fund Balance/Net Position - Inspection Fee Fund</u>			Total Amount
Inspection Fee Fund			<u>\$ 113,706</u>

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

**NOTE M - LEASED VEHICLES**

On October 13, 2016, the District leased seventeen (17) vehicles under a forty eight (48) month operating lease agreement with a monthly payment of \$8,191. The minimum annual lease payments are as follows:

<u>Years Ending</u> <u>September 30</u>	<u>Amount</u>
2019	\$ 90,996
2020	90,996
2021	37,915
	<u>\$ 219,907</u>

Lease expense for the year ended September 30, 2018 was \$90,999.

**NOTE N - COMMITMENTS AND CONTINGENCIES**

The District is involved from time to time in certain routine litigation, the substance of which either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions, and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to vigorously contest any such matters.

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

During the year ended September 30, 2017, the District's unrestricted net position (net assets) balance was a deficit of \$(3,046,464), due substantially to recording the current year actuarially determined net pension liability of \$16,738,173. The District's total available fund balance at September 30, 2017 remains approximately equal to four (4) months of actual expenditures. However, the Board assigned 100% of the available fund balance of \$7,744,006 to fund operations for the first quarter of the subsequent fiscal year.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2018**

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

During the year ended September 30, 2018, the District's unrestricted net position (net assets) balance was a deficit of \$(7,858,148), due substantially to recording the current year actuarially determined net pension liability of \$14,648,252 and the net OPEB liability of \$10,173,608. The District's total available fund balance at September 30, 2018 remains approximately equal to three (3) months of actual expenditures. However, the Board assigned fund balance of \$9,014,782 to fund operations for the first quarter of the subsequent fiscal year.

**NOTE P - CHANGES IN ACCOUNTING PRINCIPLE**

During the year ended September 30, 2018, the District implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The implementation of the pronouncement required the restatement of the District's September 30, 2017 governmental activities - net position as follows:

<u>Governmental Activities</u>	<u>Amount</u>
Net Position, as Previously Reported	\$ 28,256,992
Cumulative Effect of GASB No. 75 Other Post Employment Liability (OPEB)	<u>(6,361,646)</u>
Net Position, As Restated	<u>\$ 21,895,346</u>

**COMBINING FINANCIAL STATEMENTS  
BY SERVICE DELIVERY AREA**

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**COMBINING BALANCE SHEET - GENERAL FUND - BY SERVICE**  
**DELIVERY AREA**  
**September 30, 2018**

	North Naples Service Delivery Area	Big Corkscrew Island Service Delivery Area	Eliminations	Total General Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 7,117,304	\$ 906,801	\$ -	\$ 8,024,105
Restricted cash and cash equivalents	-	-	-	-
Due from other governments	429,402	44,998	-	474,400
Due from other funds	3,182,404	150	(418,763)	2,763,791
Other receivables	98,769	-	-	98,769
Prepaid expenses	<u>1,040,526</u>	<u>-</u>	<u>-</u>	<u>1,040,526</u>
TOTAL ASSETS	<u>\$ 11,868,405</u>	<u>\$ 951,949</u>	<u>\$ (418,763)</u>	<u>\$ 12,401,591</u>
 <b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,345,317	\$ -	\$ -	\$ 1,345,317
Retainage payable	-	-	-	-
Due to other funds	188,823	418,613	(418,763)	188,673
Contract deposits	7,500	-	-	7,500
Unearned revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,541,640</u>	<u>418,613</u>	<u>(418,763)</u>	<u>1,541,490</u>
 <b>FUND BALANCE</b>				
Nonspendable	1,040,526	-	-	1,040,526
Restricted	-	-	-	-
Assigned	9,286,239	533,336	-	9,819,575
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>10,326,765</u>	<u>533,336</u>	<u>-</u>	<u>10,860,101</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,868,405</u>	<u>\$ 951,949</u>	<u>\$ (418,763)</u>	<u>\$ 12,401,591</u>

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE - GENERAL FUND -  
 BY SERVICE DELIVERY AREA  
 Year Ended September 30, 2018**

	General Fund		
	North Naples Service Delivery Area	Big Corkscrew Island Service Delivery Area	Total General Fund
<b>REVENUES</b>			
Ad Valorem taxes	\$ 29,986,289	\$ 5,144,919	\$ 35,131,208
Intergovernmental revenue:			
State firefighter supplement	73,760	-	73,760
Federal grants	249,324	249,324	498,648
Other Intergovernmental	54,863	-	54,863
Charges for services	675,378	2,856	678,234
Miscellaneous:			
Interest	107,347	390	107,737
Other	463,030	20,736	483,766
<b>TOTAL REVENUES</b>	<b>31,609,991</b>	<b>5,418,225</b>	<b>37,028,216</b>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	24,647,879	4,743,082	29,390,961
Operating expenditures	4,109,400	723,543	4,832,943
Capital outlay	1,071,652	191,539	1,263,191
Debt service:			
Principal reduction	350,669	62,759	413,428
Interest and fiscal charges	76,612	13,711	90,323
Reserves	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>30,256,212</b>	<b>5,734,634</b>	<b>35,990,846</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,353,779</b>	<b>(316,409)</b>	<b>1,037,370</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>			
Proceeds from capital lease	888,147	-	888,147
Proceeds from disposition of capital assets	14,600	-	14,600
Transfer in	-	-	-
Transfer out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>902,747</b>	<b>-</b>	<b>902,747</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,256,526</b>	<b>(316,409)</b>	<b>1,940,117</b>
<b>FUND BALANCE - Beginning</b>	<b>8,070,239</b>	<b>849,745</b>	<b>8,919,984</b>
<b>FUND BALANCE - Ending</b>	<b>\$ 10,326,765</b>	<b>\$ 533,336</b>	<b>\$ 10,860,101</b>

The accompanying notes are an integral part of this statement.

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

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -**  
**SUMMARY STATEMENT - NN**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 29,300,110	\$ 29,300,110	\$ 29,986,289	\$ 686,179
Intergovernmental revenue:				
State firefighter supplement	41,205	41,205	73,760	32,555
Federal grants	205,500	266,756	249,324	(17,432)
Other Intergovernmental	25,446	25,446	54,863	29,417
Charges for services	565,423	565,423	675,378	109,955
Miscellaneous:				
Interest	53,500	53,500	107,347	53,847
Other	423,160	423,160	463,030	39,870
Subtotal - revenues	30,614,344	30,675,600	31,609,991	934,391
Cash brought forward	9,005,368	8,070,239	-	(8,070,239)
<b>TOTAL REVENUES</b>	<b>39,619,712</b>	<b>38,745,839</b>	<b>31,609,991</b>	<b>(7,135,848)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	24,145,752	24,189,010	24,647,879	(458,869)
Operating expenditures	4,212,574	4,257,962	4,109,400	148,562
Capital outlay	247,250	1,092,181	1,071,652	20,529
Debt service:				
Principal reduction	364,748	364,748	350,669	14,079
Interest and fiscal charges	76,125	76,125	76,612	(487)
Reserves	10,573,263	8,544,648	-	8,544,648
<b>TOTAL EXPENDITURES</b>	<b>39,619,712</b>	<b>38,524,674</b>	<b>30,256,212</b>	<b>8,268,462</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>221,165</b>	<b>1,353,779</b>	<b>1,132,614</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds from capital lease	-	753,326	888,147	134,821
Proceeds from disposition of capital assets	-	90,000	14,600	(75,400)
Transfer in	-	-	-	-
Transfer out	-	(1,064,491)	-	1,064,491
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>-</b>	<b>(221,165)</b>	<b>902,747</b>	<b>1,123,912</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,256,526</b>	<b>\$ 2,256,526</b>
<b>FUND BALANCE - Beginning</b>			<b>8,070,239</b>	
<b>FUND BALANCE - Ending</b>			<b>10,326,765</b>	

The accompanying notes are an integral part of this statement.



**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND - DETAILED STATEMENT - NN**  
**Year Ended September 30, 2018**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 29,300,110	\$ 29,300,110	\$ 29,986,289	\$ 686,179
Intergovernmental revenue:				
State firefighter supplement	41,205	41,205	73,760	32,555
Federal grants	205,500	266,756	249,324	(17,432)
Other Intergovernmental	25,446	25,446	54,863	29,417
Charges for services	565,423	565,423	675,378	109,955
Miscellaneous:				
Interest	53,500	53,500	107,347	53,847
Other	423,160	423,160	463,030	39,870
Subtotal - revenues	30,614,344	30,675,600	31,609,991	934,391
Cash brought forward	9,005,368	8,070,239	-	(8,070,239)
<b>TOTAL REVENUES</b>	<b>39,619,712</b>	<b>38,745,839</b>	<b>31,609,991</b>	<b>(7,135,848)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services:				
Salaries				
Firefighters & Admin.	14,112,005	14,112,005	14,024,784	87,221
Commissioners	25,446	25,446	24,725	721
Overtime	703,006	720,818	620,015	100,803
Vacation pay	114,507	114,507	145,290	(30,783)
Sick leave	495,661	495,661	611,257	(115,596)
Professional/Incentives and holiday pay	648,503	648,503	681,677	(33,174)
Payroll taxes				
Social Security	1,238,646	1,238,646	1,207,405	31,241
Benefits				
Retirement	2,674,844	2,674,844	3,248,728	(573,884)
Health insurance (including HSA)	3,088,856	3,088,856	2,825,862	262,994
Disability insurance	62,552	62,552	89,676	(27,124)
Unemployment	8,482	8,482	-	8,482
Workers compensation	776,461	776,461	639,470	136,991
Medical clinic/employee physicals	171,336	196,782	185,197	11,585
Post employment health plan (PEHP)	22,901	22,901	341,400	(318,499)
Retirement recognition	2,546	2,546	2,393	153
Subtotal - Personnel services	24,145,752	24,189,010	24,647,879	(458,869)

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND - DETAILED STATEMENT - NN (CONTINUED)**  
**Year Ended September 30, 2018**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Operating expenditures:				
Insurance	360,485	360,485	382,124	(21,639)
Uniforms	85,615	91,298	45,022	46,276
Communications	5,089	5,089	5,362	(273)
Telephone	319,275	319,275	243,449	75,826
Utilities	234,392	234,392	233,392	1,000
Maintenance				
Vehicle	240,041	240,041	251,723	(11,682)
Equipment	69,977	69,977	51,639	18,338
Computer	342,444	342,444	281,671	60,773
Hydrant	33,928	33,928	22,698	11,230
Building	287,116	287,116	287,148	(32)
Supplies				
Office	63,615	63,615	39,910	23,705
Protective gear	72,097	87,619	95,492	(7,873)
Station	48,093	48,093	48,627	(534)
Emergency medical	143,431	143,431	129,083	14,348
Enterprise Lease/Rental	78,034	78,034	77,185	849
Hurricane/emergency	-	-	71,723	(71,723)
Equipment				
Office	39,865	39,865	19,983	19,882
Fire	84,141	94,320	62,029	32,291
Shop	16,540	16,540	17,708	(1,168)
Warehouse/logistics	10,603	10,603	4,222	6,381
Professional and other fees				
Legal and professional	371,512	383,820	429,204	(45,384)
Property appraiser fees	214,165	214,165	199,347	14,818
Tax collector fees	589,794	589,794	611,577	(21,783)
Accounting	67,856	67,856	68,531	(675)
Miscellaneous				
Travel	8,482	8,482	13,324	(4,842)
Water/sewer fee St. 44	6,420	6,420	-	6,420
Public information officer	4,835	4,835	5,143	(308)
Fuel and oil	160,086	160,086	220,447	(60,361)
Legal advertisements	6,786	6,786	8,234	(1,448)
Dues and subscriptions	13,754	13,754	7,146	6,608
CERT team	9,330	9,330	10,953	(1,623)
Dive team	1,527	3,223	3,468	(245)
Fire prevention	25,446	25,446	16,307	9,139
Training	182,278	182,278	116,256	66,022
Hazardous materials	848	848	3,227	(2,379)
Technical rescue	2,545	2,545	3,303	(758)
Boat team	3,647	3,647	3,527	120
K-9 search and rescue	-	-	9,711	(9,711)
Honor guard	-	-	-	-
OPS	-	-	-	-
Peer fitness	-	-	-	-
Miscellaneous	8,482	8,482	9,505	(1,023)
Operational Reserves				
Contingency	-	-	-	-
Subtotal - Operating expenditures	4,212,574	4,257,962	4,109,400	148,562

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND - DETAILED STATEMENT - NN (CONTINUED)**  
**Year Ended September 30, 2018**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		(Unfavorable)
Capital outlay:				
Land	-	-	-	-
Station improvements	54,285	94,150	108,162	(14,012)
Fire & rescue equipment	42,410	42,410	53,266	(10,856)
Protective gear	84,820	123,837	47,849	75,988
Communication equipment	-	-	3,442	(3,442)
Office equipment	-	-	-	-
Medical equipment	-	-	-	-
Computers	55,133	55,133	48,097	7,036
TRT	-	-	-	-
Boat team	-	-	-	-
Vehicle purchase	8,482	8,482	10,432	(1,950)
Shop equipment	-	-	4,502	(4,502)
Training equipment	-	-	28,741	(28,741)
Station equipment & computers	2,120	2,120	-	2,120
Logistics/warehouse	-	-	-	-
Hazardous materials equip.	-	-	-	-
Fire apparatus	-	753,326	756,974	(3,648)
Dive equipment	-	12,723	10,187	2,536
Fire prevention	-	-	-	-
Subtotal - Capital outlay	<u>247,250</u>	<u>1,092,181</u>	<u>1,071,652</u>	<u>20,529</u>
Debt service:				
Principal reduction	364,748	364,748	350,669	14,079
Interest and fiscal charges	<u>76,125</u>	<u>76,125</u>	<u>76,612</u>	<u>(487)</u>
Subtotal - Debt service	<u>440,873</u>	<u>440,873</u>	<u>427,281</u>	<u>13,592</u>
Reserves:				
Reserves	<u>10,573,263</u>	<u>8,544,648</u>	<u>-</u>	<u>8,544,648</u>
<b>TOTAL EXPENDITURES</b>	<u>39,619,712</u>	<u>38,524,674</u>	<u>30,256,212</u>	<u>8,268,462</u>
<b>EXCESS OF REVENUES</b>				
<b>OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>221,165</u>	<u>1,353,779</u>	<u>1,132,614</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Proceeds from capital lease	-	753,326	888,147	134,821
Proceeds from disposition of capital assets	-	90,000	14,600	(75,400)
Transfers in	-	-	-	-
Transfers out	-	(1,064,491)	-	1,064,491
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<u>-</u>	<u>(221,165)</u>	<u>902,747</u>	<u>1,123,912</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING</b>				
<b>SOURCES OVER (UNDER) EXPENDITURES</b>				
<b>AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,256,526</u>	<u>\$ 2,256,526</u>
<b>FUND BALANCE - Beginning</b>			<u>8,070,239</u>	
<b>FUND BALANCE - Ending</b>			<u>\$ 10,326,765</u>	

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -**  
**SUMMARY STATEMENT - BCI**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 5,020,163	\$ 5,020,163	\$ 5,144,919	\$ 124,756
Intergovernmental revenue:				
State firefighter supplement	7,374	7,374	-	(7,374)
Federal grants	205,500	266,755	249,324	(17,431)
Other intergovernmental	4,554	4,554	-	(4,554)
Charges for services	10,000	10,000	2,856	(7,144)
Miscellaneous:				
Interest	4,000	4,000	390	(3,610)
Other	60,000	60,000	20,736	(39,264)
Subtotal - revenues	5,311,591	5,372,846	5,418,225	45,379
Cash brought forward	1,531,982	849,745	-	(849,745)
<b>TOTAL REVENUES</b>	<b>6,843,573</b>	<b>6,222,591</b>	<b>5,418,225</b>	<b>(804,366)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	4,652,631	4,660,373	4,743,082	(82,709)
Operating expenditures	753,904	762,027	723,543	38,484
Capital outlay	44,250	195,466	191,539	3,927
Debt service:				
Principal reduction	65,278	65,278	62,759	2,519
Interest and fiscal charges	13,624	13,624	13,711	(87)
Reserves	1,313,886	470,135	-	470,135
<b>TOTAL EXPENDITURES</b>	<b>6,843,573</b>	<b>6,166,903</b>	<b>5,734,634</b>	<b>432,269</b>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	55,688	(316,409)	(372,097)
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds from disposition of capital assets	-	134,821	-	(134,821)
Transfer out	-	(190,509)	-	190,509
<b>TOTAL OTHER FINANCING SOURCES         AND USES</b>	<b>-</b>	<b>(55,688)</b>	<b>-</b>	<b>55,688</b>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	(316,409)	\$ (316,409)
<b>FUND BALANCE - Beginning</b>			849,745	
<b>FUND BALANCE - Ending</b>			\$ 533,336	

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - DETAILED STATEMENT - BCI**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 5,020,163	\$ 5,020,163	\$ 5,144,919	\$ 124,756
Intergovernmental revenue:				
State firefighter supplement	7,374	7,374	-	(7,374)
Federal grants	205,500	266,755	249,324	(17,431)
Other intergovernmental	4,554	4,554	-	(4,554)
Charges for services	10,000	10,000	2,856	(7,144)
Miscellaneous:				
Interest	4,000	4,000	390	(3,610)
Other	60,000	60,000	20,736	(39,264)
Subtotal - revenues	5,311,591	5,372,846	5,418,225	45,379
Cash brought forward	1,531,982	849,745	-	(849,745)
<b>TOTAL REVENUES</b>	<b>6,843,573</b>	<b>6,222,591</b>	<b>5,418,225</b>	<b>(804,366)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services:				
Salaries				
Firefighters & Admin.	2,525,586	2,525,586	2,509,977	15,609
Salaries - harmonization	312,460	312,460	312,460	-
Commissioners	4,554	4,554	4,425	129
Overtime	125,815	129,003	110,962	18,041
Vacation pay	20,493	20,493	26,002	(5,509)
Sick leave	88,426	88,426	109,395	(20,969)
Incentives and holiday pay	112,513	112,513	121,998	(9,485)
Payroll taxes				
Social Security	221,677	221,677	216,086	5,591
Benefits				
Retirement	478,709	478,709	581,417	(102,708)
Health insurance	552,804	552,804	498,494	54,310
Disability insurance	11,195	11,195	23,291	(12,096)
Benefits harmonization	22,702	22,702	19,459	3,243
Unemployment	1,518	1,518	-	1,518
Workers compensation	138,961	138,961	114,444	24,517
Medical clinic/employee physicals	30,664	35,218	33,144	2,074
Post employment health plan (PEHP)	4,099	4,099	61,100	(57,001)
Retirement recognition	455	455	428	27
Subtotal - Personnel services	4,652,631	4,660,373	4,743,082	(82,709)

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - DETAILED STATEMENT - BCI (CONTINUED)**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating expenditures:				
Insurance	64,515	64,515	68,388	(3,873)
Uniforms	15,323	16,340	8,058	8,282
Communications	911	911	960	(49)
Telephone	57,140	57,140	43,569	13,571
Utilities	41,948	41,948	41,769	179
Maintenance				
Vehicle	42,959	42,959	45,050	(2,091)
Equipment	12,515	12,515	12,999	(484)
Computer	61,286	61,286	50,660	10,626
Hydrant	6,072	6,072	305	5,767
Building	51,384	51,384	51,390	(6)
Supplies				
Office	11,385	11,385	10,643	742
Protective gear	12,903	15,681	17,090	(1,409)
Station	8,607	8,607	8,703	(96)
Emergency medical	25,669	25,669	26,271	(602)
Enterprise Lease/Rental	13,966	13,966	13,814	152
Hurricane/emergency	-	-	12,836	(12,836)
Equipment				
Office	7,135	7,135	75	7,060
Fire	15,059	16,880	11,101	5,779
Shop	2,960	2,960	-	2,960
Warehouse/logistics	1,898	1,898	756	1,142
Professional and other fees				
Legal and professional	66,488	68,691	76,904	(8,213)
Property appraiser fees	38,329	38,329	35,677	2,652
Tax collector fees	105,554	105,554	90,946	14,608
Accounting	12,144	12,144	12,173	(29)
Miscellaneous				
Travel	1,518	1,518	2,385	(867)
Water/sewer fee St. 44	1,149	1,149	8,110	(6,961)
Public information officer	865	865	2,333	(1,468)
Public education officer	-	-	-	-
Fuel and oil	28,650	28,650	39,453	(10,803)
Legal advertisements	1,214	1,214	1,474	(260)
Dues and subscriptions	2,461	2,461	1,279	1,182
CERT team	1,670	1,670	1,960	(290)
Dive team	273	577	621	(44)
Fire prevention	4,554	4,554	23	4,531
Training	32,622	32,622	22,288	10,334
Hazardous materials	152	152	578	(426)
Technical rescue	455	455	591	(136)
Boat team	653	653	631	22
K-9 search and rescue	-	-	-	-
Honor guard	-	-	-	-
OPS	-	-	-	-
Peer fitness	-	-	-	-
Miscellaneous	1,518	1,518	1,680	(162)
Operational Reserves				
Contingency	-	-	-	-
Subtotal - Operating expenditures	<u>753,904</u>	<u>762,027</u>	<u>723,543</u>	<u>38,484</u>

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - DETAILED STATEMENT - BCI (CONTINUED)**  
**Year Ended September 30, 2018**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Capital outlay:				
Land	-	-	-	-
Station improvements	9,715	16,850	29,696	(12,846)
Fire & rescue equipment	7,590	7,590	616	6,974
Protective gear	15,180	22,163	8,563	13,600
Communication equipment	-	-	-	-
Office equipment	-	-	-	-
Medical equipment	-	-	-	-
Computers	9,867	9,867	8,357	1,510
TRT	-	-	-	-
Boat team	-	-	-	-
Vehicle purchase	1,518	1,518	1,867	(349)
Station equipment	-	-	-	-
Training equipment	-	-	5,144	(5,144)
Community outreach	380	380	-	380
Logistics/warehouse	-	-	-	-
Hazardous materials equipment	-	-	-	-
Fire apparatus	-	134,821	135,473	(652)
Dive equipment	-	2,277	1,823	454
Subtotal - Capital outlay	<u>44,250</u>	<u>195,466</u>	<u>191,539</u>	<u>3,927</u>
Debt service:				
Principal reduction	65,278	65,278	62,759	2,519
Interest and fiscal charges	13,624	13,624	13,711	(87)
Subtotal - Debt service	<u>78,902</u>	<u>78,902</u>	<u>76,470</u>	<u>2,432</u>
Reserves:				
Reserves	<u>1,313,886</u>	<u>470,135</u>	<u>-</u>	<u>470,135</u>
<b>TOTAL EXPENDITURES</b>	<u>6,843,573</u>	<u>6,166,903</u>	<u>5,734,634</u>	<u>432,269</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>55,688</u>	<u>(316,409)</u>	<u>(372,097)</u>
<b>OTHER FINANCING SOURCES AND USES</b>				
Proceeds from disposition of capital assets	-	134,821	-	(134,821)
Transfer out	-	(190,509)	-	190,509
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	<u>-</u>	<u>(55,688)</u>	<u>-</u>	<u>55,688</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(316,409)</u>	<u>\$ (316,409)</u>
<b>FUND BALANCE - Beginning</b>			<u>849,745</u>	
<b>FUND BALANCE - Ending</b>			<u>\$ 533,336</u>	

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - COMBINED SERVICE DELIVERY AREAS -**  
**BUDGET AND ACTUAL - IMPACT FEE FUND - SUMMARY STATEMENT**  
**Year Ended September 30, 2018**

	Impact Fee Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Fees:				
Impact fees	\$ 1,300,000	\$ 1,300,000	\$ 3,228,814	\$ 1,928,814
Miscellaneous:				
Interest	6,000	6,000	11,701	5,701
Transfer from General Fund	-	1,255,000	-	(1,255,000)
Other	-	-	-	-
Subtotal - revenues	1,306,000	2,561,000	3,240,515	679,515
Cash brought forward	877,666	2,264,744	-	(2,264,744)
<b>TOTAL REVENUES</b>	<b>2,183,666</b>	<b>4,825,744</b>	<b>3,240,515</b>	<b>(1,585,229)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Operating expenditures	71,000	71,000	30,009	40,991
Capital outlay	1,450,000	4,337,432	3,140,069	1,197,363
Debt service:				
Principal	57,500	57,500	57,500	-
Interest and fiscal charges	17,250	17,250	12,937	4,313
Reserves	587,916	342,562	-	342,562
<b>TOTAL EXPENDITURES</b>	<b>2,183,666</b>	<b>4,825,744</b>	<b>3,240,515</b>	<b>1,585,229</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>
FUND BALANCE - Beginning			-	
FUND BALANCE - Ending			\$ -	



**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - COMBINED SERVICE DELIVERY AREAS -  
BUDGET AND ACTUAL - IMPACT FEE FUND - DETAILED STATEMENT  
Year Ended September 30, 2018**

	Impact Fee Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Fees:				
Impact fees	\$ 1,300,000	\$ 1,300,000	\$ 3,228,814	\$ 1,928,814
Miscellaneous:				
Interest	6,000	6,000	11,701	5,701
Transfer from General Fund	-	1,255,000	-	(1,255,000)
Other	-	-	-	-
Subtotal - revenues	1,306,000	2,561,000	3,240,515	679,515
Cash brought forward	877,666	2,264,744	-	(2,264,744)
<b>TOTAL REVENUES</b>	<u>2,183,666</u>	<u>4,825,744</u>	<u>3,240,515</u>	<u>(1,585,229)</u>
<b>EXPENDITURES</b>				
Operating expenditures:				
Impact fee collection	-	-	14,735	(14,735)
Professional fees	71,000	71,000	15,274	55,726
Subtotal - Operating expenditures	71,000	71,000	30,009	40,991
Capital outlay:				
Preplanning	-	-	16,733	(16,733)
Construction in progress	1,050,000	1,050,000	4,010	1,045,990
Emergency signal-station #42	400,000	400,000	229,454	170,546
Protective gear	-	-	-	-
Equipment	-	-	-	-
Land purchase	-	2,887,432	2,889,872	(2,440)
Miscellaneous	-	-	-	-
Subtotal - Capital outlay	1,450,000	4,337,432	3,140,069	1,197,363
Debt service:				
Principal	57,500	57,500	57,500	-
Interest and fiscal charges	17,250	17,250	12,937	4,313
Subtotal - Debt service	74,750	74,750	70,437	4,313
Reserves:	587,916	342,562	-	342,562
<b>TOTAL EXPENDITURES</b>	<u>2,183,666</u>	<u>4,825,744</u>	<u>3,240,515</u>	<u>1,585,229</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Transfers in (out)	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	-	-	-	-
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - Beginning				-
FUND BALANCE - Ending			\$ -	-

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**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - COMBINED SERVICE DELIVERY AREA -**  
**INSPECTION FEE FUND - SUMMARY STATEMENT**

	Inspection Fee Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services				
Inspection fees	\$ 980,000	\$ 980,000	\$ 946,446	\$ (33,554)
Plan review fees	980,000	980,000	1,001,237	21,237
Miscellaneous:				
Interest	<u>2,000</u>	<u>2,000</u>	<u>3,832</u>	<u>1,832</u>
Subtotal - revenues	1,962,000	1,962,000	1,951,515	(10,485)
Cash brought forward	<u>1,507</u>	<u>1,507</u>	-	(1,507)
TOTAL REVENUES	<u>1,963,507</u>	<u>1,963,507</u>	<u>1,951,515</u>	<u>(11,992)</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	1,824,903	1,824,903	1,752,961	71,942
Operating expenditures	138,400	138,400	104,903	33,497
Capital outlay	-	-	-	-
Reserves	<u>204</u>	<u>204</u>	-	<u>204</u>
TOTAL EXPENDITURES	<u>1,963,507</u>	<u>1,963,507</u>	<u>1,857,864</u>	<u>105,643</u>
EXCESS OF REVENUES				
OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	93,651	<u>\$ 93,651</u>
<b>FUND BALANCE - Beginning</b>			<u>20,055</u>	
<b>FUND BALANCE - Ending</b>			<u>\$ 113,706</u>	

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - COMBINED SERVICE**  
**DELIVERY AREA - INSPECTION FEE FUND - DETAILED STATEMENT**

	Inspection Fee Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Charges for services:				
Inspection fees	\$ 980,000	\$ 980,000	\$ 946,446	\$ (33,554)
Plan review fees	980,000	980,000	1,001,237	21,237
Miscellaneous:				
Interest	2,000	2,000	3,832	1,832
Subtotal - revenues	1,962,000	1,962,000	1,951,515	(10,485)
Cash brought forward	1,507	1,507	-	(1,507)
<b>TOTAL REVENUES</b>	<u>1,963,507</u>	<u>1,963,507</u>	<u>1,951,515</u>	<u>(11,992)</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services:				
Salaries				
Regular	1,230,430	1,230,430	1,181,110	49,320
Overtime	50,000	50,000	50,796	(796)
Sick leave	25,000	25,000	-	25,000
Vacation pay	-	-	-	-
Professional/Incentives and holiday pay	9,600	9,600	9,600	-
Payroll taxes				
Social Security	103,891	103,891	94,797	9,094
Benefits				
Retirement	154,577	154,577	142,113	12,464
Health insurance	198,210	198,210	223,243	(25,033)
Disability insurance	10,000	10,000	-	10,000
Medical clinic/employee physicals	1,000	1,000	-	1,000
Unemployment compensation	-	-	-	-
Workers compensation	42,195	42,195	51,302	(9,107)
Subtotal - Personnel services	<u>1,824,903</u>	<u>1,824,903</u>	<u>1,752,961</u>	<u>71,942</u>

The accompanying notes are an integral part of this statement.

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**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - COMBINED SERVICE**  
**DELIVERY AREA - INSPECTION FEE FUND - DETAILED STATEMENT (CONTINUED)**

	Inspection Fee Fund			
	Original	Final	Actual	Variance
	Budget	Budget		(Unfavorable)
Operating expenditures:				
Uniforms	1,000	1,000	-	1,000
Telephone	1,000	1,000	-	1,000
Utilities	2,500	2,500	-	2,500
Rent	50,000	50,000	50,000	-
Maintenance				
Computer software & supplies	40,000	40,000	38,973	1,027
Hydrant	-	-	-	-
Supplies				
Office	2,000	2,000	149	1,851
Miscellaneous				
Employee physicals	-	-	-	-
Dues & subscriptions	6,900	6,900	2,370	4,530
Fire prevention	5,000	5,000	4,909	91
Training	20,000	20,000	3,142	16,858
Travel	10,000	10,000	5,360	4,640
Subtotal - Operating expenditures	138,400	138,400	104,903	33,497
Capital outlay:				
Office facility	-	-	-	-
Vehicles	-	-	-	-
Subtotal - Capital outlay	-	-	-	-
Debt service:				
Principal reduction				-
Interest and fiscal charges	-	-	-	-
Subtotal - Debt service	-	-	-	-
Reserves:	204	204	-	204
TOTAL EXPENDITURES	1,963,507	1,963,507	1,857,864	105,643
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -	\$ -	93,651	\$ 93,651
<b>FUND BALANCE - Beginning</b>			20,055	
<b>FUND BALANCE - Ending</b>			\$ 113,706	

The accompanying notes are an integral part of this statement.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM (FRS) PENSION  
PLAN (1)**

	2018	2017	2016	2015
District's proportion of the net pension liability	0.031414516%	0.038802719%	0.040983896%	0.038209683%
District's proportionate share of the net pension liability	\$ 9,462,215	\$ 11,477,584	\$ 10,348,466	\$ 4,935,293
District's covered-employee payroll	\$ 5,753,921	\$ 6,933,311	\$ 6,745,995	\$ 6,326,722
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.45%	165.54%	153.40%	78.01%
Plan fiduciary net position as a percentage of the total pension liability	84.26%	83.89%	84.88%	92.00%

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 912,380	\$ 1,119,238	\$ 1,099,170	\$ 967,270
Contributions in relation to the contractually required contribution	912,380	1,119,238	1,099,170	967,270
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,753,921	\$ 6,933,311	\$ 6,745,995	\$ 6,326,722
Contributions as a percentage of covered-employee payroll	15.86%	16.14%	16.29%	15.29%

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

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

2014  
0.041592399%  
\$ 2,537,748  
\$ 6,293,887  
  
40.32%  
  
96.09%

2014  
\$ 971,792  
  
971,792  
\$ -  
\$ 6,293,887  
  
15.44%

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION  
PLAN (1)**

	2018	2017	2016	2015
District's proportion of the net pension liability	0.019013168%	0.021233558%	0.021530658%	0.021138780%
District's proportionate share of the net pension liability	\$ 2,012,375	\$ 2,270,390	\$ 2,509,309	\$ 2,155,823
District's covered-employee payroll	\$ 5,753,921	\$ 6,933,311	\$ 6,745,995	\$ 6,326,722
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.97%	32.75%	37.20%	34.07%
Plan fiduciary net position as a percentage of the total pension liability	2.15%	1.64%	0.97%	0.50%

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

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

	2018	2017	2016	2015
Contractually required contribution	\$ 68,674	\$ 84,244	\$ 87,198	\$ 78,787
Contributions in relation to the contractually required contribution	<u>68,674</u>	<u>84,244</u>	<u>87,198</u>	<u>78,787</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,753,921	\$ 6,933,311	\$ 6,745,995	\$ 6,326,722
Contributions as a percentage of covered-employee payroll	1.19%	1.22%	1.29%	1.25%

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

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

2014  
0.021145042%  
\$ 1,977,113  
\$ 6,293,887  
  
31.41%  
  
0.99%

2014  
\$ 65,973  
  
65,973  
\$ -  
\$ 6,293,887  
  
1.05%



**Changes of Assumptions**

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was reduced from 7.10% to 7.00%. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate was increased from 3.58% to 3.87% and was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

**Florida Retirement System Pension Plan**

There were no changes in actuarial assumptions. As of June 30, 2018, the inflation rate assumption remained at 2.6 percent, the real payroll growth assumption was 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 7.10 percent to 7.00 percent.

**Health Insurance Subsidy Pension Plan**

The municipal rate used to determine total pension liability increased from 3.58 percent to 3.87 percent.

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

In accordance with GASB 68, paragraphs 54 and 71, changes in the net pension liability are recognized in pension expense in the current measurement period, except as indicated below. For each of the following, a portion is recognized in pension expense in the current reporting period, and the balance is amortized as deferred outflows or deferred inflows of resources using a systematic and rational method over a closed period, as defined below:

- Differences between expected and actual experience with regard to economic and demographic factors - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes of assumptions or other inputs - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Changes in proportion and differences between contributions and proportionate share of contributions - amortized over the average expected remaining service life of all employees that are provided with pensions through the pension plan (active and inactive employees)
- Differences between expected and actual earnings on pension plan investments - amortized over five years

Employer contributions to the pension plans from employers are not included in collective pension expense. However, employee contributions are used to reduce pension expense.

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2018 remained at 6.4 for FRS and 7.2 years for HIS.

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND  
RELATED RATIOS GASB 75**

**Changes in Employer's Net OPEB Liability and Related Ratios as of September 30:**

Net OPEB Liability	2018
Service Cost	\$ 723,937
Interest Cost on Total OPEB Liability	326,072
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(620,125)
Benefit Payments	(373,760)
Net Change in net OPEB Liability	56,124
Net OPEB Liability - Beginning of Year	10,117,484
Net OPEB Liability - End of Year	<u>\$ 10,173,608</u>

NOTE: Information for FY 2017 and earlier is not available.

**Plan Fiduciary Net Position as of September 30:**

	2018
Contributions - Employer	\$ 373,760
Net Investment Income	-
Benefit Payments	(373,760)
Administrative Expense	-
Net Change in Fiduciary Net Position	-
Fiduciary Net Position - Beginning of Year	-
Fiduciary Net Position - End of Year	<u>\$ -</u>
Net OPEB Liability	10,173,608
Fiduciary Net Position as a % of Net OPEB Liability	0.00%

Covered-Employee Payroll \*  
Net OPEB Liability as a % of Payroll \*

\* Because this OPEB plan does not depend of salary, no information is provided.

NOTE: Information for FY 2017 and earlier is not available.

**Notes to the Schedule:**

Benefit Changes	None
Changes of Assumptions	The discount rate was changed as follows:
9/30/17	3.06%
9/30/18	3.64%

Population covered by Plan: 227 active 36 inactive

Plan has no specific trust established. \$0 assigned for OPEB.

## **ADDITIONAL REPORTS**



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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
 OVER FINANCIAL REPORTING AND ON COMPLIANCE  
 AND OTHER MATTERS BASED ON AN AUDIT OF BASIC  
 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
 WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners  
 North Collier Fire Control and Rescue District  
 1885 Veterans Park Drive  
 Naples, Florida 34109-0492

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major and non-major fund of North Collier Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2018, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated May 20, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

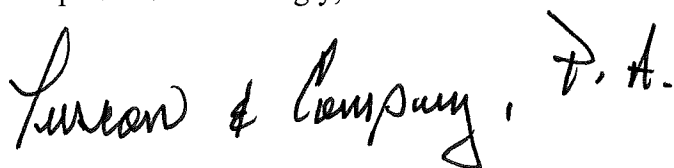
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether North Collier Fire Control and Rescue 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 that are required to be reported under Government Auditing Standards.

### **Purpose of This Report**

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

A handwritten signature in black ink that reads "Tuscán & Company, P.A." with a stylized flourish at the end.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 20, 2019



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& Company, PA

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Affiliations

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American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE  
WITH SECTION 218.415, FLORIDA STATUTES**

Board of Commissioners  
North Collier Fire Control and Rescue District  
1885 Veterans Park Drive  
Naples, Florida 34109-0492

We have examined North Collier Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management is responsible for North Collier Fire Control and Rescue District's compliance with those requirements. Our responsibility is to express an opinion on North Collier Fire Control and Rescue District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about North Collier Fire Control and Rescue District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on North Collier Fire Control and Rescue District's compliance with specified requirements.

In our opinion, North Collier Fire Control and Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2018.

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

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
May 20, 2019

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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Commissioners  
 North Collier Fire Control and Rescue District  
 1885 Veterans Park Drive  
 Naples, Florida 34109-0492

We have audited the accompanying basic financial statements of North Collier Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2018 and have issued our report thereon dated May 20, 2019.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated May 20, 2019, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year report contained no financially significant comments.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

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- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address violations or noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rule of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated May 20, 2019, included herein.

**PRIOR YEAR COMMENTS:**

There were no financially significant prior year comments.

**CURRENT YEAR COMMENTS:**

There were no financially significant comments noted.

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

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

May 20, 2019

**EXHIBIT**



## **NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**

### **BOARD OF FIRE COMMISSIONERS**

M. James Burke ■ Christopher L. Crossan ■ Norman E. Feder ■ J. Christopher Lombardo ■ James A. Calamari

June 20, 2019

Auditor General's Office  
Local Government Audits/342  
Claude Pepper Building, Room 401  
111 West Madison Street  
Tallahassee, FL 32399-1450

We are pleased to note that the audit report for the fiscal year 2017/2018 for the North Collier Fire Control and Rescue District reflected no current or prior year comments which require management's response.

The Board of Fire Commissioners and management staff of the North Collier Fire Control & Rescue District maintain their commitment to create and maintain internal controls, and policy and procedures to insure accurate reporting, accountability and provide for the financial stability of the District.

Sincerely,

**NORTH COLLIER FIRE CONTROL AND RESCUE DISTRICT**