FORT MYERS BEACH FIRE CONTROL DISTRICT

September 30, 2019

BASIC FINANCIAL STATEMENTS TOGETHER
WITH REPORTS OF INDEPENDENT AUDITOR

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Myers Beach Fire Control District, Fort Myers Beach, Florida (the "District") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Auditor's Responsibility, continued

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2019 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

Other Reporting Required by *Government Auditing Standards*, continued

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ashley, Brown + Co.

Ashley, Brown, and Company, CPAs

Punta Gorda, Florida

June 17, 2020

Fort Myers Beach Fire Control District

Management's Discussion and Analysis

(unaudited)

This discussion and analysis of the Fort Myers Beach Fire Control District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2019. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

Financial Highlights

- At the close of the fiscal year the District's assets exceeded its liabilities, resulting in a net position of $2,982,804.
- The District's total net position decreased $2,124,134 or 41.59%, due to increases over the prior year in the actuarially determined liabilities for net retiree health insurance benefits and net pension benefits of $1,135,818 and $3,231,553 respectively.
- The District assigned/committed fund balance was 72.7% or $7,568,636 of the District's total fund balance of $10,413,458 at yearend. Additional information relating to fund balance can be found in Note L on page 37.
- Total revenues increased $892,940, or 8.4%, in comparison to the prior year.
- Total expenses increased $3,130,898 or 29.7%, 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 10 and 11) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

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

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

Governmental Fund Financial Statements

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

Governmental fund financial statements (pages 12 and 14) are prepared on the modified accrual basis of accounting 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 Funds

The Fiduciary fund (pages 16 and 17) is used to account for resources held in the Retiree Insurance Trust (VEBA) for the benefit of retired District employees. The fiduciary fund is not reflected in the government-wide financial statements because the resources of the VEBA fund are not available to support the District's programs.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail the data contained in the preceding statements and begin on page 18. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

The following is a condensed summary of net position for the primary government for fiscal years 2019 and 2018:

Fort Myers Beach Fire Control District
Summary of Net Position
September 30, 2019 and 2018

Assets:	2019	2018
Current and other assets	$ 10,800,113	$ 9,872,506
Capital assets, net	8,062,105	8,338,806
Total Assets	18,862,218	18,211,312
Deferred outflows of resources - pensions	5,913,995	4,604,961
Liabilities:		
Current liabilities	841,992	945,742
Non-current Liabilities	19,642,965	15,520,389
Total liabilities	20,484,957	16,466,131
Deferred inflows of resources - pensions	1,308,452	1,243,204
Net position:		
Net investment in capital assets	6,175,699	6,105,613
Unrestricted (deficit)	(3,192,895)	(998,675)
Total net position	$ 2,982,804	$ 5,106,938

Current and other assets represent 57.3% of the total assets for fiscal year 2019. Current assets were comprised of cash and cash equivalents of $2,517,621, investments of $6,916,947, due from other governments of $85,603, net receivables from ambulance transports of $76,514, deposits of $100, and prepaid expenses of $1,203,328.

Capital assets, net of depreciation, was $8,062,105. Capital assets are comprised of land, buildings, equipment, and vehicles, net of accumulated depreciation. The unrestricted net position (deficit) of $3,192,495 represents available resources to be used at the District's discretion.

The District has assigned $7,568,636 of the General Fund fund balance for purposes such as disaster, equipment sustainment, building improvements and millage stabilization. On a Governmental fund-basis the District had a total – General Fund – fund balance of $10,413,458.

Current liabilities at September 30, 2019 are comprised of accounts payable, accrued expenses and unearned revenue of $386,655 and the current portion of long-term liabilities of $455,337. Non-current liabilities are comprised of notes and leases payable of $1,575,167, a Net OPEB obligation of $4,175,127, compensated absences of $339,145, and net pension liability of $13,553,526. Total liabilities increased $4,018,826 or 24.4%, in comparison to the prior year. Additional information relating to long-term liabilities can be found in note F on pages 33-34.

The following schedule reports the revenues, expenses, and changes in net position for the District for fiscal years 2019 and 2018:

Fort Myers Beach Fire Control District
Summary of Revenues, Expenses and Changes in Net Position
Years ended September 30, 2019 and 2018

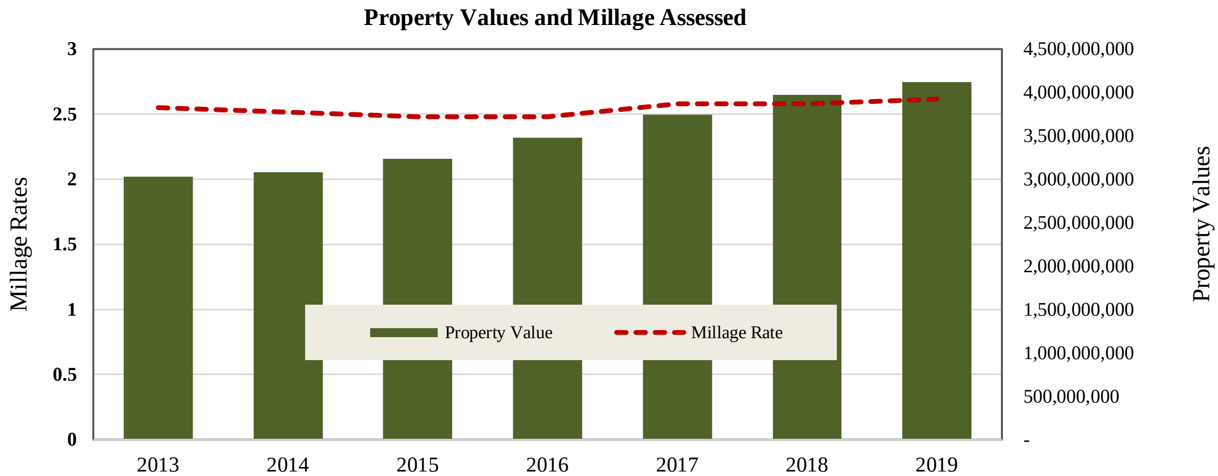
Revenues:	2019	2018
General Revenues		
Property taxes	$ 10,456,777	$ 9,950,924
Miscellaneous		
Impact fees	10,933	4,282
Interest	174,469	83,413
Gain on disposition of capital assets	-	3,897
Other	5,862	16,353
Program Revenues		
Charges for services		
Ambulance	597,855	524,091
Inspection fees	207,598	55,728
Grants and contribuitions	102,405	24,271
Total Revenues	11,555,899	10,662,959
Expenses:		
Public Safety - Fire and Rescue Services	13,680,033	10,549,135
Increase (decrease) in net position	(2,124,134)	113,824
Net Position - Beginning of the year	5,106,938	4,993,114
Net Position - End of the year	$ 2,982,804	$ 5,106,938

In comparison to the prior year:

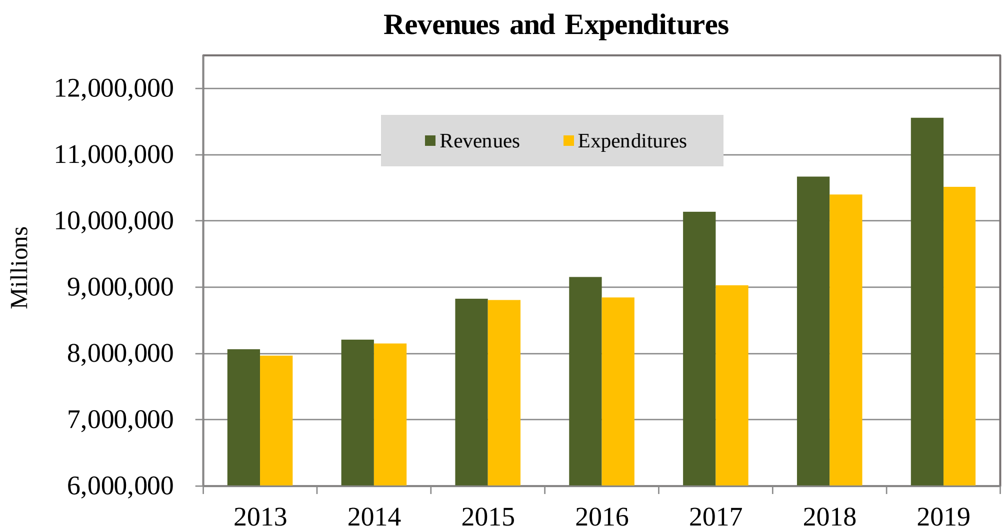
- Total revenues increased $892,940, or 8.4%,.
- Total expenses increased $3,130,898 or 29.7%.
- Assessed property values increased $141,482,919 or 3.5%.
- Ad Valorem tax revenues increased $505,853 or 5.1%.
- Impact fee revenues increased $6,651 or 155.3%.

The District adopted a millage rate of 2.6153 mills per thousand, and increase of 1.4% over the prior year. Property taxes represent 90.5% of total revenue.

The following chart compares the change in property value and millage rates for the past seven years:



The following chart compares revenues and expenditures for the past seven years:



Budgetary Highlights

The following is a brief review of noteworthy budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 64-66). The final budget increased $1,375,252, or 7.2% from the original budget. The increase to fund balance is a result of final accounting for the prior fiscal year and applied to designated reserves. The District increased designated reserves for equipment and building replacement by $1,200,000 in anticipation of rebuilding or replacing Station 31 in the near term, and increased the millage sustainment fund by $175,252.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 64-66.

Capital Assets

Non-depreciable capital assets include land; depreciable assets include buildings, vehicles, equipment, furniture and fixtures.

The following is a schedule of the District's capital assets as of September 30, 2019 and 2018:

Fort Myers Beach Fire Control District
Capital Assets
September 30, 2019 and 2018

CAPITAL ASSETS	2019	2018
Land	$ 1,429,970	$ 1,429,970
Total Capital Assets not depreciated	1,429,970	1,429,970
Buildings	6,648,298	6,581,469
Vehicles	3,058,856	3,289,769
Equipment	1,342,817	1,454,103
Total Capital Assets being depreciated	11,049,971	11,325,341
ACCUMULATED DEPRECIATION		
Buildings	(2,090,035)	(1,971,844)
Vehicles	(1,529,499)	(1,604,507)
Equipment	(798,302)	(840,154)
Total accumulated depreciation	(4,417,836)	(4,416,505)
CAPITAL ASSETS, NET	$ 8,062,105	$ 8,338,806

Major capital asset purchases during the current fiscal year included the following:

- Two light duty vehicles at a cost of $96,909.
- Building improvements including twelve (12) air conditioning units at a cost of $133,970.
- Communication and suppression equipment at a cost of $41,158.
- Computer hardware and other technology solutions at a cost of $21,190.

Additional information on the District's capital assets can be found in Note E on page 32.

Debt Administration

The District's outstanding debt is comprised of notes and leases payable, compensated absences, a net OPEB (other post-employment benefit) obligation for retiree health insurance and net pension liability. The following is a summary schedule of the District's outstanding debt at September 30, 2019 and 2018:

Fort Myers Beach Fire Control District
Debt Obligations
September 30, 2019 and 2018

	2019	2018
Net pension liability	$ 13,553,526	$ 10,321,973
Notes and leases payable	1,908,502	2,233,193
Compensated Absences	345,447	258,699
Net OPEB obligation	4,290,827	3,155,012
Total outstanding debt	$ 20,098,302	$ 15,968,877

Compensated absences increased by $86,748 or 33.5% in comparison to the prior year. This liability represents the total amount the District has due at the termination of all employees' employment as of September 30, 2019. Notes and leases payable decreased by $324,691 or 14.5% in comparison to the prior year. Net pension liability increased by $3,231,553 or 31.3% in comparison to the prior year. Net Other Post Employment Benefits (OPEB) increased by $1,135,815 or 36.0% in comparison to the prior year.

Additional information on the District's debt obligations can be found in Note F on pages 33-34.

Economic Factors and Next Year's Budget

The following factors were considered when next year's budget (2019-2020) was adopted:

- Overall property values within the District increased $137,531,193 or 3.34% to $4,252,169,269.
- The District adopted the millage rate of 2.9851, an increase over the prior year in anticipation of relocating Station 31 and Headquarters to a single, multipurpose structure.

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: Fort Myers Beach Fire Control District, Jane Thompson, Director of Finance and Administrative Services, 100 Voorhis Street, Fort Myers, Florida, 33931, phone (239) 590-4200.

FORT MYERS BEACH FIRE CONTROL DISTRICT

STATEMENT OF NET POSITION
September 30, 2019

	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 2,507,211
Cash and Cash Equivalents - restricted	10,410
Investments	6,916,947
Due from Other Governments	85,603
Receivables, net	76,514
Deposits	100
Prepaid Expenses	1,203,328
Total Current Assets	10,800,113
Noncurrent Assets:	
Capital Assets:	
Land	1,429,970
Depreciable Buildings, Equipment, and Vehicles	
(Net of $4,417,834 Accumulated Depreciation)	6,632,135
Total Noncurrent Assets	8,062,105
TOTAL ASSETS	18,862,218
DEFERRED OUTFLOW OF RESOURCES	5,913,995
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	24,776,213
LIABILITIES	
Current Liabilities:	
Accounts Payable	68,762
Accrued Expenses	307,483
Unearned Revenue	10,410
Current Portion of Long-Term Obligations	455,337
Total Current Liabilities	841,992
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Obligations	19,642,965
TOTAL LIABILITIES	20,484,957
DEFERRED INFLOW OF RESOURCES	1,308,452
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	21,793,409
NET POSITION	
Investment in Capital Assets, Net of Related Debt	6,175,699
Unrestricted (deficit)	(3,192,895)
TOTAL NET POSITION	$ 2,982,804

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

	Governmental Activities
PROGRAM EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personal Services	$ 11,494,519
Operating Expenses	1,533,688
Interest and Fiscal Charges	62,674
Depreciation	574,687
Loss on the disposal of assets	14,465
TOTAL PROGRAM EXPENSES	13,680,033
PROGRAM REVENUES	
Charges for Services	
Ambulance	597,855
Inspection Fees	207,598
Operating Grants and Contributions	102,405
TOTAL PROGRAM REVENUES	907,858
NET PROGRAM EXPENSES	12,772,175
GENERAL REVENUES	
Ad Valorem Taxes	10,456,777
Impact Fees	10,933
Interest	174,469
Other	5,862
TOTAL GENERAL REVENUES	10,648,041
INCREASE (DECREASE) IN NET POSITION	(2,124,134)
NET POSITION, BEGINNING OF THE YEAR	5,106,938
NET POSITION, END OF THE YEAR	$ 2,982,804

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

BALANCE SHEET
September 30, 2019

		General Fund
ASSETS		
Cash and Cash Equivalents	$	2,507,211
Cash and Cash Equivalents - Restricted		10,410
Investments		6,916,947
Due from Other Governments		85,603
Receivables, net		76,514
Deposits		100
Prepaid Expenses		1,203,328
TOTAL ASSETS	$	10,800,113
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	$	68,762
Accrued Expenses		307,483
Unearned Revenue		10,410
TOTAL LIABILITIES		386,655
FUND BALANCES		
Nonspendable		1,203,328
Assigned		7,568,636
Unassigned		1,641,494
TOTAL FUND BALANCES		10,413,458
TOTAL LIABILITIES AND FUND BALANCES	$	10,800,113

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
September 30, 2019

Total fund balances for governmental funds		$ 10,413,458
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Capital assets not being depreciated:		
Land	$ 1,429,970	
		1,429,970
Capital assets being depreciated:		
Building, equipment, and vehicles	11,049,971	
Less: accumulated depreciation	(4,417,836)	
		6,632,135
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	5,913,995	
Deferred inflows related to pensions	(1,308,452)	
		4,605,543
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes Payable	(564,343)	
Capital Leases	(1,344,159)	
Compensated Absences	(345,447)	
Net Pension Liability - FRS	(11,753,697)	
Net Pension Liability - HIS	(1,799,829)	
Net OPEB Liability	(4,290,827)	
		(20,098,302)
Total net position of governmental activities		$ 2,982,804

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2019

	General Fund
REVENUES	
Ad Valorem Taxes	$ 10,456,777
Intergovernmental Revenue:	
Firefighters Supplemental Income	24,580
State & Federal Grants	77,825
Charges for Services:	
Ambulance Transport	597,855
Inspection Fees	207,598
Impact Fees	10,933
Interest Income	174,469
Other income:	
Donations	30
Miscellaneous	5,832
TOTAL REVENUES	11,555,899
EXPENDITURES	
Public Safety	
Personal Services	8,284,189
Operating Expenditures	1,533,688
Capital Outlay	315,290
Debt Service:	
Principal Reduction	324,691
Interest and Fiscal Charges	62,674
TOTAL EXPENDITURES	10,520,532
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,035,367
OTHER FINANCING SOURCES (USES)	
Proceeds from Financing	-
Proceeds from Dispositions of Capital Assets	2,839
TOTAL OTHER FINANCING SOURCES (USES)	2,839
NET CHANGE IN FUND BALANCE	1,038,206
FUND BALANCES - October 1, 2018	9,375,252
FUND BALANCES - September 30, 2019	$ 10,413,458

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

Net change (expenditures in excess of revenues and other financing sources) in fund balances - total governmental funds		$ 1,038,206
The increase (change) in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, dispositions of capital assets resulted in a decrease to net assets.		
Plus: Expenditures for capital assets	$ 315,290	
Less: Current year depreciation	(574,687)	
Less: Loss on the disposition of capital assets	(17,304)	
		(276,701)
The issuance of debt is reported as a financing source in governmental funds and thus contribute to the change in fund balance. In the statement of net 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.		
Repayments (principal retirement):		
Notes Payable	150,114	
Capital Leases	174,577	
		324,691
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 fund.		
Increase in pension and OPEB expense related to amortization of deferred inflows and deferred outflows	(3,123,582)	
Increase in compensated absences	(86,748)	
		(3,210,330)
Decrease in net position of governmental activities		$ (2,124,134)

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
September 30, 2019

	Retiree Insurance Trust Fund VEBA Plan
ASSETS	
Cash and Cash Equivalents	$ 65,786
Investments, at Fair Value:	
Domestic Equities - Common Stock & Options	827,472
Fixed Income Corporate Bonds	131,805
Government & GSE Bonds	198,832
TOTAL ASSETS	1,223,895
LIABILITIES AND NET POSITION	
NET POSITION	
Held In Trust for VEBA Retiree Health Insurance Benefits	1,223,895
TOTAL NET POSITION	$ 1,223,895

The accompanying notes are an integral part of this statement.

FORT MYERS BEACH FIRE CONTROL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
For the Year Ended September 30, 2019

	Retiree Insurance Trust Fund VEBA Plan
ADDITIONS	
Contributions:	
Employer	$ 97,000
Total Contributions	97,000
Investment Income:	
Net Appreciation in Fair Value of Investments	
Net Realized Gain	6,033
Net Unrealized Gain/(Loss)	(2,323)
Ordinary Income/(Loss)	(6,279)
Interest and Dividends	23,633
	21,064
Less: Investment Expense	(11,544)
Net Investment Income	9,520
TOTAL ADDITIONS	106,520
DEDUCTIONS	
Benefits Paid	94,922
Administrative Expenses	8,656
TOTAL DEDUCTIONS	103,578
CHANGE IN NET POSITION	2,942
NET POSITION - BEGINNING OF THE YEAR	1,220,953
NET POSITION - END OF THE YEAR	$ 1,223,895

The accompanying notes are an integral part of this statement.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fort Myers Beach Fire Control District (the "District") is an independent special district established on May 1, 1951, by Laws of Florida, Chapter 51-27676, as amended, under the provisions of Florida Statute Chapter 633. Laws of Florida, Chapter 2000-422 codified, reenacted, amended and repealed its prior enabling acts and was effective June 5, 2000. The District's codified act was amended by Laws of Florida, Chapter 2008-275 which was approved by the Governor on June 17, 2008. This law approved a change in District boundaries by removing certain lands from within the District. The District has the general and special powers prescribed by Florida Statutes Chapters 189, 191 and 633.15 as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services for a certain designated area along coastal Lee County. The District also provides emergency medical and crash and rescue services including transport (ambulance) services. The District's service area includes the Town of Fort Myers Beach and certain adjacent areas of unincorporated Lee County. The District is governed by an at-large elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District operates three (3) stations plus its administrative offices.

During the year ended September 30, 2008, the District established The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008. This is presented as a fiduciary fund in the financial statements.

Reporting Entity

The District adheres to Governmental Accounting Standards Board 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 Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34" (GASB 61).

These Statements require 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. Therefore, no component units are included in the District's basic financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by intergovernmental and general revenues.

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

Government-wide and Fund Financial Statements, continued

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, series, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operating activities or capital improvements of a particular function. Program revenues are considered to be revenues generated by services performed and/or by fees charged, such as inspection and ambulance fees, as well as operating and capital grants. Taxes and other revenue sources not properly included with program revenues are reported as general revenue.

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

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate for governmental funds. The General Fund is the District's primary operating fund and only governmental fund. It accounts for all financial resources of the District, including any impact fees collected.

The insurance trust fund (VEBA) accounts for the activities of the Retiree Insurance Trust, which accumulates resources for the payment of post-employment benefits other than pension for qualified retirees. This fiduciary fund is not reported in the government-wide financial statements, as the assets in this fund are held in trust for retirees and are not available for the operations of the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The District’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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.

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

<u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued</u>

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Revenues 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.

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.

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.

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 enough thereafter to pay liabilities of the current period.

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

Revenues susceptible to accrual are property taxes, ambulance fees, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds and ambulance fees are 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 the long-term debt, if any, which is recognized when due; and (2) expenditures, which are generally not divided between years by the recording of prepaid expenditures.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued
The Fiduciary Fund - The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Restricted assets and liabilities related to restricted assets which are current in nature are reported with current assets and current liabilities in both the government-wide and fund financial statements.

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

Net Position

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted –net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position in the government-wide fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net positions represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balances
When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, as appropriate, and then from unrestricted resources. The governmental fund financial statements the District maintains include nonspendable, restricted, committed, assigned and unassigned fund balances. Nonspendable fund balances are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses.

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

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

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

Fund Balances, continued

The resolution giving rise to the committed fund balance must be imposed by the end of the fiscal year.

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2019, 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.

Unassigned fund balance is fund balance that has not been reported in any other classification within the General Fund.

Impact Fees

Through an interlocal agreement, 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 collected by both Lee County and the Town of Fort Myers Beach and is remitted to the District. The fee is refundable if not expended by the District within twenty (20) years from the date of collection. The District, therefore, records this fee as restricted cash and as unearned revenue, in the general fund, until the date of expenditure, at which time it is recognized as revenue and charged to growth related debt service in the fund financial statements and debt reduction in the government-wide financial statements.

During the year ended September 30, 2013, the District resolved to eliminate the Impact Fee Fund due to the small amount of impact fees collected annually. Impact fees imposed and collected by Lee County and the Town of Fort Myers Beach are based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures and/or related debt associated with growth within the District. Any amounts collected are applied to the debt service of previously approved debt.

Investments

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31), in which all investments are reported at fair value, other than those included in GASB Statement Number 79, "Certain External Investment Pools and Pool Participants," in which investments are reported at amortized cost. GASB Statement 40 "Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3," and GASB Statement Number 72, "Fair Value Measurement and Application." Specifically, the District has adopted a policy to adhere to Chapter 218.415(17), Florida Statutes.

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

Investments, continued

Investments held by the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 may include marketable securities, bonds, time deposits, mutual funds, money market funds and depository accounts. On November 28, 2008, the VEBA fund adopted a separate investment policy from that of the District which was intended to be in compliance with Florida Statute Chapter 218.415(1-16).

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, vehicles, and equipment, are reported in the government-wide Statement of Net Position, and are capitalized and depreciated. Expenditures for capital assets are recorded in the fund statements as current expenditures.

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 acquisition value on the date donated. Public domain (infrastructure) capital assets consisting of certain improvements other than building, including curbs, gutters and drainage systems, are not capitalized, as the District generally does not acquire such assets. No debt-related interest expense is capitalized as part of capital assets.

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

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

Asset	Years
Buildings and Improvements	20 - 40
Vehicles	5 - 20
Equipment	3 - 10

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 cost of personal leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued personal leave benefits is recorded in the government-wide Statement of Net Position.

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

Retirement Plans and Post Employment Benefits other than Pension (OPEB) Plans

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, the net OPEB liability for the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, and the total OPEB liability for the OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District. 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 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. For purposes of measuring the net OPEB liability and total OPEB liability of the District's two OPEB plans: The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan") and OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District (the Non-VEBA Plan"), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the plan, if applicable, and additions to/deductions from fiduciary net position of the plan, if applicable, have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

The District's retirement plans and OPEB 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 an as outflow of resources (expense/expenditure) until then. The deferred amount on pensions and OPEB is reported 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 and OPEB is reported only in the government-wide Statement of Net Position.

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

<u>Deferred Outflows/Inflows of Resources, continued</u>
A deferred amount on pension and OPEB results from the difference in the expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on investments, employer specific amounts due to a change in employer proportion, and contributions subsequent to the measurement date. These amounts are deferred and amortized over time.

<u>Budgetary Information</u>
The District has elected to report budgetary comparison of major funds as required supplementary information (RSI).

The District has adopted an annual budget for the General Fund.

No budget was legally required for the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

The District follows these procedures in establishing budgetary data for the General Fund:

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

2. Public hearings are conducted to obtain taxpayer comments.

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

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

5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

6. The level of control for appropriations is exercised at the fund level.

7. Appropriations lapse at year-end.

During the year ended September 30, 2019, the Board, in accordance with Florida Statutes, approved budget amendment resolution 2019-01 to adjust the carry forward amount to equal the actual 2017/2018 fiscal year end fund balance of $9,375,252. The total adjustment was $1,375,252. The resolution increased the Fund Balance Reserve for Building and Equipment Replacement and Sustainment by $1,200,000 and increased the Assigned Fund Balance Reserve for Millage Sustainment by $175,252.

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

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.

Subsequent Events

Subsequent events have been evaluated through May 17, 2019, which is the date the basic financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

The District's deposit policy is in accordance with Florida Statute Chapter 218.415(17). At September 30, 2019, the District maintained deposits in checking accounts and money market savings accounts. These deposits were entirely covered during the year and at year-end by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute Chapter 280). District depositories are banks designated as qualified depositories by the State Treasurer. As of September 30, 2019, the carrying amount of the District's deposits including investments in the Local Government Surplus Funds Trust Fund- PRIME ("PRIME") administered by the Florida State Board of Administration ("SBA"), but exclusive of the Retiree Insurance Trust Fund VEBA was $9,434,268 the bank balance was $9,499,886 and cash on hand was $300. Restricted cash consisted of $6,683 for the 9/11 Memorial at Station 33, $873 as a restricted use donation, and $2,854 held for the Community Emergency Response Team.

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, as later defined, held restricted cash and cash equivalents of $65,786 (book and bank balance as well as deposits), at September 30, 2019, in a money market fund. This cash account is not subject to coverage under the Federal Depository Insurance (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

NOTE C - INVESTMENTS

District Investments

Florida Statutes and District policy authorize investments in PRIME, an external 2a7-like investment pool. The Fund is publicly traded and may lose principal. PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. PRIME has a Standard & Poor's rating of AAAm at September 30, 2018 and meets all of the necessary criteria to elect to measure all of the investments in PRIME at amortized cost. In terms of interest rate risk, PRIME had a weighted average days to maturity (WAM) of 37 days and a weighted average life (WAL) of 85 days at September 30, 2018. PRIME was not exposed to any foreign currency risk nor did it participate in a securities lending program during the period from October 1, 2018 through September 30, 2019. There are currently no limitations as to the frequency of redemptions; however, PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and PRIME's responsibilities should such an event occur is described in Section 218.409(8)(a), Florida Statutes.

The District's investment in PRIME represented less than 1% of the PRIME's total investments. Investments held in PRIME include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

At September 30, 2019, the District reported PRIME investments of $6,916,947 at amortized cost.

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan")

Cash and cash equivalents and investments of the VEBA Plan totaled $65,786 and $1,158,109 respectively, at September 30, 2019. Such investments are controlled by the VEBA Plan's Board policy.

VEBA Plan Investment Authorization

The VEBA Plan's investment policy is determined by its Board of Trustees. The policy provides for the use of investment managers to oversee the investments of the Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return.

The policy establishes certain investment objectives and asset class targets. The VEBA Plan is expected to earn a return over time exceeding the target rate of 7%. In addition, the VEBA Plan should earn a return greater than inflation, as measured by the Consumer Price Index, by 4% per year.

NOTE C - INVESTMENTS, CONTINUED

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan"), continued

The Board of Trustees adopted the following asset class targets, based on market value:

	% Range	% Target
Large cap value equity	18.25-13.25%	15.75%
Large cap growth equity	18.25-13.25%	15.75%
SMID cap equity	17.00-12.50%	15.00%
International equity	18.50-13.50%	16.00%
Fixed income	32.50-22.50%	27.50%
Master limited partnership	15.00-0.00%	10.00%
		100.00%

VEBA Plan 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 VEBA 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 VEBA Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the VEBA Plan's investments by maturity at September 30, 2019, using the segmented time distribution method:

Investment Type	0-5 years	5-10 years	Total
Corporate bonds	$ 131,805	$ -	$131,805
Government & GSE bonds	136,838	61,994	198,832
Totals	$ 268,643	$ 61,994	$330,637

NOTE C - INVESTMENTS, CONTINUED

VEBA Plan 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 VEBA Plan's investment policy utilizes portfolio diversification in order to control this risk.

The following table discloses credit rating by fixed income investment type at September 30, 2019, if applicable:

Investment Type	Fair Value	AAA	AA	A
Corporate bonds	$ 131,805	$ -	$ 35,491	$ 96,314
Government & GSE bonds	176,845	176,845	-	-
Totals	$ 308,650	$ 176,845	$ 35,491	$ 96,314

VEBA Plan Concentration of Credit Risk:

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represented 10% or more of the fund's fiduciary net position at September 30, 2019.

VEBA Plan Custodial Credit Risk:

Custodial credit risk 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 possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

VEBA Plan Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The VEBA Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The VEBA Plan reports international equity funds at market value of $193,882.

NOTE C - INVESTMENTS, CONTINUED

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan"), continued

VEBA Plan Fair Value Measurements

The framework for measuring fair value provided a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at September 30, 2019.

- Common stock: Valued at the closing price reported on the New York Stock Exchange.
- US government securities: Valued at the closing price reported in the active market in which the individual security is traded.
- Corporate Bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based 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 flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

NOTE C - INVESTMENTS, CONTINUED

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan"), continued

VEBA Plan Fair Value Measurements, continued

- Master Limited Partnerships: Valued at the closing price reported on the New York Stock Exchange.

The following table sets forth by level, within the fair value hierarchy, the VEBA Plan's assets at fair value at September 30, 2019:

Asset Type	Level 1	Level 2	Level 3	Total
Common stock	$ 827,472	$ -	$ -	$ 827,472
Corporate bonds	131,805	-	-	131,805
Government securities	198,832	-	-	198,832
Total at fair value	$ 1,158,109	$ -	$ -	$ 1,158,109

NOTE D - RECEIVABLES, NET

Receivables, net consist of the following at September 30, 2019:

	Amount
Ambulance receivables and other	$ 232,934
Less: Allowance for doubtful accounts	(163,100)
Net ambulance receivables	69,834
Misc. receivable	6,680
Receivables, net	$ 76,514

Receivables are considered doubtful when assigned to the third party collection agency. Subsequent payments recaptured on delinquent accounts are recorded when deposited and offset against the contra asset allowance for doubtful accounts.

NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Increases / Additions	Decreases / Deletions	Adjustments	Balance Sept. 30, 2019
Capital Assets					
Not Being Depreciated:					
Land	$ 1,429,970	$ -	$ -	$ -	$ 1,429,970
Capital Assets					
Being Depreciated:					
Buildings	6,581,469	133,970	(67,141)	-	6,648,298
Equipment	1,454,103	84,411	(195,697)	-	1,342,817
Vehicles	3,289,769	96,909	(327,822)	-	3,058,856
Total Capital Assets Being Depreciated	11,325,341	315,290	(590,660)	-	11,049,971
Less: Accumulated Depreciation					
Buildings	(1,971,844)	(171,745)	53,554	-	(2,090,035)
Equipment	(840,154)	(150,128)	191,980	-	(798,302)
Vehicles	(1,604,507)	(252,814)	327,822	-	(1,529,499)
Total Accumulated Depreciation	(4,416,505)	(574,687)	573,356	-	(4,417,836)
Total Capital Assets Being Depreciated, Net	6,908,836	(259,397)	(17,304)	-	6,632,135
Capital Assets, Net	$ 8,338,806	$ (259,397)	$ (17,304)	$ -	$ 8,062,105

Depreciation expense was charged to the following functions during the year ended September 30, 2019:

	Amount
General Government	$ 574,687
Total Depreciation Expense	$ 574,687

The District has capital assets held under capital leases with a total cost of $1,344,159 at September 30, 2019. The capital assets held under capital lease had accumulated depreciation of $349,013 and depreciation expense of $116,828 as of and for the year ended September 30, 2019.

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2019:

	Balance Oct. 1, 2018	Additions	Retirements/ Adjustments	Balance Sept. 30, 2019	Amounts Due Within One Year
Notes Payable	$ 714,457	-	$ (150,114)	564,343	$ 153,707
Capital Leases	1,518,736	-	(174,577)	1,344,159	179,628
Compensated Absences	258,699	487,851	(401,103)	345,447	6,302
Net Pension Liability - FRS	8,865,373	8,514,127	(5,625,803)	11,753,697	-
Net Pension Liability - HIS	1,456,600	805,949	(462,720)	1,799,829	-
Net OPEB Liability*	3,155,012	1,753,606	(617,791)	4,290,827	115,700
	-			-	
	$ 15,968,877	$ 11,561,533	$ (7,432,108)	$ 20,098,302	$ 455,337

Long-term liabilities are comprised of the following at September 30, 2019:

<u>Notes Payable</u>	
$1,255,000 Revenue Note Series 2013 issued April 23, 2013, to refinance the original note used for the construction of Station #33. The note requires monthly payments of $11,598, bearing interest at a rate of 2.08%. Final payment due on May 1, 2023.	$ 490,933
$96,000 loan payable to a leasing company for the purchase of bunker gear was entered into on August 15, 2018. The first payment of $6,521 was due on November 15, 2018 and quarterly thereafter over four years with an annual interest rate of 3.99%, with a final payment on August 15, 2022. The lease is collateralized by the bunker gear itself.	73,410
Total Notes Payable	564,343
<u>Capital Leases</u>	
$265,000 capital lease agreement entered into on September 25, 2015, for purchase of three (3) ambulances. The lease is collateralized by the respective ambulances, requires quarterly payments over five (5) years, bearing interest at a rate of 1.72%. Final payment due September 25, 2020.	54,834
$1,410,000 capital lease payable to a financial institution for the purchase of two fire trucks was entered into on September 27, 2018. The first payment of $41,670 was due on December 27, 2018 and quarterly thereafter over ten years with an annual interest rate of 3.37%, with a final payment due September 27, 2028. The lease is collateralized by the respective fire trucks.	1,289,325
Total Capital Leases	1,344,159

NOTE F - LONG-TERM LIABILITIES, CONTINUED

Compensated absences, Employees of the District are entitled to paid leave based on length of service and job classification.	345,447
Net pension liability - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	11,753,697
Net pension liability - HIS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	1,799,829
Net OPEB liability. Cumulative difference between annual OPEB cost and District payments toward the cost of post employment benefits other than pensions since GASB No. 75 transition date of September 30, 2019.	4,290,827
Total long-term liabilities	$20,098,302

The annual debt service requirements at September 30, 2019, were as follows:

Year Ending September 30,	Principal	Interest	Total
2020	333,336	54,030	$ 387,366
2021	286,446	45,494	331,940
2022	294,633	37,308	331,941
2023	230,077	29,386	259,463
2024	142,722	23,956	166,678
2025 - 2028	621,288	45,424	666,712
	1,908,502	235,598	2,144,100
Net Pension Liability - FRS	11,753,697		
Net Pension Liability - HIS	1,799,829		
Net OPEB Liability	4,290,827		
Compensated Absences	345,447		
Total long-term liabilities	$ 20,098,302		

Interest expenditures for the year ended September 30, 2019 totaled $62,674 and was recorded in the General Fund, of which $10,933 was paid with impact fee revenue.

NOTE G - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2019 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2019, $85,003 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Millage resolution approved	No later than 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 (4.00 %)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2019, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of $2.6153 per $1,000 of the 2018 net taxable value of real property located within the District.

NOTE H - FUND BALANCE ALLOCATIONS

Fund balance was allocated the following purposes at September 30, 2019:

Nonspendable Fund Balance	Amounts
General Fund	
Prepaids	$1,203,328
Total Nonspendable Fund Balance	$1,203,328
Assigned Fund Balance	
General Fund	
Millage Sustainment	$ 952,016
Emergency/disaster (30-45 days)	1,200,000
Building and equipment	4,650,770
OPEB costs	765,850
Total Assigned Fund Balance - General Fund	$7,568,636

NOTE I - IMPACT FEE ACTIVITY

During the year ended September 30, 2019, the District had the following transactions related to Impact Fees:

Unearned revenue, October 1, 2018	$ -
Impact fee receipts	10,933
Impact fees receivable	-
Interest receipts	-
Debt service interest	(10,933)
Unearned revenue, September 30, 2019	$ -

NOTE J - RISK MANAGEMENT

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

Insurance programs for general/professional liability, automobile, and property are insured by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from $1,000 to 5% of loss) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of $1,000,000.

Insurance programs for health, dental, vision, long-term disability, short-term disability and life are also insured through third party commercial insurance.

NOTE J - RISK MANAGEMENT, CONTINUED

On April 1, 2010, the District elected to obtain a third party, fully insured group health, vision and dental plan administered by the Lee County Board of County Commissioners. The District paid premiums of $929,603 which are net amounts paid by employees and retirees, during the year ended September 30, 2019. The District also provides life and disability insurance for the District's employees. The District incurred costs of $60,892 for these additional coverages.

NOTE K - LITIGATION

The District, from time to time, is involved as a defendant and a plaintiff in certain litigation and claims arising in the ordinary course of operations. As such, the District maintains third party insurance coverages. At September 30, 2019 several claims have been asserted against the District. In the opinion of legal counsel, the range of potential recoveries or liabilities will not materially affect the financial position of the District. The District intends to vigorously defend all claims unless first settled. Potential losses, if any, may be recoverable through insurance coverages less any applicable deductibles. No loss contingencies have been recorded by the District at September 30, 2019.

NOTE L - DEFICIT UNRESTRICTED NET POSITION

During the year ended September 30, 2014, the District's unrestricted net position (net assets) balance became a deficit of $(559,202), due substantially to recording the current year actuarially determined net pension liability of $2,876,924. The District's total available fund balance remains approximately equal to nine (9) months of actual expenditures. However, the Board has assigned $5,413,930 of the $6,095,673 for specific purposes.

During the year ended September 30, 2015, the District's unrestricted net position (net assets) balance was again a deficit and totaled $(219,907), due substantially to recording the current year actuarially determined net pension liability of $4,602,399. The District's total available fund balance remains approximately equal to eight (8) months of actual expenditures. However, the Board has assigned $5,138,770 of the $6,072,382 for specific purposes.

During the year ended September 30, 2016, the District's unrestricted net position (net assets) balance was again a deficit and totaled $(518,345), due substantially to recording the current year actuarially determined net pension liability of $9,170,406. The District's total available fund balance remains approximately equal to eight (8) months of actual expenditures. However, the Board assigned $5,521,323 of the $6,475,422 for specific purposes.

During the year ended September 30, 2017, the District's unrestricted net position (net assets) balance was a deficit and totaled $(319,519), due substantially to recording the current year actuarially determined net pension liability of $10,406,289. The District's total available fund balance remains approximately equal to ten (10) months of actual expenditures. However, the Board assigned $5,546,602 of the $7,593,310 for specific purposes.

NOTE L - DEFICIT UNRESTRICTED NET POSITION, CONTINUED

During the year ended September 30, 2018, the District's unrestricted net position (net assets) balance was again a deficit and totaled $(998,675), due substantially to recording the current year actuarially determined net OPEB liability of $3,155,012. The District's total available fund balance remains approximately equal to eleven (11) months of actual expenditures. However, the Board assigned $6,502,632 of the $9,375,252 for specific purposes.

During the year ended September 30, 2019, the District's unrestricted net position (net assets) balance was again a deficit and totaled $(3,192,895), due substantially to recording the current year actuarially determined net OPEB liability of $4,290,827. The District's total available fund balance remains approximately equal to eleven (11) months of actual expenditures. However, the Board assigned $7,568,636 of the $10,413,458 for specific purposes.

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NOTE M - RETIREMENT PLANS

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, 2019, is available from the Florida Department of Management Services' Website (www.dms.myflorida.com).

The District's total pension expense is $3,223,227 for the year ended September 30, 2019 and is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were $1,230,057, $1,090,170, and $969,017, for the years ended September 30, 2019, 2018 and 2017, respectively. The District contributed 100% of the required contributions.

Pension - Plan Description and Provisions - Florida Retirement System

Plan Description

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

- *Elected District Officers Class* - Members who hold specified elective offices in local government.
- *Regular Class* - Member s 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 - Member who are employed as certified firefighters and meet the criteria to qualify for this class.*

NOTE M - RETIREMENT PLANS, CONTINUED

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

Plan Description, continued

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.

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.

Pension Benefits

Benefits under the Pension 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.

NOTE M - RETIREMENT PLANS, CONTINUED

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

Pension Benefits, continued

The following chart shows the percentage value of each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value Per Year of Service
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

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.

NOTE M - RETIREMENT PLANS, CONTINUED

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

Pension Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2019 were as follows:

	Percent of Gross Salary		
Class	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00%	8.26%	8.47%
Florida Retirement System, Senior Management Ser.	3.00%	24.06%	25.41%
Florida Retirement System, Special Risk	3.00%	24.50%	25.48%
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00%	14.03%	14.60%
Florida Retirement System, Reemployed Retiree	(2)	0.00%	0.00%

(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 7/1/18-6/30/19.

(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 7/1/19-6/30/20.

The District's contributions to the Pension Plan totaled $970,574 for the fiscal year ended September 30, 2019, excluding HIS, inclusive of the administrative fee.

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

At September 30, 2019, the District reported a liability of $11,753,697 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District's proportionate share of the net pension liability was based on the District's 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was 0.03412%, which was an increase of 0.00469% from its proportionate share measured as of June 30, 2018.

NOTE M - RETIREMENT PLANS, CONTINUED

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the fiscal year ended September 30, 2019, the District recognized pension expense of $2,879,596. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 697,145	$ 7,294
Changes of assumptions	3,018,855	-
Net difference between projected and actual earnings on Pension Plan investments	-	650,276
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	1,094,332	156,014
District Pension Plan contributions subsequent to the measurement date	298,736	-
Total	$ 5,109,068	$ 813,584

The deferred outflows of resources related to the Pension Plan, totaling $298,736 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Amount
2020	1,294,232
2021	572,766
2022	991,123
2023	742,864
2024	297,527
Thereafter	98,236

NOTE M - RETIREMENT PLANS, CONTINUED

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

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.90%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB2010 base table varies by member category and sex, projected generationally with Scale MD-2018.

The actuarial assumptions used in the July 1, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation *(1)*	Annual Arithmetic Return	Compound Annual Geometric Return	Standard Deviation
Cash	1.0%	3.3%	3.3%	1.2%
Fixed income	18.0%	4.1%	4.1%	3.5%
Global equity	54.0%	8.0%	6.8%	16.5%
Real estate (property)	10.0%	6.7%	6.1%	11.7%
Private equity	11.0%	11.2%	8.4%	25.8%
Strategic investments	6.0%	5.9%	5.7%	6.7%
Assumed Inflation - Mean		2.6%		1.7%

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

NOTE M - RETIREMENT PLANS, CONTINUED

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90% which was a decrease from 7.00% used to determine the total pension liability in the prior year. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation of the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	5.90%	6.90%	7.90%
District's proportionate share of the net pension liability/(asset)	$20,318,228	$11,753,697	$ 4,600,865

Pension Plan Fiduciary Net Position

Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report (FRS CAFR) dated June 30, 2019.

Payable to the Pension Plan

At September 30, 2019, the District reported $19,086 payable for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2019.

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

NOTE M - RETIREMENT PLANS, CONTINUED

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

Plan Description

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

HIS Benefits

For the fiscal year ended September 30, 2019, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

HIS Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2019, the HIS contribution for the period October 1, 2018 through September 30, 2019 was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District’s contributions to the HIS Plan totaled $87,659 for the fiscal year ended September 30, 2019.

HIS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2019, the District reported a liability of $1,799,829 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the District’s 2018-19 fiscal year contributions relative to the 2018-19 fiscal year contributions of all participating members. At June 30, 2019, the District's proportionate share was .00161%, which was an increase of 0.0023% from its proportionate share measured as of June 30, 2018.

NOTE M - RETIREMENT PLANS, CONTINUED

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

HIS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued

For the fiscal year ended September 30, 2019, the District recognized HIS expense of $206,003. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 21,861	$ 2,204
Changes of assumptions	208,403	147,103
Net difference between projected and actual earnings on Pension Plan investments	1,161	-
Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions	236,381	38,920
District Pension Plan contributions subsequent to the measurement date	24,368	-
Total	$ 492,174	$ 188,227

The deferred outflows of resources related to the HIS Plan, totaling $24,368 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Amount
2020	$ 71,101
2021	61,588
2022	48,106
2023	15,469
2024	30,958
Thereafter	52,357

NOTE M - RETIREMENT PLANS, CONTINUED

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

Actuarial Assumptions

The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.50%

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

The actuarial assumptions used to determine the July 1, 2019 valuation, was based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

Discount Rate

The discount rate used to measure the total HIS liability was decreased from 3.87 to 3.50 percent. 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 Pension Liability to Changes in the Discount Rate

The following represents the District's proportionate share of the net pension liability calculated using the discount rate of 3.87%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87%) or one percentage point higher (4.87%) than the current rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
District's proportionate share of the net pension liability/(asset)	$2,054,597	$ 1,799,829	$ 1,587,636

HIS Plan Fiduciary Net Position

Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report (FRS CAFR) dated June 30, 2019.

NOTE M - RETIREMENT PLANS, CONTINUED

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

Payable to the HIS Plan

At September 30, 2019, the District reported $1,668 payable for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2019.

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

FRS - Defined Contribution Pension Plan

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. 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 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.

NOTE M - RETIREMENT PLANS, CONTINUED

FRS - Defined Contribution Pension Plan, continued

Allocations to the investment member's accounts during the 2018-19 fiscal year were as follows:

	Percent of Gross Salary		
Class	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00%	3.30%	3.30%
Florida Retirement System, Senior Management Ser.	3.00%	4.67%	4.67%
Florida Retirement System, Special Risk	3.00%	11.00%	11.00%
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00%	NA	NA
Florida Retirement System, Reemployed Retiree	(2)	(2)	(2)

(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 7/1/18-6/30/19.

(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 7/1/19-6/30/20.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan, the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District’s Investment Plan pension contributions totaled $170,866 for the fiscal year ended September 30, 2019, excluding HIS, inclusive of the administrative fee.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

The District has two post employment other than pension (OPEB) plans:

> The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008
>
> OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

Plan Description

Plan Administration:

The District's Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan") is a single-employer defined benefit postemployment health care Plan that covers eligible retired employees of the District. The VEBA Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to receive a monthly reimbursement, regardless of whether the retiree continues insurance coverage in the District's Plan.

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

Inactive Plan Members, Dependent Spouses, or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	60
	79

Benefits Provided:

Eligibility: Regular, full-time employees of the District who retire on or after October 1, 2008 with at least 15 years of service.

Retirement benefit provided: The VEBA Plan will provide $450 per month for those individuals who have earned at least 25 years of service; benefit is reduced by 4% per year for each year of service less than 25; benefit is further reduced by 50% at age 65.

Contributions:

The District makes periodic contributions to the VEBA Plan. No employee contributions are required.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

Investments

Investment Policy:

Investment Category	Target Allocation
Large cap value equity	15.75%
Large cap growth equity	15.75%
SMID cap equity	15.00%
International equity	16.00%
Fixed income	27.50%
Master limited partnership	10.00%
Total	100.00%

Concentrations:

The VEBA Plan did not hold investments in any one organization that represent 10 percent or more of the Fund's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 0.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Receivables:

If the VEBA Plan reported receivables from long-term contracts with The District for contributions, the VEBA Plan should disclose information required by paragraph 34c of GASB Statement 75.

Allocated Insurance Contracts:

If the VEBA Plan had allocated insurance contracts that are excluded from VEBA Plan assets, the VEBA Plan should disclose information required by paragraph 34d of GASB Statement 75.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

Net OPEB (Asset)/Liability of the Sponsor, continued

The measurement date for GASB 74 and GASB 75 reporting is September 30, 2019.
The reporting period is October 1, 2018 through September 30, 2019.
The actuarial valuation date is October 1, 2018.

The components of the Net OPEB (Asset)/Liability of the Sponsor on September 30, 2019 were as follows:

Total OPEB Liability	$1,196,398 *
Plan Fiduciary Net Position	(1,223,895)
Sponsor's Net OPEB (Asset)/Liability	$ (27,497)

**This amount has been rolled forward from October 1, 2018.*

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	-102.30%

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions:

Discount rate	7.00% per annum, this rate was used to discount all future benefit payments and is based on the expected long-term return on assets
Expected long-term return on assets	7.00% per annum, (2.68% per annum is attributable to long-term inflation)
Salary increases	3.00% per annum
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2017
Retirement	For firefighters, retirement is assumed to occur at the earlier of age 55 with six years of service or at any age with 25 years of service; for general employees, retirement is assumed to occur at the earlier of age 62 with six years of service or at any age with 30 years of service
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and Class 1 rates were used for general employees)
Changes	Since the prior measurement date, the mortality basis was changed from the RP-2000 Mortality Table with generational improvements in mortality using Scale BB to the PUB-2010 Mortality Table with generational improvements in mortality using Scale MP-2017.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

Net OPEB (Asset)/Liability of the Sponsor, continued

Actuarial Assumptions, continued:

The Long-Term Expected Rate of Return on the VEBA Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of the VEBA Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Expected Long-term Real Return
Large cap value equity	15.75%	6.00% Per annum
Large cap growth equity	15.75%	6.00% Per annum
SMID cap equity	15.00%	6.75% Per annum
International equity	16.00%	6.75% Per annum
Fixed income	27.50%	0.50% Per annum
Master limited partnership	10.00%	2.00% Per annum
Total or weighted arithmetic average	100.00%	4.32% Per annum

Sensitivity of the Net OPEB (Asset)/Liability to changes in the Discount Rate:

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	$1,317,983	$ 1,196,398	$ 1,093,561
Less fiduciary net position	(1,223,895)	(1,223,895)	(1,223,895)
Net OPEB (Asset)/Liability	$ 94,088	$ (27,497)	$ (130,334)

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

Net OPEB (Asset)/Liability of the Sponsor, continued

Sensitivity of the Net OPEB (Asset)/Liability to changes in the Healthcare Cost Trend Rates:

The following presents the Net OPEB (Asset)/Liability of the Sponsor, as well as what the Sponsor's Net OPEB (Asset)/Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or higher than the current healthcare cost trend rates:

	Trend rate minus 1.00%	7.50% graded down to 5.00%	Trend rates plus 1.00%
Total OPEB Liability	$1,196,398	$ 1,196,398	$ 1,196,398
Less fiduciary net position	(1,223,895)	(1,223,895)	(1,223,895)
Net OPEB (Asset)/Liability	$ (27,497)	$ (27,497)	$ (27,497)

Summary of Significant Accounting Policies

Post Employment Benefits Other Than Pensions (OPEB):

For purposes of measuring the net OPEB (Asset)/Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the VEBA Plan and additions to/ deductions from the VEBA Plan's fiduciary net position have been determined on the same basis as they are reported by the VEBA Plan. For this purpose, the VEBA Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

Changes in Net OPEB (Asset)/Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB (Asset)/ Liability (a) - (b)
Reporting period ending September 30, 2018	$1,022,651	$ (1,220,953)	$ (198,302)
Change due to:			
Service Cost	28,553	-	28,553
Expected interest growth	70,283	(84,843)	(14,560)
Unexpected investment income	-	63,780	63,780
Demographic experience	148,840	-	148,840
Employer contributions	-	(97,000)	(97,000)
Benefit payments and refunds	(94,922)	94,922	-
Administrative expenses	-	20,199	20,199
Assumption changes	20,993	-	20,993
Net Changes	173,747	(2,942)	170,805
Reporting period ending September 30, 2019	$1,196,398	$ (1,223,895)	$ (27,497)

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to the VEBA Plan

For the year ended September 30, 2019, the Sponsor will recognize OPEB Expense of $64,953.

On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the VEBA Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2018	$ 19,036	$ 18,322
Change due to:		
Amortization payments	(35,342)	(4,581)
Investment gain/loss	63,780	-
Demographic gain/loss	148,840	-
Assumption changes	20,993	-
Total Change	198,271	(4,581)
Balance as of September 30, 2019	$ 217,307	$ 13,741

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to the VEBA Plan will be recognized in OPEB Expense as follows:

Year ended September 30,	2020	$ 30,761
	2021	30,761
	2022	30,769
	2023	35,342
	2024	22,586
	Thereafter	53,347

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District

Plan Description

Plan Administration:

The District's OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District (the "Non-VEBA Plan") is an unfunded single-employer defined benefit postemployment health care Plan that covers eligible retired employees of the District. The Non-VEBA Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and/or vision insurance coverage as a participant in the District's Non-VEBA Plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Non-VEBA Plan does not meet the requirements for an OPEB plan administered through a trust, as no assets are accumulated. The contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses. Any retiree that continues coverage on the District's health insurance still potentially may have an implicit cost, including any retiree eligible for the VEBA Plan which is reflected in these results.

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

Inactive Plan Members, Dependent Spouses, or Beneficiaries Currently Receiving Benefits	23
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	60
	83

Benefits Provided:

Eligibility: Implicit Subsidy - Regular, full-time employees of the District. Explicit Subsidy for those who retired on or before September 30, 2008.

Retirement benefit provided: Individuals who retired on or before September 30, 2008 receive an explicit subsidy from the District and/or from the Florida Retirement System (FRS) to pay for all or a portion of their health insurance premium for single coverage. The explicit subsidy from the District varies depending on the collective bargaining agreement that was applicable at the time of retirement. Three individuals who retired on or before September 30, 2008 receive a subsidy equal to 100% of the single premium but must turn over to the District their FRS subsidy. Two individuals who retired on or before September 30, 2008 receive no explicit subsidy other than the FRS subsidy. All regular, full-time employees who retired or will retire are entitled to the implicit subsidy benefit as outlined by Florida Statute Section 112.0801, which allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and/or vision insurance coverage as a participant in the District's Non-VEBA Plan.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District

Plan Description, continued

Contributions:

There are no required employer or employee contributions other than the amount required to be paid by the District as an explicit subsidy.

Changes:

The benefit terms did not change from the prior measurement date.

Total OPEB Liability of the Sponsor

The measurement date for GASB 75 reporting is September 30, 2019.
The reporting period is October 1, 2018 through September 30, 2019.
The actuarial valuation date is October 1, 2018.

The components of the Total OPEB Liability of the Sponsor on September 30, 2019 were as follows:

Total OPEB Liability	$4,318,324 *

**This amount has been rolled forward from October 1, 2018.*

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2018 using the following actuarial assumptions:

Discount rate	3.58% per annum, this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost of living increases	Retiree contributions, health insurance premiums, and the implicit subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 7.50% for the 2018/19 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District

Total OPEB Liability of the Sponsor, continued

Actuarial Assumptions, continued:

Age related morbidity	Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.
Implicit subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of $750 for the retiree and $825 for the retiree's spouse has been assumed at age 62 for the 2018/19 fiscal year. At other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) with full generational improvements in mortality using Scale MP-2017.
Retirement	For firefighters, retirement is assumed to occur at the earlier of age 55 with six years of service or at any age with 25 years of service; for general employees, retirement is assumed to occur at the earlier of age 62 with six years of service or at any age with 30 years of service.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and Class 1 rates were used for general employees).
Health coverage election	50% of eligible future retirees are assumed to elect coverage for themselves upon retirement or disability until age 65. Current retirees who retired on or before September 30, 2008 are assumed to continue coverage for life. Current retirees who retired on or after October 1, 2008 are assumed to continue coverage until age 65. Spousal coverage is assumed in accordance with the employee's or retiree's current election.
Spouses and dependents	Husbands are assumed to be three years older than wives. Retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation because the COBRA premium is determined periodically based on the plan experience. The COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District

Total OPEB Liability of the Sponsor, continued

Actuarial Assumptions, continued:

Changes	Since the prior measurement date, the discount rate decreased from 3.64% per annum to 3.58% per annum, the implied monthly subsidy at age 62 for the retiree and his spouse for the 2018/19 fiscal year was increased from $594 and $621 to $750 and $825, respectively, and the mortality basis was changed from the RP-2000 Mortality Table with generational improvements in mortality using Scale BB to the PUB-2010 Mortality Table with generational improvements in mortality using scale MP-2017.

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

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

	1% Decrease 2.58%	Current Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability	$ 4,866,169	$ 4,318,324	$ 3,855,803

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

The following presents the Total OPEB Liability of the Sponsor, as well as what the Sponsor's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or higher than the current healthcare cost trend rates:

	Trend rate minus 1.00%	7.50% graded down to 5.00%	Trend rates plus 1.00%
Total OPEB Liability	$ 3,767,566	$ 4,318,324	$ 4,983,845

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District

Summary of Significant Accounting Policies

Post Employment Benefits Other Than Pensions (OPEB):

For purposes of measuring the Total OPEB Liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Non-VEBA Plan and additions to/ deductions from the Non-VEBA Plan's fiduciary net position have been determined on the same basis as they are reported by the Non-VEBA Plan. For this purpose, the Non-VEBA Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Changes in Total OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Reporting period ending September 30, 2018	$ 3,353,314	$ -	$ 3,353,314
Change due to:			
Service Cost	264,344	-	264,344
Expected interest growth	126,449	-	126,449
Demographic experience	(333,580)	-	(333,580)
Benefit payments and refunds	(172,651)	-	(172,651)
Assumption changes	1,080,448	-	1,080,448
Net Changes	965,010	-	965,010
Reporting period ending September 30, 2019	$ 4,318,324	$ -	$ 4,318,324

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS, CONTINUED

OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to the Non-VEBA Plan, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources related to the Non-VEBA Plan

For the year ended September 30, 2019, the Sponsor will recognize OPEB Expense of $309,224.

On September 30, 2019, the Sponsor reported Deferred Outflows of Resources and Deferred Inflows of Resources related to the Non-VEBA Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2018	$ -	$ -
Change due to:		
Amortization payments	(131,762)	(40,680)
Demographic gain/loss	-	333,580
Assumption changes	1,080,448	-
Total Change	948,686	292,900
Balance as of September 30, 2019	$ 948,686	$ 292,900

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to the Non-VEBA Plan will be recognized in OPEB Expense as follows:

Year ended September 30,	2020	$ 91,082
	2021	91,082
	2022	91,082
	2023	131,762
	2024	131,762
	Thereafter	119,016

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - SUMMARY STATEMENT
September 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem Taxes	$ 10,227,179	$ 10,227,179	$ 10,456,777	$ 229,598
Intergovernmental Revenues:				
Firefighters Supplemental Income	23,640	23,640	24,580	940
State & Federal Grants	-	-	77,825	77,825
Charges for Services:				
Ambulance Transport	563,000	563,000	597,855	34,855
Inspection Fees	247,400	247,400	207,598	(39,802)
Impact Fees	2,700	2,700	10,933	8,233
Interest Income	56,700	56,700	174,469	117,769
Other income:				
Donations	-	-	30	30
Miscellaneous	5,000	5,000	5,832	832
Subtotal - Revenues	11,125,619	11,125,619	11,555,899	430,280
Cash brought forward	8,000,000	9,375,252	-	(9,375,252)
TOTAL REVENUES	**19,125,619**	**20,500,871**	**11,555,899**	**(8,944,972)**
EXPENDITURES				
Public Safety				
Personal Services	10,022,730	10,022,730	8,284,189	1,738,541
Operating Expenditures	1,934,065	1,934,065	1,533,688	400,377
Capital Outlay	1,693,640	1,693,640	315,290	1,378,350
Debt Service				
Principal Reduction	331,800	331,800	324,691	7,109
Interest and Fiscal Charges	64,000	64,000	62,674	1,326
Reserves	6,193,384	7,568,636	-	7,568,636
TOTAL EXPENDITURES	**20,239,619**	**21,614,871**	**10,520,532**	**11,094,339**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,114,000)	(1,114,000)	1,035,367	2,149,367
OTHER FINANCING SOURCES (USES)				
Proceeds from Financing	1,064,000	1,064,000	-	(1,064,000)
Proceeds from Dispositions of Capital Assets	50,000	50,000	2,839	(47,161)
TOTAL OTHER FINANCING SOURCES (USES)	1,114,000	1,114,000	2,839	(1,111,161)
NET CHANGE IN FUND BALANCE	$ -	$ -	1,038,206	$ 1,038,206
FUND BALANCE - October 1, 2018			**9,375,252**	
FUND BALANCE - September 30, 2019			**$ 10,413,458**	

The accompanying notes are an integral part of this statement

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2019

	General Fund			
REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Ad Valorem taxes	$ 10,227,179	$ 10,227,179	$ 10,456,777	$ 229,598
Intergovernmental revenues:				
Firefighters supplement income	23,640	23,640	24,580	940
State & Federal Grants	-	-	77,825	77,825
Charges for services:				
Ambulance transport	563,000	563,000	597,855	34,855
Inspection fees	247,400	247,400	207,598	(39,802)
Impact fees	2,700	2,700	10,933	8,233
Interest income	56,700	56,700	174,469	117,769
Other income:				
Donations	-	-	30	30
Miscellaneous	5,000	5,000	5,832	832
Subtotal - Revenues	11,125,619	11,125,619	11,555,899	430,280
Cash brought forward	8,000,000	9,375,252	-	(9,375,252)
TOTAL REVENUES	19,125,619	20,500,871	11,555,899	(8,944,972)
EXPENDITURES				
Public Safety				
Personal Services:				
Salaries:				
Elected officials	30,000	30,000	30,000	-
Firefighters & admin.	6,467,480	6,467,480	5,268,488	1,198,992
Payroll Taxes:				
Social Security & Medicare	496,970	496,970	394,232	102,738
Benefits:				
Retirement	1,501,750	1,501,750	1,230,057	271,693
Heath & life insurance	1,153,800	1,153,800	990,585	163,215
Occupational health	47,170	47,170	40,839	6,331
VEBA trust contribution	97,000	97,000	97,000	-
Workers compensation	228,560	228,560	232,988	(4,428)
Total - Personal Services	10,022,730	10,022,730	8,284,189	1,738,541
Operating Expenditures:				
Professional & Contracted Services:				
Professional Fees	55,325	55,325	56,752	(1,427)
Legal Fees	107,700	107,700	26,876	80,824
Property Appraiser Fees	71,090	71,090	60,580	10,510
Contracted services	32,685	32,685	27,319	5,366
Tax Collector Fees	215,300	215,300	209,784	5,516
Auditing and Accounting	36,500	36,500	32,211	4,289
Medical Director	32,000	32,000	32,000	-
Total - Professional & Contracted Services	550,600	550,600	445,522	105,078

The accompanying notes are an integral part of this statement

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating Expenditures:				
General Operations:				
Travel	54,400	54,400	25,992	28,408
Telephone	18,900	18,900	16,620	2,280
Communication fees & maintenance	76,330	76,330	76,971	(641)
Postage and freight	1,600	1,600	1,646	(46)
Cable	9,500	9,500	8,351	1,149
Electricity	42,700	42,700	32,606	10,094
Garbage	8,900	8,900	8,118	782
Water and Sewer	16,100	16,100	11,252	4,848
Insurance - commercial & property	195,700	195,700	192,247	3,453
EMS equipment maintenance	20,100	20,100	18,732	1,368
Suppression equipment	18,500	18,500	11,134	7,366
Vehicle maintenance	120,000	120,000	94,965	25,035
Office equipment maintenance	6,100	6,100	2,593	3,507
Building maintenance	154,500	154,500	83,927	70,573
Miscellaneous - operations	28,690	28,690	14,049	14,641
Required advertising	5,700	5,700	2,782	2,918
Office supplies	11,000	11,000	10,225	775
EMS - medical supplies	87,600	87,600	70,749	16,851
Fuel and oil	37,300	37,300	36,828	472
Rescue	2,500	2,500	-	2,500
Prevention supplies	9,700	9,700	3,044	6,656
Suppression and protective gear	40,000	40,000	38,657	1,343
Communications	10,550	10,550	7,207	3,343
Training Supplies & Equipment	5,000	5,000	3,672	1,328
Uniform expenses	44,600	44,600	46,180	(1,580)
Facilities & Housekeeping supplies	17,800	17,800	20,584	(2,784)
Furniture and fixtures under $1,000	53,900	53,900	38,847	15,053
Software licenses and updates	62,955	62,955	55,640	7,315
Education - Career development	54,600	54,600	25,009	29,591
In-service training	57,400	57,400	38,980	18,420
Conferences	18,700	18,700	9,455	9,245
Licenses & certifications	6,800	6,800	6,020	780
Dues, memberships & subscriptions	10,400	10,400	8,357	2,043
Storm & disaster supplies	-	-	301	(301)
Ambulance billing	37,300	37,300	44,127	(6,827)
Aid to other organizations	21,040	21,040	13,190	7,850
Community outreach programs	16,600	16,600	9,109	7,491
Total - General Operations	1,383,465	1,383,465	1,088,166	295,299
Total - Operating Expenditures	1,934,065	1,934,065	1,533,688	400,377

The accompanying notes are an integral part of this statement

FORT MYERS BEACH FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND - DETAILED STATEMENT
September 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Capital Outlay:				
Building improvements	166,770	166,770	133,970	32,800
Rolling equipment	1,356,300	1,356,300	96,909	1,259,391
Suppression, rescue and		-		
protective equipment	68,050	68,050	8,872	59,178
Prevention - life safety	5,750	5,750	-	5,750
Communication equipment	53,230	53,230	32,287	20,943
IT - hardware and software	33,050	33,050	34,102	(1,052)
Furniture, fixtures and office equipment	10,490	10,490	9,150	1,340
Total - Capital Outlay	1,693,640	1,693,640	315,290	1,378,350
Debt Service:				
Principal Reduction	331,800	331,800	324,691	7,109
Interest and Fiscal Charges	64,000	64,000	62,674	1,326
Total - Debt Service	395,800	395,800	387,365	8,435
Reserves:				
Assigned:				
Equipment and building replacement	3,450,770	4,650,770	-	(4,650,770)
Millage sustainment	776,764	952,016	-	(952,016)
Disaster/Emergency	1,200,000	1,200,000	-	(1,200,000)
OPEB	765,850	765,850	-	(765,850)
Total - Reserves	6,193,384	7,568,636	-	(7,568,636)
TOTAL EXPENDITURES	20,239,619	21,614,871	10,520,532	(4,042,933)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,114,000)	(1,114,000)	1,035,367	(4,902,039)
OTHER FINANCING SOURCES				
Proceeds from financing	1,064,000	1,064,000	-	(1,064,000)
Proceeds from the sale of capital assets	50,000	50,000	2,839	(47,161)
TOTAL OTHER FINANCING SOURCES	1,114,000	1,114,000	2,839	(1,111,161)
NET CHANGE IN FUND BALANCE	$ -	$ -	1,038,206	$ (6,013,200)
FUND BALANCE - October 1, 2018			9,375,252	
FUND BALANCE - September 30, 2019			$ 10,413,458	

The accompanying notes are an integral part of this statement

FORT MYERS BEACH FIRE CONTROL DISTRICT

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

For the Last Four Fiscal Years Ended June 30,

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.0341294%	0.0294330%	0.0301141%	0.0296856%	0.0247499%	0.0260567%
District's proportion share of the net pension liability	$ 11,753,697	$ 8,865,373	$ 8,907,555	$ 7,495,637	$ 3,196,778	$ 1,589,840
District's covered - employee payroll	$ 4,869,670	$ 4,585,668	$ 3,468,886	$ 3,617,072	$ 3,404,639	$ 3,501,676
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	241.37%	193.33%	256.78%	207.23%	93.89%	45.40%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

SCHEDULE OF DISTRICT CONTRIBUTIONS -
FLORIDA RETIREMENT SYSTEM PENSION PLAN

For the Last Four Fiscal Years Ended September 30,

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 1,044,334	$ 852,309	$ 799,467	$ 731,434	$ 611,946	$ 600,356
Contributions in relation to the contractually required contribution	1,044,334	852,309	799,467	731,434	611,946	600,356
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,443,346	$ 4,015,272	$ 3,682,187	$ 3,587,646	$ 3,340,918	$ 3,492,130
Contributions as a percentage of covered-employee payroll	23.50%	21.23%	21.71%	20.39%	18.32%	17.19%

Note: Data was unavailable prior to 2014.

FORT MYERS BEACH FIRE CONTROL DISTRICT

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

For the Last Four Fiscal Years Ended June 30,

	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.01608570%	0.0137621%	0.0140167%	0.0143700%	0.0137827%	0.01376525%
District's proportion share of the net pension liability	$ 1,799,826	$ 1,456,600	$ 1,498,734	$ 1,674,769	$ 1,405,621	$ 1,287,084
District's covered - employee payroll	$ 5,863,229	$ 4,881,075	$ 4,272,805	$ 4,450,811	$ 4,182,011	$ 4,089,872
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.70%	29.84%	35.08%	37.63%	33.61%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

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

For the Last Four Fiscal Years Ended September 30,

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 87,659	$ 81,026	$ 74,599	$ 74,164	$ 56,135	$ 50,133
Contributions in relation to the contractually required contribution	87,659	81,026	74,599	74,164	56,135	50,133
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,280,660	$ 4,881,075	$ 4,493,936	$ 4,467,715	$ 4,123,409	$ 4,122,582
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.36%	1.22%

Note: Data was unavailable prior to 2014.

FORT MYERS BEACH FIRE CONTROL DISTRICT

SCHEDULE OF CONTRIBUTIONS - VEBA*
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

For the last fiscal year:

Measurement Date	9/30/2019	9/30/2018
Actuarially Determined Contribution	$ 85,600	$ 85,600
Contributions in Relation to the Actuarially Determined Contribution	85,600	85,600
Contribution Deficiency (Excess)	-	-
Covered Employee Payroll	4,881,075	4,881,075
Contributions as a Percentage of Covered Employee Payroll	1.75%	1.75%

Notes to Schedule

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

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

FORT MYERS BEACH FIRE CONTROL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - VEBA*
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Measurement Date	9/30/2019	9/30/2018
Total OPEB Liability- VEBA		
Service Cost	$ 28,553	$ 20,105
Interest	70,283	70,022
Differences between expected and actual experience	20,993	21,920
Demographic Experience	148,840	-
Benefits paid	(94,922)	(115,700)
Net change in Total OPEB Liability - VEBA	173,747	(3,653)
Total OPEB Liability - VEBA, Beginning	1,022,651	1,026,304
Total OPEB Liability - VEBA, Ending	1,196,398	1,022,651
Plan Fiduciary Net Position		
Employer contributions	97,000	85,600
Net investment income	21,063	102,593
Benefits paid	(94,922)	(115,700)
Administrative expenses	(20,199)	(9,371)
Net change in Plan Fiduciary Net Position	2,942	63,122
Plan Fiduciary Net Position, Beginning	1,220,953	1,157,831
Plan Fiduciary Net Position, Ending	1,223,895	1,220,953
Net OPEB Liability/(Asset) - VEBA	$ (27,497)	$ (198,302)
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability - VEBA	102.30%	119.39%
Covered employee payroll	$4,881,075	$4,881,075
Net OPEB Liability - VEBA as a percentage of Covered employee payroll	-0.56%	-4.06%

SCHEDULE OF INVESTMENT RETURNS - VEBA*
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Annual money weighted rate of return net of investment expense
For the fiscal year ended

9/30/2019	0.80%	9/30/2015	-3.98%
9/30/2018	8.45%	9/30/2014	10.77%
9/30/2017	9.32%	9/30/2013	12.69%
9/30/2016	8.35%	9/30/2012	15.44%

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

FORT MYERS BEACH FIRE CONTROL DISTRICT

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS - VEBA*
OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District*
POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Measurement Date	9/30/2019	9/30/2018
Total OPEB Liability		
Service Cost	$ 264,344	$ 127,897
Interest	126,449	120,273
Demographic Experience	(333,580)	-
Assumption Changes	1,080,448	-
Benefits paid	(172,651)	(141,049)
Net change in Total OPEB Liability	965,010	107,121
Total OPEB Liability - Beginning	3,353,314	3,246,193
Total OPEB Liability - Ending	4,318,324	3,353,314
Covered employee payroll	$4,881,075	$4,881,075
Total OPEB Liability as a percentage of Covered employee payroll	88.47%	68.70%

Ashley, Brown & Company
Certified Public Accountants

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

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fort Myers Beach Fire Control District, Fort Myers Beach, Florida (the "District"), as of and for the year ended September 30, 2019 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control over Financial Reporting, continued

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

Compliance and Other Matters

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

Purpose of this Report

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

Ashley, Brown & Co.

Punta Gorda, Florida

June 17, 2020

Ashley, Brown & Company
Certified Public Accountants

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INDEPENDENT AUDITOR'S MANAGEMENT LETTER

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, Florida

Report on the Financial Statements
We have audited the financial statements of the Fort Myers Beach Fire Control District (the "District"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated June 17, 2020.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 17, 2020, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.

Financial Condition and Management

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

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

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

Special District Component Units

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

Additional Matters

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

Purpose of this Letter

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

Ashley, Brown + Co.

Punta Gorda, Florida
June 17, 2020

FORT MYERS BEACH FIRE CONTROL DISTRICT

100 VOORHIS STREET · FORT MYERS BEACH, FLORIDA 33931
MAILING ADDRESS: POST OFFICE BOX 2880 · FORT MYERS BEACH, FLORIDA 33932

June 17, 2019

Jeff Brown, CPA
Ashley, Brown and Company CPAs
366 East Olympia Avenue
Punta Gorda, Florida 33950

Dear Mr. Brown,

We acknowledge receipt of the Independent Auditor's Report to management for the Fort Myers Beach Fire Control District's annual audit for fiscal year ended September 30, 2019 as defined in Auditor General Rule 105.554(1)(i).

Management is pleased to note the auditor's report did not include any current year comments or recommendations.

Matthew R. Love
Fire Chief

Ashley, Brown & Company
Certified Public Accountants

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REPORT OF INDEPENDENT ACCOUNTANT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, Florida

Report on Compliance

We have examined the Fort Myers Beach Fire Control District's (the "District") compliance with Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2019. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Scope

Our examination was conducted in accordance with AICPA Professional Standards, AT-C Section 315, promulgated by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

Opinion

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

Ashley, Brown + Co.

Punta Gorda, Florida

June 17, 2020

FORT MYERS BEACH FIRE CONTROL DISTRICT
100 VOORHIS STREET · FORT MYERS BEACH, FLORIDA 33931
MAILING ADDRESS: POST OFFICE BOX 2880 · FORT MYERS BEACH, FLORIDA 33932

AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Jane M. Thompson, Director of Finance and Administrative Services of the Fort Myers Beach Fire Control District, Fort Myers Beach, Florida (the "District"), who being duly sworn, deposes and says on oath that:

1. I am the Director of Finance and Administrative Services of the District, an Independent Special District established by the Florida Legislature pursuant to Chapter 2000-422, Laws of Florida, and Chapter 191, Florida Statutes; and,

2. The District conforms to Lee County Ordinance 20-07 implementing an impact fee, including impact fees for fire protection and emergency medical services; and

3. To my knowledge, the District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Jane M Thompson
Jane M. Thompson,
Director of Finance and Administrative Services

STATE OF FLORIDA
COUNTY OF LEE

SWORN TO AN SUBSCRIBED before me this 19th day of June, 2020.

ANGIE SNYDER
Notary Public - State of Florida
Commission # GG 985034
My Comm. Expires Aug 28, 2024
Bonded through National Notary Assn.

Angie Snyder
NOTARY PUBLIC

Angie Snyder
Print Name

Personally known X or produced identification ____

Type of identification produced: ____________

My commission expires: 8/28/24