

**IONA MCGREGOR FIRE PROTECTION
AND RESCUE SERVICE DISTRICT**

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS**

**YEAR ENDED
SEPTEMBER 30, 2020**

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Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Iona McGregor Fire Protection and Rescue Service District
6061 South Pointe Blvd.
Fort Myers, Florida 33919

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the fiduciary fund type of Iona McGregor Fire Protection and Rescue Service District (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Florida Retirement Systems Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2020. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2020 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Iona McGregor Fire Protection and Rescue Service District's government-wide financial statements, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the fiduciary fund type of Iona McGregor Fire Protection and Rescue Service District as of September 30, 2020 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 on pages i - vii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to Required Supplementary Information and Schedules of Changes in the Net OPEB Liability (Asset) and Related Ratios GASB No. 74/75 and Related Notes to the Schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to Required Supplementary Information and Schedules of Changes in the Net OPEB Liability (Asset) and Related Ratios GASB No. 74/75 and Related Notes to the Schedules, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to Required Supplementary Information and Schedules of Changes in the Net OPEB Liability (Asset) and Related Ratios GASB No. 74/75 and Related Notes to the Schedules, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iona McGregor Fire Protection and Rescue Service District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary

information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

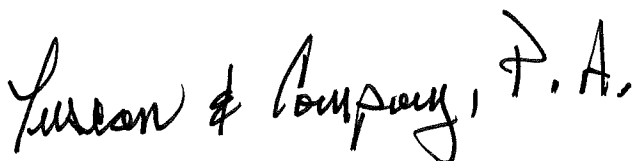
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit 1 - Management's Response to Independent Auditor's Report to Management and Exhibit 2 Impact Fee Affidavit are not a required part of the basic financial statements but are required by Government Auditing Standards and Rules of the Auditor General, Section 10.557(3)(m), respectively. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated March 3, 2021, on our consideration of Iona McGregor Fire Protection and Rescue Service District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Iona McGregor Fire Protection and Rescue Service District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Iona McGregor Fire Protection and Rescue Service District's internal control over financial reporting and compliance.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 3, 2021

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

Management's Discussion and Analysis

This discussion and analysis of the Iona McGregor Fire Protection and Rescue Service District (the "District") financial statements is designed to provide a narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2020, and to serve as the introduction to the basic financial statements. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. This report also contains supplementary information in addition to the basic financial statements.

Financial Highlights

- The District had a net position (deficit) of (\$2,900,075) at the close of the fiscal year. Of that amount, \$14,086,747 was a deficit unrestricted net position.
- The District's total net position decreased by \$2,862,206, or 7558 percent in comparison to the prior year.
- Total revenues increased \$578,643 or 3%, in comparison to prior year.
- Total expenses increased \$2,721,843, or 13%, in comparison to prior year.
- At the close of the current fiscal year, governmental funds reported ending fund balance of \$10,518,720, an increase of \$773,892. \$181,002 of the fund balance is available for spending at the District's discretion (unassigned fund balance).

Government-wide Financial Statements

Government-wide financial statements are intended to provide readers a broad overview of the District's finances, in a manner similar to private sector financial statements. These statements also allow readers 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. Both of the government-wide financial statements report the District's single function (fire suppression, crash and rescue prevention and education) that is principally supported by taxes and intergovernmental revenue.

The *Statement of Net Position* (page 4) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* (page 5) presents revenue and expense information showing how the District's net position changed during the fiscal year. All changes in net position are reported when the revenue is earned or the expense is incurred, regardless of the timing of related cash flows. 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
- revenues
- 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.

The focus of the governmental funds is narrower than that of the government-wide financial statements. It is useful to compare the information presented for governmental funds with the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison. Governmental fund financial statements (found on pages 6 and 8) are prepared on the modified accrual basis using the current financial resources measurement focus.

Fiduciary Funds

The fiduciary fund reported is used to account for resources held for the benefit of retired employees. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s programs. The accounting used for the fiduciary fund is much like that used for governmental proprietary funds. The fiduciary fund financial statements can be found on pages 10 and 11.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 12. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Statements of Net Position

As noted earlier, net position may serve as a useful indicator of a government’s financial position.

The following is a condensed summary of net position for the District for fiscal years 2020 and 2019:

**Iona McGregor Fire Protection and Rescue Service District
Summary of Net Position
September 30**

Assets:	2020	2019
Current and other assets	\$ 12,535,130	\$ 12,974,102
Capital assets	10,491,736	9,688,885
Total assets	23,026,866	22,662,987
Deferred outflows of resources - pensions	9,527,943	8,316,147
 Liabilities:		
Current liabilities	1,275,781	899,603
Non-current liabilities	32,382,061	27,301,508
Total liabilities	33,657,842	28,201,111
Deferred inflows of resources - pensions	1,797,042	2,815,892
 Net position:		
Net investment in capital assets	10,319,664	9,360,459
Restricted	867,008	2,530,662
Unrestricted (deficit)	(14,086,747)	(11,928,990)
Total Net Position	\$ (2,900,075)	\$ (37,869)

At September 30, 2020, current and other assets represent 54 percent of total assets. Current assets are comprised of cash and cash equivalents of \$1,114,914, investments of \$9,935,508, amounts due from other governments of \$617,700 and the net OPEB asset of \$867,008.

At September 30, 2020, current liabilities are comprised of accounts payable of \$100,064, unearned revenue of \$8,701, accrued expenses of \$731,959, current portion of long-term liabilities of \$126,379, and amounts due to other governments of \$308,678. Non-current liabilities are comprised of capital leases payable of \$74,386, compensated absences and separation payments payable of \$782,859, net pension liability of \$28,099,346, and net OPEB liability of \$3,425,470.

The largest portion of the District's net position, \$10,319,664, reflects the District's net investment in capital assets. Capital assets are comprised of land, buildings, and equipment and machinery, and are reported net of accumulated depreciation and the outstanding related debt used to acquire the assets. The District uses those assets to provide services to its citizens; as a result, these assets are not available for future spending.

The restricted net position of \$867,008 represents the District's OPEB actuarially determined net asset related to the Retiree Insurance Trust -VEBA reported on the District's statements pursuant to accounting rules and is unavailable for spending. Unrestricted net position (deficit) of (\$14,086,747) results from adherence to GASB Statement No. 68 and recording the District's proportionate share of the retirement liability of the State's Retirement System as well as the implementation of GASB Statement No. 75 in the current year which required the recording of the District's net OPEB liability.

Net position decreased \$2,862,206 in the current fiscal year. The decrease is primarily due to the effects from recording personnel expenses related to pension liabilities.

Statements of Activities

The following schedule reports the revenues, expenses, and changes in net position (activities) for the District for the fiscal years 2020 and 2019:

For the Year Ended September 30

Revenues:	<u>2020</u>	<u>2019</u>
General Revenues:		
Ad valorem taxes, net	\$ 19,929,482	\$ 19,614,372
Fees and assessments	99,387	169,792
Miscellaneous:		
Investment earnings (loss)	169,296	303,860
Rents	34,122	33,453
Donations from private sources	2,156	4,150
Gain on disposition of capital assets	9,971	27,888
Other financial assistance - CARES Act	382,020	-
Other	22,796	29,765
Program Revenues:		
Charges for services - inspections	42,397	66,129
Charges for services - education	2,170	2,500
Operating grants and contributions	176,305	39,550
Total Revenues	<u>20,870,102</u>	<u>20,291,459</u>
Expenses:		
Public Safety - Fire and Rescue Services		
Personnel services	20,607,439	18,031,413
Operating expenditures	2,451,637	2,353,921
Depreciation	667,291	612,389
Interest and fiscal charges	5,941	12,742
Total Expenses	<u>23,732,308</u>	<u>21,010,465</u>
Increase (Decrease) in Net Position	(2,862,206)	(719,006)
Net Position (Deficit) - Beginning	<u>(37,869)</u>	<u>681,137</u>
Net Position (Deficit) - End of Year	<u>\$ (2,900,075)</u>	<u>\$ (37,869)</u>

The increase in revenue was largely due to the improving economy. As such, property values increased causing the net ad valorem revenue to increase approximately \$315,110. The millage rates levied for 2019 and 2020 were 2.50 mills and 2.4358 mills, respectively.

Total expenses increased by \$2,721,843 as noted previously.

Budgetary Highlights

The District adopted one budget amendment that adjusted the District's cash carried forward to actual during the fiscal year. Budget amendments for significant operating expense variances were not adopted.

Budget versus actual comparisons are reported in the required supplementary information on pages 67 through 70.

Capital Assets

Non-depreciable capital assets include land. Depreciable capital assets include buildings, vehicles, and equipment.

Iona McGregor Fire Protection and Rescue Service District

Capital Assets

September 30

Capital Assets Not Being Depreciated:	<u>2020</u>	<u>2019</u>
Land	\$ 878,471	\$ 878,471
Construction in progress	<u>-</u>	<u>-</u>
	<u>878,471</u>	<u>878,471</u>
Capital Assets Being Depreciated:		
Buildings and improvements	9,614,966	9,614,966
Equipment and machinery	<u>7,244,877</u>	<u>6,083,710</u>
Total Capital Assets Being Depreciated	<u>16,859,843</u>	<u>15,698,676</u>
Less Accumulated Depreciation:		
Buildings and improvements	(4,378,027)	(4,143,829)
Equipment and machinery	<u>(2,868,551)</u>	<u>(2,744,433)</u>
Total Accumulated Depreciation	<u>(7,246,578)</u>	<u>(6,888,262)</u>
Total Capital Assets Being Depreciated, Net	<u>9,613,265</u>	<u>8,810,414</u>
Capital Assets, Net	<u>\$ 10,491,736</u>	<u>\$ 9,688,885</u>

The District's capital asset purchases/projects that took place in fiscal year 2019 included the purchase of the following:

- 2019 custom 100' aerial apparatus \$1,238,392
- 2020 F-350 support truck \$46,421
- Thermal imaging cameras \$30,031
- Mobil radios \$26,654
- Extrication tools \$25,810
- Vehicle routers \$18,602
- Approximately \$111,000 of miscellaneous equipment

The District disposed of approximately \$336,000 of equipment during the year ended September 30, 2020.

The District's capital asset purchases/projects that took place in fiscal year 2019 included the purchase of the following:

- 2019 Tahoe \$62,000
- Extrication tools \$54,000
- Radios \$20,0000
- Approximately \$36,000 of miscellaneous equipment

The District also disposed of approximately \$673,000 of vehicles and equipment during the year ended September 30, 2019.

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

Debt Administration

At September 30, 2020, the District had \$32,508,440 of outstanding debt, consisting of one capital lease totaling \$172,072, compensated absences of \$811,552, net OPEB liability of \$3,425,470 and net pension liability of \$28,099,346.

At September 30, 2019, the District had \$27,502,499 of outstanding debt, consisting of two capital leases totaling \$328,426, compensated absences of \$750,427, separation pay of \$0, net OPEB liability of \$2,963,156 and net pension liability of \$23,460,490.

**Iona McGregor Fire Protection and Rescue Service District
Outstanding Obligations
September 30**

	2020	2019
Current Portion of long-term obligations	\$ 126,379	\$ 200,991
Noncurrent liabilities	32,382,061	27,301,508
Total Outstanding Obligations	\$ 32,508,440	\$ 27,502,499

At September 30, 2020:

The District's debt payments consist of quarterly lease/purchase payments of principal and interest of \$25,011 for 2 engines. The engines have a final payment on June 5, 2022. Interest rate on the lease/purchase agreement is 1.74 percent.

The amount reported as compensated absences of \$811,552 represents the total amount the District has due at the termination of all employees' employment.

Additional information on the District's long-term debt activity may be found in Note E on pages 33-34 of this report.

Governmental Funds

The focus on the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The District maintains 1 governmental fund. The general fund is the only operating fund of the District.

General Fund

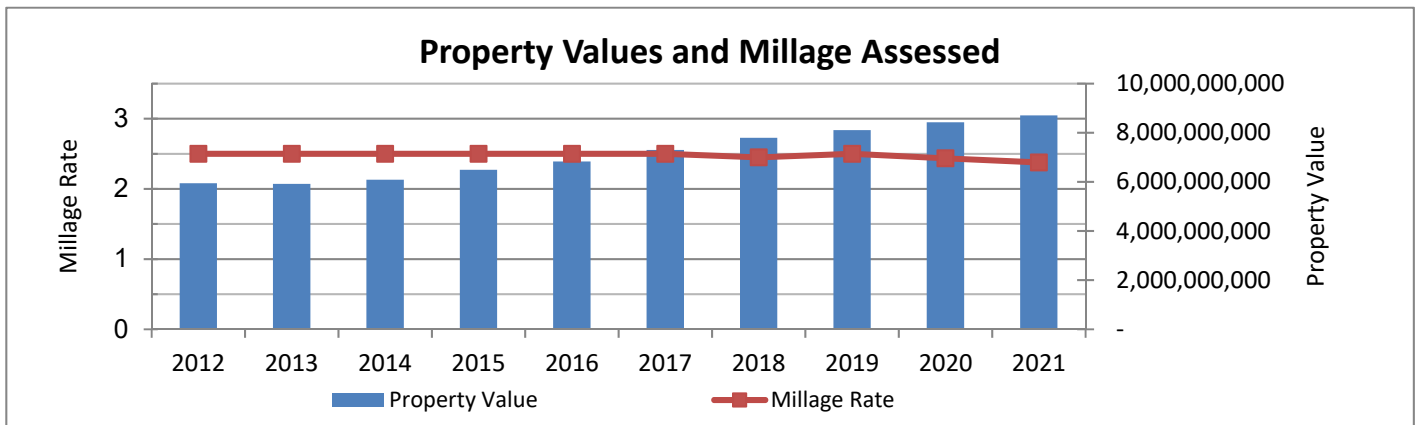
At the end of the fiscal year the general fund reported ending fund balance of \$10,518,720, an increase of 7.9 percent compared to the prior year. \$181,002 constitutes unassigned fund balance which is available for spending at the District’s discretion. Assigned fund balance was \$10,337,718. The assigned fund balance represents 51 percent of total fund expenditures.

Impact fees associated with building permits collected by the County are remitted to the District to be used for qualifying expenditures related to growth. Current year expenditures of impact fees were used for the repayment of lease/purchase payments for Station 75.

Economic Factors and Next Year’s Budget Rates

The following factors were considered when next year’s budget (2020-2021) was adopted:

- Assessed property values increased for FY 21. The District’s millage levied was 2.3775 mills, the rolled-back rate. At that rate, the District expects ad valorem tax revenues to be \$20,049,066, an increase of \$170,876 or approximately 1 percent. Since the rolled-back rate is intended to generate the same tax revenues as the prior year, the increase is attributable to new construction within the District (See graph for property values and assessed millage rates for previous and current year).
- Wages and benefits were budgeted slightly higher for 2021 than the prior year mainly due to contractual increases contained in the District’s two collective bargaining agreements.
- Management continues to evaluate all other operating expenditures based on the priorities of mandatory, critical, or important to the ability to deliver a consistent level of service. Management is also carefully monitoring the economic effects of the COVID-19 outbreak. Despite the economic downturn, property values continue to rise. Management expects this trend to continue in the near term.



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: Iona McGregor Fire Protection and Rescue Service District, Mark Winzenread, Chief Financial Officer, 6061 South Point, Fort Myers, Florida, 33919, or phone (239) 433-0660.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF NET POSITION
September 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,114,914
Investments	9,935,508
Due from other governments	617,700
Net OPEB asset	<u>867,008</u>
Total current assets	<u>12,535,130</u>
Noncurrent assets:	
Capital assets:	
Land	878,471
Construction in progress	-
Depreciable buildings and improvements, equipment and machinery (net of \$7,246,578 accumulated depreciation)	<u>9,613,265</u>
Total noncurrent assets	<u>10,491,736</u>
 TOTAL ASSETS	 <u>23,026,866</u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u>9,527,943</u>
LIABILITIES	
Current liabilities:	
Accounts payable	100,064
Accrued expenses	731,959
Unearned revenue	8,701
Due to other governments	308,678
Current portion of long-term obligations	<u>126,379</u>
Total current liabilities	1,275,781
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>32,382,061</u>
 TOTAL LIABILITIES	 <u>33,657,842</u>
 DEFERRED INFLOWS OF RESOURCES	 <u>1,797,042</u>
NET POSITION (DEFICIT)	
Net investment in capital assets	10,319,664
Restricted for OPEB	867,008
Unrestricted (deficit)	<u>(14,086,747)</u>
 TOTAL NET POSITION (DEFICIT)	 <u>\$ (2,900,075)</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020**

	<u>Governmental Activities</u>
EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 20,607,439
Operating expenses	2,451,637
Depreciation	667,291
Interest and fiscal charges	5,941
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>23,732,308</u>
PROGRAM REVENUES	
Charges for services:	
Inspection fees	42,397
Safety and education fees	2,170
Operating grants and contributions	176,305
TOTAL PROGRAM REVENUES	<u>220,872</u>
NET PROGRAM EXPENSES	<u>23,511,436</u>
GENERAL REVENUES	
Ad Valorem taxes, net	19,929,482
Fees and special assessments	99,387
Miscellaneous:	
Interest and increase in fair market value of SBA	169,296
Rents	34,122
Donations	2,156
Other	22,796
Other financial assistance - CARES Act	382,020
Gain on disposition of capital assets	9,971
TOTAL GENERAL REVENUES	<u>20,649,230</u>
INCREASE (DECREASE) IN NET POSITION	(2,862,206)
NET POSITION (DEFICIT) - Beginning	<u>(37,869)</u>
NET POSITION (DEFICIT) - Ending	<u><u>\$ (2,900,075)</u></u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
 RESCUE SERVICE DISTRICT
 BALANCE SHEET - GOVERNMENTAL FUNDS
 September 30, 2020**

	<u>General</u>	<u>Total Governmental Funds</u>
ASSETS		
Cash and cash equivalents	\$ 1,114,914	\$ 1,114,914
Investments	9,935,508	9,935,508
Due from other governments	<u>617,700</u>	<u>617,700</u>
TOTAL ASSETS	<u>\$ 11,668,122</u>	<u>\$ 11,668,122</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 100,064	\$ 100,064
Accrued expenses	731,959	731,959
Unearned revenue	8,701	8,701
Due to other governments	<u>308,678</u>	<u>308,678</u>
TOTAL LIABILITIES	<u>1,149,402</u>	<u>1,149,402</u>
 FUND BALANCE		
Nonspendable	-	-
Assigned	10,337,718	10,337,718
Unassigned	<u>181,002</u>	<u>181,002</u>
TOTAL FUND BALANCE	<u>10,518,720</u>	<u>10,518,720</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 11,668,122</u>	<u>\$ 11,668,122</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2020**

	<u>Amount</u>	
Total fund balance for governmental funds	\$ 10,518,720	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated:		
Land	878,471	
Construction in progress	<u>-</u>	
		878,471
Governmental capital assets being depreciated:		
Building and improvements, equipment and machinery	16,859,843	
Less accumulated depreciation	<u>(7,246,578)</u>	
		9,613,265
Net OPEB asset - VEBA is not a current spendable financial resource and, therefore, is not reported in the governmental funds.		
	867,008	867,008
Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	8,496,819	
Deferred outflows related to OPEB - District	513,867	
Deferred outflows related to OPEB - VEBA	<u>517,257</u>	
		9,527,943
Deferred inflows related to pensions	(1,140,069)	
Deferred inflows related to OPEB - District	(203,724)	
Deferred inflows related to OPEB - VEBA	<u>(453,249)</u>	
		(1,797,042)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease payable (airpacks)	-	
Capital lease payable (engines)	(172,072)	
Compensated absences	(811,552)	
Net pension liability - FRS	(24,824,110)	
Net pension liability - HIS	(3,275,236)	
Net OPEB liability - District	<u>(3,425,470)</u>	
		<u>(32,508,440)</u>
Total net position (deficit) of governmental activities	<u>\$ (2,900,075)</u>	

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2020**

REVENUES	General	Total Governmental Funds
Ad Valorem taxes, net	\$ 19,929,482	\$ 19,929,482
Fees and special assessments - impact fees	99,387	99,387
Intergovernmental revenues	176,305	176,305
Charges for services	44,567	44,567
Miscellaneous	228,370	228,370
TOTAL REVENUES	20,478,111	20,478,111
 EXPENDITURES		
Current		
Public safety		
Personnel services	16,012,136	16,012,136
Operating expenditures	2,451,637	2,451,637
Capital outlay	1,496,835	1,496,835
Debt service		
Principal reduction	156,354	156,354
Interest and fiscal charges	5,941	5,941
TOTAL EXPENDITURES	20,122,903	20,122,903
EXCESS OF REVENUES OVER EXPENDITURES	355,208	355,208
 OTHER FINANCING SOURCES		
Proceeds from disposition of capital assets	36,664	36,664
Other financial assistance - CARES Act	382,020	382,020
	418,684	418,684
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	773,892	773,892
FUND BALANCE - Beginning	9,744,828	9,744,828
FUND BALANCE - Ending	\$ 10,518,720	\$ 10,518,720

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

Year Ended September 30, 2020

	<u>Amount</u>
Net change (revenues and other financing sources in excess of expenditures and other financing uses) in fund balance - total governmental funds	\$ 773,892
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.	
Plus: expenditures for capital assets	1,496,835
Less: current year depreciation	(667,291)
Less: proceeds from disposition of capital assets	(36,664)
Plus: gain on disposition of capital assets	<u>9,971</u>
	802,851
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	
Repayments (principal retirement):	
Capital lease payable (airpacks)	60,350
Capital lease payable (engines)	<u>96,004</u>
	156,354
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
(Increase) decrease in net OPEB liability - District	(462,314)
Increase (decrease) in net OPEB VEBA asset	(1,663,654)
(Increase) decrease in compensated absences, net	(61,125)
(Increase) decrease in net pension liability - FRS	(4,483,862)
(Increase) decrease in net pension liability - HIS	(154,994)
Increase (decrease) in deferred outflow - Pensions	294,785
(Increase) decrease in deferred inflow - Pensions	983,374
Increase (decrease) in deferred outflow - OPEB VEBA	517,257
(Increase) decrease in deferred inflow - OPEB VEBA	239,200
Increase (decrease) in deferred outflow - OPEB - District	226,554
(Increase) decrease in deferred inflow - OPEB - District	<u>(30,524)</u>
	<u>(4,595,303)</u>
Increase (decrease) in net position of governmental activities	<u>\$ (2,862,206)</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
 RESCUE SERVICE DISTRICT
 STATEMENT OF FIDUCIARY NET
 POSITION - FIDUCIARY FUND
 September 30, 2020**

	Retiree Insurance Trust - VEBA
ASSETS	
Cash and cash equivalents	\$ 279
Investments, at fair value:	
International equity	1,043,494
Domestic equity	7,740,314
Fixed income	<u>2,648,351</u>
TOTAL INVESTMENTS	11,432,159
Dividend receivable	<u>2,163</u>
TOTAL ASSETS	<u>11,434,601</u>
 LIABILITIES	
Accounts payable and accrued expenses	<u>5,888</u>
TOTAL LIABILITIES	<u>5,888</u>
 NET POSITION	
Restricted for OPEB health insurance benefits and other purposes	<u>11,428,713</u>
TOTAL NET POSITION	<u>\$ 11,428,713</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUND
Year Ended September 30, 2020**

	Retiree Insurance Trust - VEBA
ADDITIONS	
Contributions:	
Employer contribution	\$ 497,525
Total contributions	<u>497,525</u>
Investment income:	
Net appreciation in fair value of investments	1,149,075
Net realized gain on sales of investments	7,607
Interest and dividends	<u>213,997</u>
	1,370,679
Less: investment expenses	<u>(7,770)</u>
Net investment income (loss)	<u>1,362,909</u>
TOTAL ADDITIONS	<u>1,860,434</u>
DEDUCTIONS	
Benefits paid	325,020
Administrative expenses	<u>26,905</u>
TOTAL DEDUCTIONS	<u>351,925</u>
NET INCREASE IN NET POSITION	1,508,509
NET POSITION - BEGINNING	<u>9,920,204</u>
NET POSITION - ENDING	<u>\$ 11,428,713</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Iona McGregor Fire Protection and Rescue Service District (the "District") is an independent special district established July 5, 1975, by Laws of Florida, Chapter 75-421 as amended, under the provisions of Florida Statute 633, and as further amended by Laws of Florida, Chapter 97-340. The District, also, has the general and special powers prescribed by Florida Statutes Chapters 189 and 191. Laws of Florida, Chapter 2000-384 codified, reenacted, amended and repealed its prior enabling acts. The District was created for the purpose of providing fire control, protection and rescue services, for a designated area in central 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 had five (5) station houses and approximately 96 employees at September 30, 2020.

During the year ended September 30, 2008, the District established a fiduciary fund (trust) to account for the net position restricted for retiree insurance benefits trust - VEBA.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of these basic 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". 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 included, or required to be included, in the District's basic financial statements.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

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

Program revenues are considered to be revenues generated by services performed and/or by fees charged, such as inspection and safety and education fees, as well as operating grants.

Fund Financial Statements

The District adheres to GASB Statement Number 54 "Fund Balance Reporting and Government Fund Type Definitions."

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

Fund financial statements for the District's governmental 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 fiduciary statements include information for the Retiree Insurance Trust Fund (VEBA). The fiduciary fund represents assets held by the Iona McGregor Retiree Insurance Trust in a custodial capacity for the benefit of retirees. This fund is properly not reflected as part of the government-wide financial statements, as the net assets of this fund are not available for use in District operations.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, as appropriate, and then from unrestricted resources.

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

Fiduciary Fund

The insurance trust fund accounts for the activities of the Retiree Insurance Trust (VEBA), which accumulates resources for the payment of post employment benefits other than pension to qualified retirees.

Measurement Focus and Basis of Accounting

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

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

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. 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, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

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

The Fiduciary Fund - Retiree Insurance Trust Fund (VEBA) 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.

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

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Non-current Government Assets/Liabilities

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

Major Fund

The District reports the following major governmental fund:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. Impact fees imposed and collected by Lee County based on new construction within the District are minimal and accounted for in the General Fund. The fees are restricted and can only be used for certain capital expenditures or repayment of debt issued to acquire those capital assets, associated with growth within the District. The District has determined all impact fees collected will be used to service debt approved to be paid by such fees.

Fiduciary Fund

Additionally, the District reports the following fund type:

The fiduciary fund is excluded in the government-wide financial statements because the resources of that fund are not available to support the District's operations. The only type of fiduciary fund the District reports is the Retiree Insurance Trust Fund (VEBA), which accounts for the assets held by the plan in a formal trust that are payable to qualified retirees for post employment healthcare benefits other than retirement.

Budgetary Information

The District has elected to report budgetary comparison of major funds as required supplementary information (RSI).

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 31, and/or GASB Statement No. 79 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" in which all investments are reported at fair value. Specifically, the District (not including the VEBA) has adopted a policy to adhere to Florida Statute Chapter 218.415(17).

Investments in the District's governmental funds consist of U.S. Government securities held in money market funds and securities of U.S. Government agencies unconditionally guaranteed by the U.S. Government.

Investments held by the District's fiduciary fund (VEBA) include marketable securities, bonds, time deposits, mutual funds, money market funds, and depository accounts. The VEBA has adopted a separate investment policy from that of the District in accordance with Florida Statute Chapter 218.415 (1-16).

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements. The District has elected to treat these items under the consumption method for the governmental fund financial statements. As such, the costs are recorded as prepaid expenses in the governmental funds and offset by nonspendable fund balance.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment and machinery, are reported in the government-wide Statement of Net Position. The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

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

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings and improvements	10-40
Equipment and Machinery (including vehicles)	3-20

Budgets and Budgetary Accounting

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

No budget was legally required or adopted for the Fiduciary Fund - VEBA.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting, continued

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

1. During the spring/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, 2020, the Board of Commissioners, in accordance with Florida Statutes, approved one (1) budget amendment in the General Fund. The budget amendment increased the total budgeted revenues, other financing sources and expenditures in the General Fund by \$137,893.

Impact Fees

Through an inter-local 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 Lee County and 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 records this fee as revenue when received or receivable. 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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences/Separation Pay

The District's employees accumulate annual leave (vacation leave) based on the number of years of continuous service. Certain administrative employees are entitled to separation pay as defined by the District Non-Bargaining Unit Employee Handbook. Upon termination of employment, employees can receive payment of these benefits if certain criteria are met, up to 500 hours, in general. The costs of vacation leave benefits (compensated absences) and separation pay are recorded in the respective operating funds when payments are made to employees. However, the liability for all accrued vacation leave and separation benefits is recorded in the government-wide Statement of Net Position. Sick time accrued is paid out on September 30 annually. Therefore, no sick time is accrued at September 30.

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 the 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.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Position

In the government-wide financial statements no net assets have been identified as restricted except those net assets restricted for OPEB. Restricted net position reflects those net assets that have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by law.

Fund Balances

The governmental fund financial statements the District maintains may 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 and inventory.

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. The District maintained no restricted fund balances at September 30, 2020.

Committed fund balance consists of amounts that represent resources whose use is constrained by limitations the Board (highest decision making) imposes upon itself. These constraints made by the Board remain binding unless removed in the same manner. The District maintained no committed fund balances at September 30, 2020.

Assigned fund balance represents the portion of fund balance that reflects the District's intended use of resources. Such intent can only be established by the Board. The District maintained assigned fund balance for various uses at September 30, 2020.

Unassigned fund balance is the portion of fund balance representing resources in excess of what can properly be classified in one of the other categories.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Interfund Transactions

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

Pensions

In the government-wide Statement of Net Position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) defined benefit plans 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.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount on pensions 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.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Deferred Outflows/Inflows of Resources, continued

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 pension and OPEB is reported only in the government-wide Statement of Net Position. A deferred amount on pension and OPEB results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with benefits through the plans except earnings which are amortized over five to seven years.

Subsequent Events

Subsequent events have been evaluated through March 3, 2021, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2020, cash was \$1,114,914 (excluding the Retiree Insurance Trust Fund VEBA).

Deposits - VEBA

Additionally, the Retiree Insurance Trust Fund (VEBA) as later defined, held restricted cash and cash equivalents of \$279 (book and bank balance as deposits), at September 30, 2020, in a money market fund. This cash account is not subject to coverage under the Federal Depository Insurance Corporation (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Deposits - District

The District's deposit policy allows deposits to be held in demand deposit or money market accounts consistent with Florida Statute Chapter 218.415(17). All District deposits were held in banks or savings institutions designated as qualified depositories by the State Treasurer.

At September 30, 2020, the carrying amount of the District's deposits was \$1,114,914 in the General Fund and the bank balance was \$1,196,602. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

NOTE C - INVESTMENTS

District Investments

The District adheres to GASB Statement No. 31 and/or GASB Statement No. 79, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31). Under this Statement, the District has elected to show all investments at fair value, with the exception of the Local Government Surplus Funds Investment Pool Trust Fund (State Board of Administration), an external 2a7-like investment pool. The Local Government Surplus Funds Investment Pool Trust Fund's shares are stated at amortized cost, which approximates fair value.

Florida Statutes and District policy authorize investments in Local Government Surplus Funds Trust Fund (SBA) administered by the Florida State Board of Administration, U.S. government securities (held in a money market fund) and certificates of deposit held in financial institutions.

**IONA MCGREGOR FIRE PROTECTION AND
 RESCUE SERVICE DISTRICT
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 September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

District Investments, continued

The District does not have a written investment policy and as such, its practice is to follow Florida Statute 218.415(17), which limits the types of investments that a local government may invest in. Local governments electing not to adopt a written investment policy in accordance with policies developed by the State may only invest surplus public funds in the state pool or similar, highly rated money market funds, time deposits, savings accounts, or direct obligations of the U.S. Treasury.

District investments consisted of the following at September 30, 2020:

	<u>Cost</u>	<u>Market / Carrying Amount</u>
<u>General Fund</u>		
Local Government Surplus		
Trust Fund (SBA)		
PRIME	\$ 7,923,988	\$ 7,923,988
Interest bearing		
Money Market	<u>2,011,520</u>	<u>2,011,520</u>
Total investments	<u>\$ 9,935,508</u>	<u>\$ 9,935,508</u>

The Local Government Surplus Funds Trust Fund (PRIME) is an external 2a7-like investment pool, administered by the Florida State Board of Administration. The Local Government Surplus Funds Investment Pool Trust Fund is not categorized, as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's shares are stated at amortized cost (NAV), which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement, will decline. The District's investment in the Fund represented less than 1% of the Fund's total investments. Investments held in the Fund 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.

**IONA MCGREGOR FIRE PROTECTION AND
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NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

District Investments, continued

At September 30, 2020, the District reported investments of \$7,923,988 for amounts held in PRIME. PRIME carried a credit rating of AAAM by Standard and Poors interest rate risk. Florida PRIME had a dollar weighted average days to maturity (WAM) of 48 days at September 30, 2020. The Weighted Average Life (WAL) of Florida PRIME at September 30, 2020 was 63 days. Rule 2a7 allows funds to use amortized cost to maintain a constant NAV of \$1.00 per share. Accordingly, the District's investment in Florida PRIME is reported at the account balance (pooled shares) using amortized cost, which is considered fair value.

The District adheres to GASB Statement No. 79 which requires the following disclosures related to its Florida PRIME investment:

Redemption Gates: Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to a payment at any time from the moneys in the trust fund. However, the Executive Director of the fund may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on the contributions and withdrawals, the Executive Director may extend the moratorium until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

District Investments, continued

Liquidity Fees: Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosures in the enrollment materials of the amount and purpose of such fees. At September 30, 2020, no such disclosure has been made.

Redemption Fees: As of September 30, 2020, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

Fair Value: The carrying value of the cash, cash equivalents, and investments held by the District are measured at amortized cost which approximate fair value.

Foreign Currency: Florida PRIME was not exposed to foreign currency risk during the period October 1, 2019 through September 30, 2020.

Securities Lending: Florida PRIME did not participate in securities lending program during the period October 1, 2019 through September 30, 2020.

Florida PRIME does provide separate audited financial statements as of and for the year ended June 30, 2020.

Retiree Insurance Trust Fund (VEBA) Investments

Investments of the Retiree Insurance Trust Fund totaled \$11,432,159 at September 30, 2020. Such investments are controlled by Retiree Insurance Trust Fund (VEBA) Board policy.

Investment Authorization

The Retiree Insurance Trust Fund investment policy is determined by its Board of Trustees. The policy has been identified by the Board to conduct the operations of the Retiree Insurance Trust Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return. The Trustees are authorized to acquire time or savings accounts of FDIC insured banks or savings institutions, obligations issued or guaranteed by the United States Government, bonds issued by a domestic corporation listed on one or more of the recognized national stock exchanges or the National Market System of the

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Investment Authorization, continued

NASDAQ stock market, equity investment in a corporation listed on one or more of the recognized national stock exchanges or the National Market System of the NASDAQ stock market, mutual funds whose investments meet the above restrictions, and real estate investments through commingled investments and/or real estate trusts (REITs). All investments of the VEBA are in mutual funds to maximize income and minimize risk.

Investments in equity securities shall range between 50% and 85% with a target allocation of 75%. Not more than 5% of the Fund's assets shall be invested in the stock of any one issuing company nor shall the aggregate investment in any one issuing company exceed 5% of the company's outstanding capital stock. No more than 20% of Plan assets shall be invested in foreign securities and no more than 30% shall be invested in bonds, convertible bonds, or other indebtedness. Real estate investments are limited to 10% of Plan assets. The Plan's assets shall be rebalanced at least annually to meet the target allocations.

The following is a summary of the Plan's assets at September 30, 2020:

Mutual Fund Type	Target Allocation	Percent of Portfolio	Fair Value
Equity			
Vanguard International Growth Fund	5%	5%	\$ 604,559
Vanguard International Value Fund	5%	4%	438,935
Vanguard Total Stock Market Index Fund	65%	68%	7,740,314
Fixed Income			
Vanguard Prime Money Market Fund	5%	3%	309,422
Vanguard Intermediate-Grade Bond Fund	10%	10%	1,151,626
PIMCO Total Return Instl.	10%	10%	1,187,303
Total Investments	100%	100%	\$11,432,159

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 Fund 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.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Interest Rate Risk, continued:

Information about the sensitivity of the fair values of the Fund's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund's fixed income investments by maturity at September 30, 2020:

<u>Investment Type - Fixed Income</u>	<u>Weighted Average Maturity (years)</u>	<u>Duration Years</u>	<u>Fair Value</u>
Vanguard Prime Money Market Fund	.16*	N/A	\$ 309,422
Vanguard Intermediate-Term Investment Grade Bond Fund	6.9	6.2	1,151,626
PIMCO Total Return Instl.	7.2	5.4	1,187,303
Total			<u>\$ 2,648,351</u>

*58 days

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 Fund'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, 2020, if applicable:

<u>Investment Type - Fixed Income</u>	<u>Average Quality Rating</u>	<u>Fair Value</u>
Vanguard Prime Money Market Fund	Not rated	\$ 309,422
Vanguard Intermediate-Term Investment Grade Bond Fund	Not rated	1,151,626
PIMCO Total Return Instl.	Not rated	1,187,303
Total		<u>\$ 2,648,351</u>

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Concentration of Credit Risk:

The investments 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 5% or more of plan net position at September 30, 2020 as all investments were in mutual funds, nor did any type of investment exceed the target mix.

Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This risk is generally measured by the assignment of a rating by a nationally recognized statistical rating organization. Consistent with the Fund's investment policy, the investments are held by Fund's custodial bank and registered in the Plan's name.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE D - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2020:

	Balance October 1 2019	Increases/ Additions	Decreases/ Deletions	Adjustments	Balance September 30 2020
Capital Assets Not Being Depreciated:					
Land	\$ 878,471	\$ -	\$ -	\$ -	\$ 878,471
Construction in Progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>878,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,471</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	9,614,966	-	-	-	9,614,966
Equipment and Machinery	<u>6,083,710</u>	<u>1,496,835</u>	<u>(335,668)</u>	<u>-</u>	<u>7,244,877</u>
Total Capital Assets Being Depreciated	<u>15,698,676</u>	<u>1,496,835</u>	<u>(335,668)</u>	<u>-</u>	<u>16,859,843</u>
Less Accumulated Depreciation:					
Buildings and Improvements	(4,143,829)	(234,198)	-	-	(4,378,027)
Equipment and Machinery	<u>(2,744,433)</u>	<u>(433,093)</u>	<u>308,975</u>	<u>-</u>	<u>(2,868,551)</u>
Total Accumulated Depreciation	<u>(6,888,262)</u>	<u>(667,291)</u>	<u>308,975</u>	<u>-</u>	<u>(7,246,578)</u>
Total Capital Assets Being Depreciated, Net	<u>8,810,414</u>	<u>829,544</u>	<u>(26,693)</u>	<u>-</u>	<u>9,613,265</u>
Capital Assets, Net	<u>\$ 9,688,885</u>	<u>\$ 829,544</u>	<u>\$ (26,693)</u>	<u>\$ -</u>	10,491,736
				Related debt	<u>(172,072)</u>
				Net investment in capital assets	<u>\$ 10,319,664</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2020:

	<u>Amount</u>
General Government	<u>\$ 667,291</u>
Total Depreciation Expense	<u>\$ 667,291</u>

The District has capital assets held under capital leases with a total cost of \$674,708 at September 30, 2020. The capital assets held under capital lease had accumulated depreciation of \$180,752 and depreciation expense of \$33,735 as of and for the year ended September 30, 2020.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE E - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2020:

	Balance October 1 2019		Retirements / Adjustments	Balance September 30 2020	Amounts Due Within One Year
Capital lease (airpacks)	\$ 60,350	\$ -	\$ (60,350)	\$ -	\$ -
Capital lease (2 engines)	268,076	-	(96,004)	172,072	97,686
Compensated absences	750,427	787,316	(726,191)	811,552	28,693
Net pension liability - FRS	20,340,248	4,483,862	-	24,824,110	-
Net pension liability - HIS	3,120,242	154,994	-	3,275,236	-
Net OPEB liability - District	2,963,156	462,314	-	3,425,470	-
	<u>\$ 27,502,499</u>	<u>\$ 5,888,486</u>	<u>\$ (882,545)</u>	<u>\$ 32,508,440</u>	<u>\$ 126,379</u>

The following is a summary of the long-term obligations at September 30, 2020:

	<u>Amount</u>
\$283,873 capital lease payable in five (5) annual payments to financial institution in the amount of \$62,250, including interest at 3.15% collateralized by airpacks. Payments began March 2, 2016, with the final payment made March 3, 2020.	\$ -
\$658,000 capital lease payable in twenty-eight (28) quarterly payments to financial institution in the amount of \$25,011, including interest at 1.74% collateralized by two (2) engines. Payments began September 5, 2015, with the final payment due June 5, 2022.	172,072
Accrued compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	811,552
Net pension liability - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	24,824,110
Net pension liability - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	3,275,236
Net OPEB liability. This amount is calculated annually based on actuarial valuations of the OPEB Plans - GASB Nos. 75/74	<u>3,425,470</u>
	32,508,440
Less: Current Portion	<u>(126,379)</u>
	<u>\$ 32,382,061</u>

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE E - LONG-TERM LIABILITIES, CONTINUED

The annual debt service requirements at September 30, 2020, were as follows:

Years Ending September 30	Total Principal	Total Interest	Total
2021	\$ 97,686	\$ 2,360	\$ 100,046
2022	74,386	647	75,033
Total capital leases	172,072	3,007	175,079
Accrued compensated absences	811,552	-	811,552
Net pension liability - FRS	24,824,110	-	24,824,110
Net pension liability - HIS	3,275,236	-	3,275,236
Net OPEB liability	3,425,470	-	3,425,470
Total long-term debt	<u>\$ 32,508,440</u>	<u>\$ 3,007</u>	<u>\$ 32,511,447</u>

Debt service was partially paid through Impact Fees

Interest expenditures for the year ended September 30, 2020 were \$5,941.

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

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 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.

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

General Information about the Florida Retirement System, continued

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, 2020, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense, \$5,598,536, for the year ended September 30, 2020, is recorded in the government-wide financial statements. Total District retirement actual contribution expenditures were \$2,237,839, \$2,088,570 and \$1,958,675 for the years ended September 30, 2020, 2019 and 2018, respectively. The District contributed 100% of the required contributions.

FRS Pension Plan

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

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

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

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

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

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, 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.

Deferred Retirement Option Program (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.

**IONA MCGREGOR FIRE PROTECTION AND
 RESCUE SERVICE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

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

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2020 were as follows:

Class (2)	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	8.47	10.00
Florida Retirement System, Senior Management Service	3.00	25.41	27.29
Florida Retirement System, Special Risk	3.00	25.48	24.45
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	14.60	16.98
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	48.82	49.18

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/19 - 6/30/20.
- (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 7/1/20 - 6/30/21.

* As defined by the Plan.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan. At September 30, 2020, the District reported a FRS pension liability of \$24,824,110 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At September 30, 2020, the District's proportionate share was .057275649 percent, which was a decrease of .001786693 from its proportionate share measured as of September 30, 2019.

For the year ended September 30, 2020, the District recognized FRS pension expense of \$5,206,600. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 950,069	\$ -
Change of assumptions	4,493,953	-
Net difference between projected and actual earnings on pension plan investments	1,478,051	-
Changes in proportion and differences between District contributions and proportionate share of contributions	402,150	725,883
District contributions subsequent to the measurement date	<u>497,327</u>	<u>-</u>
Total	<u>\$ 7,821,550</u>	<u>\$ 725,883</u>

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

The deferred outflows of resources related to the FRS pension, totaling \$497,327, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 5.9 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2021	\$ 1,414,470
2022	1,414,470
2023	1,414,470
2024	1,414,469
2025	1,044,957
Thereafter	<u>(104,496)</u>
Total	<u>\$ 6,598,340</u>

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation
Actuarial cost method	individual entry age

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2020, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
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September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.2%	2.2%	1.2%
Fixed income	19.00%	3.0%	2.9%	3.5%
Global equity	54.20%	8.0%	6.7%	17.1%
Real estate (property)	10.30%	6.4%	5.8%	11.7%
Private equity	11.10%	10.8%	8.1%	25.7%
Strategic investments	<u>4.40%</u>	5.5%	5.3%	6.9%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.40%		1.70%

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

Money Weighted Rate of Return. The annual money weighted rate of return on the FRS Pension Plan investments for the year ended September 30, 2020 was 3.35%.

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability	<u>\$ 39,639,932</u>	<u>\$ 24,824,110</u>	<u>\$ 12,449,871</u>

Pension Plan Fiduciary Net Position. Detailed information about 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, 2020.

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

Payables to the Pension Plan. At September 30, 2020, the District reported a payable of \$288,209 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2020.

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan

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

Benefits Provided. For the year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2020, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan. At September 30, 2020, the District reported a HIS liability of \$3,275,236 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net HIS liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year

**IONA MCGREGOR FIRE PROTECTION AND
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NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

contributions of all participating members. At September 30, 2020, the District's proportionate share was .026824571 percent, which was a decrease of .001062126 from its proportionate share measured as of September 30, 2019.

For the fiscal year ended September 30, 2020, the District recognized HIS expense of \$391,936. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,977	\$ 2,527
Change of assumptions	352,181	190,442
Net difference between projected and actual earnings on HIS pension plan investments	2,615	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	145,447	221,217
District contributions subsequent to the measurement date	41,049	-
Total	<u>\$ 675,269</u>	<u>\$ 414,186</u>

The deferred outflows of resources related to HIS, totaling \$41,049, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 7.2 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2021	\$ 35,721
2022	35,721
2023	35,721
2024	35,720
2025	35,067
Thereafter	42,084
Total	<u>\$ 220,034</u>

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

Actuarial Assumptions. The total pension liability in the July 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.21 percent
Actuarial Cost Method	Individual entry age

Mortality rates were based on the Generational PUB-2010 with Projected Scale MP-2018.

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

Discount Rate. The discount rate used to measure the total HIS liability was 2.21 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 HIS Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 2.21 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
District's proportionate share of the net HIS liability	<u>\$ 3,786,027</u>	<u>\$ 3,275,236</u>	<u>\$ 2,857,156</u>

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2020.

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

Payables to the Pension Plan. At September 30, 2020, the District reported a payable of \$20,469 for the outstanding amount of contributions to the HIS Plan required for the fiscal ended September 30, 2020.

FRS - Defined Contribution Pension Plan

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

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

**IONA MCGREGOR FIRE PROTECTION AND
 RESCUE SERVICE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS - Defined Contribution Pension Plan, continued

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2019-20 fiscal year were as follows:

Class (2)	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	8.47	10.00
Florida Retirement System, Senior Management Servic	3.00	25.41	27.29
Florida Retirement System, Special Risk	3.00	25.48	24.45
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	14.60	16.98
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	48.82	49.18

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/19 - 6/30/20.
- (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 7/1/20 - 6/30/21.

* As defined by the Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, 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.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS - Defined Contribution Pension Plan, continued

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

The District's Investment Plan pension expense totaled \$228,765 (which is included in the FRS expense amount) for the fiscal year ended September 30, 2020.

Payables to the Investment Plan. The District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2020.

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District adheres to GASB Statements No. 74 and 75: Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (OPEB), which established new accounting standards for postemployment benefits. These Standards do not require funding of OPEB expense, but any difference between the actuarially determined total OPEB liability and the amount funded is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB liability.

Plan Description and Funding Policy

The District provides post-retirement health and dental benefits in accordance with Section 112.0801, Florida Statutes, to all eligible employees, their spouses and eligible dependents who retire from the District. As such, the District provides retirees the opportunity to obtain health and dental coverage. Additionally, the District established a VEBA Plan, effective October 1, 2006, and funds the Plan in

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

Plan Description and Funding Policy, continued

accordance with certain agreements. The Plan provides retirees with funds intended to be used to purchase health and dental insurance. Insurance costs in excess of VEBA benefits provided are the responsibility of the insured. The employee's contributions vary depending on certain specified criteria and, in particular, length of creditable employment with the District. As of September 30, 2020, twenty-five (25) retirees were buying insurance through the District. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The District does not fund the cost of coverage for its retirees except for one retiree. The District paid 100% of the cost for family coverage for one retiree totaling \$23,315 during the year ended September 30, 2020. The Plan does not issue a separate financial report.

As such, the District has two actuarial studies performed in order to comply with GASB Statements No. 74 and No. 75. One study determines the Net OPEB (non-VEBA) liability of the District for the projected cost of providing the opportunity for retirees and their dependents to buy health insurance. The other is to project the net OPEB liability (asset) for the projected cost of providing the defined benefit of the VEBA plan, set at \$650 per month from January 1, 2012 through December 31, 2018. Effective January 1, 2019 benefit is \$750 per month which increases by 2% each January 1, thereafter.

Actuarial Methods and Assumptions - District's net OPEB Liability

At September 30, 2020, the District's net OPEB liability of \$3,425,470 was determined by an actuarial valuation as of September 30, 2019 using census data from the twelve month period ended September 30, 2019. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Inflation Rate	2.50%
Salary Increases	6.00%
Discount Rate	3.58% (2020) 4.18% (2019) 3.64% (2018)
Initial Trend Rate	7.50%
Ultimate Trend Rate	4.00%
Years to Ultimate	55
Measurement Date	September 30, 2019
Actuarial Valuation Date	September 30, 2019 for September 30, 2020

The discount rate was based on the 20 Year Municipal Bond Rate with AA average rating. (3.58 for 2020)

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Actuarial Methods and Assumptions - District's net OPEB Liability, continued

Entry age normal cost method was used.

Mortality rates were based on the PUB-2010 Generational Healthy Mortality Table with Scale MP-2018.

The actuarial valuation at September 30, 2019 was based on results of an actuarial experience study (measurement date) performed for the FRS Retirement Plan at September 30, 2019.

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

No separate audit of the District's OPEB plan is available.

Membership of the Plan consisted of the following at September 30, 2019 measurement date:

	<u>Retiree Insurance Trust Fund Census</u>
Active plan participants	96
Retirees, beneficiaries and disabled participants	25
Covered spouses	<u>11</u>
Total OPEB program participants	<u>132</u>
Number of participating employers	1

Changes in Assumptions:

Discount rate 4.18% at September 30, 2019 to 3.58% at September 30, 2020.

Updated health care costs and premiums.

Updated health care cost trend rates.

Updated mortality rates.

Difference between expected and actual experience reflects the impact of changes to the census data from the prior valuation to the current valuation.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Changes in the District's Net OPEB Liability

	<u>Amount</u>
Balance at September 30, 2019	\$ 2,963,156
Changes for the year:	
Service Cost	158,788
Interest	129,279
Difference Between Expected and Actual Experience	(85,893)
Changes in Assumptions	319,042
Change in benefit terms	-
Contributions from Employer	-
Benefit Payments	(58,902)
Administrative Expense	-
Other Changes	-
Net Changes	<u>462,314</u>
Balance at September 30, 2020	<u>\$ 3,425,470</u>

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	2.58%	3.58%	4.58
Net OPEB Liability	\$ 3,826,474	\$ 3,425,470	\$ 3,074,093

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	3.00 - 6.50%	4.00 - 7.50%	5.00 - 8.50%
Net OPEB Liability	\$ 2,988,989	\$ 3,425,470	\$ 3,928,745

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Changes in the District's Net OPEB Liability, continued

For the year ended September 30, 2020, the District recognized OPEB expense expense of \$341,154. At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Net Outflow</u>
Differences Between Expected and Actual Experience	\$ -	\$ 107,539	\$ (107,539)
Changes in Assumptions	438,997	96,185	342,812
Net difference between projected and actual earnings	-	-	-
Employer contribution subsequent to measurement date	<u>74,870</u>	<u>-</u>	<u>74,870</u>
Total	<u>\$ 513,867</u>	<u>\$ 203,724</u>	<u>\$ 310,143</u>

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

Years Ended September 30:	<u>Amount</u>
2021	\$ 41,087
2022	41,087
2023	41,088
2024	73,152
2025	38,859
Thereafter	<u>-</u>
Total	<u>\$ 235,273</u>

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA

To fund the cost of providing retirees a defined benefit intended to be used to purchase certain insurance coverage the Iona McGregor Retiree Insurance Trust (the "Trust" fund) was established on June 30, 2008. It was established, specifically, to fund a portion of the cost of medical, dental, and prescription drug benefits for retirees. None of the thirty-three (33) retirees receiving benefits retired prior to the establishment of the Trust.

The following brief description of the Iona McGregor Retiree Insurance Trust Fund, a voluntary employees' beneficiary association ("VEBA") established under Internal Revenue Code Section 501(c)(9) and related benefit plan (the "Plan"), is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan. The VEBA Plan identification number is 001. The Iona McGregor Retiree Insurance Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity except for the financial statements of the District itself.

The VEBA is governed by a five (5) member Board of Trustees. Three (3) of the Trustees are appointed by the District Vice President for District Number 7 of the Southwest Florida Professional Firefighters & Paramedics, Local 1826, IAFF, Inc. (the "Union"). The remaining two (2) Trustees are appointed by the District's Fire Chief. On June 30, 2008, Board of Trustees of the VEBA retroactively provided for the establishment and funding of a single employer defined benefit plan for the payment of post employment benefits other than pensions ("OPEB"). The effective date of the Plan is October 1, 2006. This District is the only participating District.

Employees eligible to become participants in the Plan are those who were employed full-time on or after October 1, 2006, for whom the District (employer) made contributions to the VEBA. In addition, employees are eligible for benefits from the VEBA if they were hired before October 1, 2006, and completed at least ten (10) years of service with the District; or, if they were hired after October 1, 2006 and completed at least twenty (20) years of service with the Iona McGregor Fire Protection and Rescue Service District at the time of application for benefits. Eligible employees become participants of the VEBA upon having met these criteria.

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

**Plan description and provisions - Retiree Insurance Trust Fund - VEBA,
continued**

Funding Policy - Contributions to the VEBA may be derived from two sources: employer and participants. However, currently, only employer contributions are being contributed. No employee contributions are required or being contributed. Employer contributions are contractually required as provided for in the applicable collective bargaining agreement for union employees or employee handbook for non-union employees. The contractually required District VEBA contribution for the year ended September 30, 2020 was \$497,525 and was paid timely by the District. The District obtained an actuarial valuation for the VEBA to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years.

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

Rate of return - For the year ended September 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 13.60 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

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

Actuarial present value of accumulated plan benefits - Accumulated plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired employees or (b) beneficiaries of retired employees who have died. Benefits under the Plan are based on employees' age at entry to the Plan. Benefits payable under all circumstances are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

**Plan description and provisions - Retiree Insurance Trust Fund - VEBA,
continued**

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the actuarial valuation as of September 30, 2019 were :

Actuarial Methods and Assumptions

At the September 30, 2020 measurement date, the District's net OPEB asset of \$867,008 was measured as of September 30, 2020, and was determined by an actuarial valuation as of that date based on September 30, 2019 participant data. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Salary Increases	6.00%
Discount Rate	7.00%
Inflation Rate	2.50%
Assumed Rate of Return	7.00%

Entry age normal cost method was used.

Health Care Participation: 100%

Mortality rates were based on the PUB-2010 Generational Healthy mortality Table with adjustments from Scale MP-2018.

VEBA benefit is \$650 per month per retiree/disabled employee beginning January 1, 2010 and effective January 1, 2019, the monthly benefit increased to \$750 per month with annual increases of 2% per year effective each January 1, thereafter. Benefits are paid annually in a lump sum. The Plan has a survivor benefit equal to 12 months benefit.

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

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Demographic Assumptions

Retirement Rates - Tier 1 (enrolled in FRS before July 1, 2011)

Regular Class - 100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age.

Special Risk Class - 100% are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of service, regardless of age.

Retirement Rates - Tier 2 (enrolled in FRS after July 1, 2011)

Regular Class - 100% are assumed to retire at age 65 and 8 years of service or upon completion of 33 years of service, regardless of age.

Special Risk Class - 100% are assumed to retire at age 60 and 8 years of service or upon completion of 30 years of special risk, regardless of age.

Disability and termination assumptions were made.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan terminated, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

Plan description and provisions - Retiree Insurance Trust Fund - VEBA

Beginning January 1, 2012, benefits were paid from the Plan to eligible participants (retirees). Effective January 1, 2019, the VEBA benefit amount is equal to \$750 per month plus 2% increase annually each January 1, thereafter. To be eligible, retirees must be receiving a retirement benefit from the Florida Retirement System, and, if hired prior to October 1, 2006, have completed at least 10 years of service with the District, or, if hired after October 1, 2006, completed at least 20 years of service with the District. The eligible retiree must annually submit proof of continuous or continuing health insurance coverage.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

**Plan description and provisions - Retiree Insurance Trust Fund - VEBA,
continued**

Participants may elect to seek health coverage from sources other than the District but must apply for Medicare when eligible. Benefits are payable annually with the monthly benefit being paid in one lump-sum payment in January of each year. Upon the death of an eligible retiree, a survivor benefit equal to the amount of one additional annual benefit payment may be made to a qualifying beneficiary.

Membership of the Plan consisted of the following at October 1, 2019:

	<u>Retiree Insurance Trust Fund Census</u>
Active plan members	96
Inactive plan members or beneficiaries	<u>33</u>
Total VEBA Plan participants	129
Number of participating employers	1

A copy of the Plan can be obtained by writing the Board of Trustees of Iona McGregor Retiree Insurance Trust Fund at 6061 South Pointe Blvd., Fort Myers, Florida 33919, or by calling (239) 433-0660.

The components of the Net OPEB Liability/(Asset) of the VEBA at September 30, 2020 were as follows:

	<u>Amount</u>
Total OPEB Liability	\$ 10,561,705
Plan Fiduciary Net Position	<u>11,428,713</u>
VEBA's Net OPEB Liability/(Asset)	<u>\$ (867,008)</u>

Plan Fiduciary Net Position as a percentage of the Total OPEB Liability/Asset 108.21%

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Changes in the Net OPEB Liability/(Asset) - VEBA

	<u>Amount</u>
Total OPEB Liability:	
Balance at September 30, 2019	\$ 8,118,300
Changes for the year:	
Service Cost	178,481
Interest	545,872
Change in benefit terms	2,602,407
Difference Between Expected and Actual Experience	(338,864)
Changes in Assumptions	(219,471)
Benefit Payments	<u>(325,020)</u>
Net Changes	<u>2,443,405</u>
Balance at September 30, 2020	<u>\$ 10,561,705</u>
	<u>Amount</u>
Plan Fiduciary Net Position:	
Balance at September 30, 2019	\$ 9,920,204
Contributions - Employer	497,525
Net Investment Income	1,362,909
Benefit Payments	(325,020)
Administrative Expense	<u>(26,905)</u>
Net Change in Plan Fiduciary Net Position	<u>1,508,509</u>
Balance at September 30, 2020	<u>\$ 11,428,713</u>
District's Net OPEB Liability/(Asset)	<u>\$ (867,008)</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability/(Asset)	108.21%
Covered Employee Payroll (Projected)	\$ 10,134,328
District's Net OPEB Liability/(Asset) as a percentage of Covered Employee Payroll	0.00%

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

	1% Decrease	Current Rate	1% Increase
	<u>6.0%</u>	<u>7.0%</u>	<u>8.0%</u>
Net OPEB Liability/(Asset)	\$ 471,283	\$ (867,008)	\$ (1,971,948)

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Changes in the Net OPEB Liability/(Asset) - VEBA, continued

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

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ (867,008)	\$ (867,008)	\$ (867,008)

For the year ended September 30, 2020, the VEBA recognized OPEB expense (revenue) credit of \$940,789. At September 30, 2020, the VEBA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ 197,592
Changes in Assumptions	19,732	-
Net difference between projected and actual earnings	-	255,657
Employer contribution subsequent to measurement date	<u>497,525</u>	<u>-</u>
Total	<u>\$ 517,257</u>	<u>\$ 453,249</u>

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

Years Ended September 30:	<u>Amount</u>
2021	\$ (177,063)
2022	(177,065)
2023	(67,302)
2024	23,489
2025	(35,576)
Total Thereafter	<u>-</u>
	<u>\$ (433,517)</u>

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

**Plan description and provisions - Retiree Insurance Trust Fund - VEBA,
continued**

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

The actuarial value of the OPEB assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30 year period.

Fair Value of Financial Investments - VEBA

VEBA adheres to GASB Statement No. 72, (GASB 72) "Fair Value Measurements and Application." This Standard applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. This Standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This Standard establishes a fair value hierarchy which consists of three levels on inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that VEBA has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices or securities with similar characteristics or discounted cash flows.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Fair Value of Financial Investments - VEBA, continued

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

Instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The table below presents assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at September 30, 2020:

<u>September 30, 2020</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Domestic Equities	\$ 7,740,314	\$ 7,740,314	\$ -	\$ -
International Equities	1,043,494	1,043,494	-	-
Fixed Income:				
Money market fund	309,422	309,422	-	-
Intermediate-Grade bond	1,151,626	-	1,151,626	-
Bond total return	1,187,303	1,187,303	-	-
	<u>\$ 11,432,159</u>	<u>\$ 10,280,533</u>	<u>\$ 1,151,626</u>	<u>\$ -</u>

Level 1: Classifications consist of commingled funds where detailed holdings were available and the funds fair value could be determined based on market prices, such as money markets and certificates of deposits.

NOTE H - 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 2020 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE H - PROPERTY TAXES, CONTINUED

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, 2020, \$150,903 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 percent)	30 days after levy date
Beginning of fiscal year for which taxes have been levied	October 1
Due date	March 31
Taxes become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2020, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.4358 per \$1,000 (2.4358 mills) of the 2019 net taxable value of real property located within the District.

NOTE I - FUND BALANCE ALLOCATIONS

Fund balance was allocated the following purposes at September 30, 2020:

Nonspendable Fund Balance	Amount
Prepaid Expenses	\$ -
Total Nonspendable Fund Balance	-
Assigned Fund Balance	Amount
90 Day Operating Reserve	\$ 4,961,812
Hurricane/ Disaster	2,480,906
Apparatus/capital replacement	2,395,000
Health Insurance	500,000
Total Assigned Fund Balance - General Fund	10,337,718
Unassigned	181,002
Total Fund Balance - General Fund	\$ 10,518,720

**IONA MCGREGOR FIRE PROTECTION AND
 RESCUE SERVICE DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2020**

NOTE J - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2020, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2019	\$ -
Impact fee receipts	81,287
Impact fees receivable*	18,100
Interest receipts	488
Debt service**	<u>(99,875)</u>
Unearned revenue, September 30, 2020	<u>\$ -</u>

*Receivable recorded in the General Fund of the District as due from other governments

** Impact fees applied to Station 75 debt service previously paid by the General Fund.

NOTE K - RISK MANAGEMENT

The District is exposed to 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, property and workers' compensation are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$0 to \$5,000) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of up to \$1 million per occurrence and \$3 million aggregate. The District also maintains excess liability coverage.

The District has obtained employee health insurance coverage from a commercial company. For the fiscal year ended September 30, 2020, the District paid premiums of \$1,455,507, which are net amounts paid by employees and retirees, during the year ended September 30, 2020.

There has been no significant reduction in insurance coverage from the prior year and there have been no settlements in excess of insurance coverage in any of the prior three years. There were no additional assessments levied against the District for the year ended September 30, 2020.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE L - COMMITMENTS AND CONTINGENCIES

On April 24, 2007, the District entered into an agreement with Lee County, Florida (the "County") to construct and rent space in the County Annex at Pine Ridge Road located at 15650 Pine Ridge Road, Fort Myers, Florida 33908 ("Station 75") to house District personnel, equipment and vehicles. The agreement is for 99 years with automatic renewal for additional three (3) year terms if neither party notifies the other of termination at 365 days prior to renewal. The District is required to pay 64.5% of shared utility costs and annual maintenance costs. The District has recorded a total of \$29,054 of expenses related to the lease for the year ending September 30, 2020.

On September 29, 2009, the District entered into an agreement with Lee County, Florida (the "County") for emergency vehicle preemption equipment and traffic signal maintenance. The original agreement was for a term of three years; Amendment 1 to the agreement extends the term for subsequent annual periods until terminated by either party with 12 months advance written notice. The District has agreed to pay to the County a base fee quarterly. Beginning in 2012/2013, the base fee will be \$25 per intersection per month until 2015/2016 when the base fee will be increased annually by the consumer price index. The District has recorded a total of \$12,566 of expenses related to the lease for the year ending September 30, 2020.

In November 2019, the District ordered an engine (Engine 71) for \$551,666. The District expects to pay for the engine upon delivery and acceptance in fiscal year 2021.

NOTE M - LITIGATION

The District, from time to time, is involved as a defendant and a plaintiff in certain litigation and claims in the ordinary course of operations. As such, the District maintains third party insurance coverages. 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 deductibles. No loss contingencies have been recorded by the District at September 30, 2020.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE N - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)

During the year ended September 30, 2020, the District's unrestricted net position (net assets) balance was a deficit of \$(14,086,747), due substantially to recording the current year actuarially determined net pension liability of \$(28,099,346) and the net OPEB liability of \$(3,425,470). The District's total available fund balance at September 30, 2020 remains approximately equal to six (6) months of actual expenditures. However, the Board assigned \$10,337,718 of the \$10,518,720 available fund balance for specific purposes.

NOTE O - LEASED VEHICLES

On November 17, 2017, the District entered into a master operating lease agreement with a fleet management company to lease staff vehicles. The District agreed to lease six (6) vehicles under a (60) month operating lease with a monthly payment of \$3,140. The vehicles were ordered from the manufacturer and the District took delivery near the end of April, 2018. The minimum annual lease payments are as follows:

<u>Years Ending</u> <u>September 30</u>	<u>Amount</u>
2021	\$ 37,680
2022	37,680
2023	21,980
	<u>\$ 97,340</u>

In addition to the above vehicle leases, the District also leases various office equipment through operating leases. Total lease expense for the year ended September 30, 2020 was \$45,925. Lease expense attributable to the above vehicles was \$37,678 for the year ended September 30, 2020.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE P - COVID 19

In early March 2020, the World Health Organization classified the coronavirus outbreak "COVID-19" as a global pandemic, and it, unfortunately, continues to spread. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, have been severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. On April 1, 2020, Florida Governor, Ron DeSantis ordered all Floridians to stay home, to lock down the State against the Coronavirus.

The District has adapted its operations to accommodate the current environment. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Management is actively monitoring the local situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of COVID-19 and the global and local responses to curb its spread, the District is not able to estimate the future effects of COVID-19 on its results of operation, financial condition, or liquidity for fiscal year 2020-21.

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

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
Year Ended September 30, 2020**

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes, net	\$ 19,878,190	\$ 19,878,190	\$ 19,929,482	\$ 51,292
Permits, fees & special assessments	95,000	95,000	99,387	4,387
Intergovernmental revenues	59,160	59,160	176,305	117,145
Charges for services	51,000	51,000	44,567	(6,433)
Miscellaneous	308,453	308,453	228,370	(80,083)
Carryover	9,606,935	9,744,828	-	(9,744,828)
TOTAL REVENUES	<u>29,998,738</u>	<u>30,136,631</u>	<u>20,478,111</u>	<u>(9,658,520)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	16,206,162	16,206,162	16,012,136	194,026
Operating expenditures	2,887,998	2,887,998	2,451,637	436,361
Capital outlay	2,104,296	2,104,296	1,496,835	607,461
Debt service				
Principal reduction	156,354	156,354	156,354	-
Interest and fiscal charges	5,941	5,941	5,941	-
Reserves	8,652,987	8,790,880	-	8,790,880
TOTAL EXPENDITURES	<u>30,013,738</u>	<u>30,151,631</u>	<u>20,122,903</u>	<u>10,028,728</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(15,000)</u>	<u>(15,000)</u>	<u>355,208</u>	<u>370,208</u>
OTHER FINANCING SOURCES				
Proceeds from disposition of capital assets	15,000	15,000	36,664	21,664
Other financial assistance - CARES Act	-	-	382,020	382,020
	<u>15,000</u>	<u>15,000</u>	<u>418,684</u>	<u>403,684</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>773,892</u>	<u>\$ 773,892</u>
FUND BALANCE - Beginning			<u>9,744,828</u>	
FUND BALANCE - Ending			<u>\$ 10,518,720</u>	

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2020**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 19,878,190	\$ 19,878,190	\$ 19,929,482	\$ 51,292
Permits, fees & special assessments				
Impact fees	95,000	95,000	99,387	4,387
Intergovernmental revenues:				
Federal grants	-	-	109,628	109,628
State shared revenue	59,160	59,160	66,677	7,517
Charges for services:				
Inspection fees	50,000	50,000	42,397	(7,603)
CPR books & masks	1,000	1,000	2,170	1,170
Miscellaneous:				
Interest	270,000	270,000	169,296	(100,704)
Rents	33,453	33,453	34,122	669
Donations	5,000	5,000	2,156	(2,844)
Other	-	-	22,796	22,796
Carryover	9,606,935	9,744,828	-	(9,744,828)
TOTAL REVENUES	<u>29,998,738</u>	<u>30,136,631</u>	<u>20,478,111</u>	<u>(9,658,520)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services:				
Commissioner compensation	30,000	30,000	30,000	-
Salaries	10,499,757	10,499,757	10,382,870	116,887
Benefits	5,676,405	5,676,405	5,599,266	77,139
Subtotal - Personnel services	<u>16,206,162</u>	<u>16,206,162</u>	<u>16,012,136</u>	<u>194,026</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2020**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Operating expenditures:				
Professional fees	199,800	179,800	128,827	50,973
Contracted services	620,913	620,913	593,782	27,131
Travel and per diem	106,475	106,475	29,235	77,240
Communications	143,320	143,320	138,825	4,495
Utilities	99,876	99,876	84,939	14,937
Rental & lease	46,631	46,631	45,925	706
Insurance	135,000	135,000	134,542	458
Repairs & maintenance	694,143	694,143	610,346	83,797
Promotional activities	38,200	38,200	16,545	21,655
Capital outlay < \$1,000	153,820	153,820	150,792	3,028
Annual medical exams	50,000	50,000	48,724	1,276
Other	71,300	71,300	42,291	29,009
Office supplies	8,000	8,000	6,385	1,615
Fuel & operating supplies	258,890	258,890	217,086	41,804
Books, publications, subscriptions	128,480	148,480	144,528	3,952
Training	133,150	133,150	58,865	74,285
Subtotal - Operating expenditures	<u>2,887,998</u>	<u>2,887,998</u>	<u>2,451,637</u>	<u>436,361</u>

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2020**

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Capital outlay:				
Equipment	269,400	269,400	212,022	57,378
Vehicles	1,834,896	1,834,896	1,284,813	550,083
Buildings	-	-	-	-
Subtotal - Capital outlay	<u>2,104,296</u>	<u>2,104,296</u>	<u>1,496,835</u>	<u>607,461</u>
Debt service:				
Principal reduction	156,354	156,354	156,354	-
Interest and fiscal charges	5,941	5,941	5,941	-
Subtotal - Debt service	<u>162,295</u>	<u>162,295</u>	<u>162,295</u>	<u>-</u>
Reserves				
General operating	8,652,987	8,790,880	-	8,790,880
Subtotal - Reserves	<u>8,652,987</u>	<u>8,790,880</u>	<u>-</u>	<u>8,790,880</u>
TOTAL EXPENDITURES	<u>30,013,738</u>	<u>30,151,631</u>	<u>20,122,903</u>	<u>10,028,728</u>
EXCESS OF REVENUES OVER EXPENDITURES	(15,000)	(15,000)	355,208	370,208
OTHER FINANCING SOURCES				
Proceeds from disposition of capital assets	15,000	15,000	36,664	21,664
Other financial assistance - CARES act	-	-	382,020	382,020
	<u>15,000</u>	<u>15,000</u>	<u>418,684</u>	<u>403,684</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	773,892	<u>\$ 773,892</u>
FUND BALANCE - Beginning			<u>9,744,828</u>	
FUND BALANCE - Ending			<u>\$ 10,518,720</u>	

The accompanying notes are an integral part of this statement.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM (FRS) PENSION
PLAN (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.057275649%	0.059062342%	0.058800732%	0.058377848%
District's proportionate share of the net pension liability	\$ 24,824,110	\$ 20,340,248	\$ 17,711,085	\$ 17,273,703
District's covered-employee payroll	\$ 9,880,713	\$ 9,479,796	\$ 9,369,216	\$ 8,673,620
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.24%	214.56%	189.03%	199.15%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,081,190	\$ 1,942,370	\$ 1,821,568	\$ 1,686,607
Contributions in relation to the contractually required contribution	<u>2,081,190</u>	<u>1,942,370</u>	<u>1,821,568</u>	<u>1,686,607</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,880,713	\$ 9,479,796	\$ 9,369,216	\$ 8,673,620
Contributions as a percentage of covered-employee payroll	21.06%	20.49%	19.44%	19.45%

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.064363318%	0.054055522%	0.052946175%
\$ 16,251,788	\$ 6,981,996	\$ 3,230,495
\$ 8,770,204	\$ 8,620,723	\$ 8,241,903
185.31%	80.99%	39.20%
84.88%	92.00%	96.09%

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,649,322	\$ 1,487,383	\$ 1,363,728
<u>1,649,322</u>	<u>1,487,383</u>	<u>1,363,728</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,770,204	\$ 8,620,723	\$ 8,241,903
18.81%	17.25%	16.55%

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION
PLAN (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.026824571%	0.027886697%	0.027523543%	0.026414226%
District's proportionate share of the net pension liability	\$ 3,275,236	\$ 3,120,242	\$ 2,913,123	\$ 2,824,331
District's covered-employee payroll	\$ 9,880,713	\$ 9,479,796	\$ 9,369,216	\$ 8,673,620
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.15%	32.91%	31.09%	32.56%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 156,649	\$ 146,200	\$ 137,107	\$ 126,949
Contributions in relation to the contractually required contribution	<u>156,649</u>	<u>146,200</u>	<u>137,107</u>	<u>126,949</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,880,713	\$ 9,479,796	\$ 9,369,216	\$ 8,673,620
Contributions as a percentage of covered-employee payroll	1.59%	1.54%	1.46%	1.46%

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

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

	2016	2015	2014
	0.029204571%	0.027775691%	0.026998081%
\$	3,403,672	\$ 2,832,684	\$ 2,524,386
\$	8,770,204	\$ 8,620,723	\$ 8,241,903
	38.81%	32.86%	30.63%
	0.97%	0.50%	0.99%

	2016	2015	2014
\$	131,803	\$ 121,151	\$ 92,581
	<u>131,803</u>	<u>121,151</u>	<u>92,581</u>
\$	<u>-</u>	<u>-</u>	<u>-</u>
\$	8,770,204	\$ 8,620,723	\$ 8,241,903
	1.50%	1.41%	1.12%

Changes of Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent experience study for the FRS Pension Plan was completed in 2019 for the period July 1, 2013 through June 30, 2018. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40% down from 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was reduced from 6.90% to 6.80%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate, which was decreased from 3.50% to 2.21%, was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both Plans were based on PUB-2010 base table projected generationally with Scale MP-2018.

Florida Retirement System Pension Plan

There were changes in actuarial assumptions. As of June 30, 2020, the inflation rate assumption decreased to 2.4 percent from 2.60 percent, the real payroll growth assumption was increased to 0.85 percent from .65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 6.90 percent to 6.80 percent. The mortality tables used changed from Generational RP-2000 with projection BB tables to PUB-2010 base table projected generationally with Scale MP-2018.

Changes of Assumptions, continued

Health Insurance Subsidy Pension Plan

The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent.

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at June 30, 2020 decreased from 6.4 to 5.9 years for FRS and remained at 7.2 years for 2020 and 2019 for HIS.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED
RATIOS GASB 75 AND RELATED NOTES TO THE SCHEDULE - DISTRICT**

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

Net OPEB Liability	2020	2019	2018
Service Cost	\$ 158,788	\$ 150,618	\$ 160,766
Interest Cost	129,279	97,271	81,268
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(85,893)	(53,944)	-
Changes in Assumptions	319,042	259,693	(192,371)
Benefit Payments	(58,902)	(24,072)	(22,135)
Net Change in net OPEB Liability	462,314	429,566	27,528
Net OPEB Liability - Beginning of Year	2,963,156	2,533,590	2,506,062
Net OPEB Liability - End of Year	<u>\$ 3,425,470</u>	<u>\$ 2,963,156</u>	<u>\$ 2,533,590</u>

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

Plan Fiduciary Net Position as of September 30:

	2020	2019	2018
Contributions - Employer	\$ -	\$ -	\$ -
Net Investment Income	-	-	-
Benefit Payments	-	-	-
Administrative Expense	-	-	-
Net Change in Fiduciary Net Position	-	-	-
Fiduciary Net Position - Beginning of Year	-	-	-
Fiduciary Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	\$ 3,425,470	\$ 2,963,156	\$ 2,533,590
Fiduciary Net Position as a % of Net OPEB Liability	0.00%	0.00%	0.00%

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

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

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

Notes to the Schedule:

Benefit Changes None
 Changes of Assumptions The discount rate was changed as follows:
 9/30/17 4.00%
 9/30/18 3.64%
 9/30/19 4.18%
 9/30/20 3.58%
 Updated health care costs and premiums
 Updated health care cost trend rates
 Updated monthly rates
 Population covered by Plan: 96 active 25 retired
 Plan has no specific trust established.

**IONA MCGREGOR FIRE PROTECTION AND
RESCUE SERVICE DISTRICT**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND
RELATED RATIOS GASB 74/75 AND RELATED NOTES TO THE SCHEDULE - VEBA**

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

Net OPEB Liability	2020	2019	2018
Service Cost	\$ 178,481	\$ 163,739	\$ 172,562
Interest Cost	545,872	465,722	457,639
Changes in Benefit Terms	2,602,407	1,122,160	-
Differences Between Expected and Actual Experience	(338,864)	(237,110)	-
Changes in Assumptions	(219,471)	23,679	-
Benefit Payments	<u>(325,020)</u>	<u>(288,000)</u>	<u>(250,250)</u>
Net Change in net OPEB Liability	2,443,405	1,250,190	379,951
Net OPEB Liability - Beginning of Year	<u>8,118,300</u>	<u>6,868,110</u>	<u>6,488,159</u>
Net OPEB Liability - End of Year	<u>\$ 10,561,705</u>	<u>\$ 8,118,300</u>	<u>\$ 6,868,110</u>

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

Plan Fiduciary Net Position as of September 30:

	2020	2019	2018
Contributions - Employer	\$ 497,525	\$ 470,963	\$ 448,566
Net Investment Income	1,362,909	367,985	1,033,747
Benefit Payments	(325,020)	(288,000)	(250,250)
Administrative Expense	<u>(26,905)</u>	<u>(29,516)</u>	<u>(33,626)</u>
Net Change in Fiduciary Net Position	1,508,509	521,432	1,198,437
Fiduciary Net Position - Beginning of Year	<u>9,920,204</u>	<u>9,398,772</u>	<u>8,200,335</u>
Fiduciary Net Position - End of Year	<u>\$ 11,428,713</u>	<u>\$ 9,920,204</u>	<u>\$ 9,398,772</u>
Net OPEB Liability/(Asset)	\$ (867,008)	\$ (1,801,904)	\$ (2,530,662)
Fiduciary Net Position as a % of Net OPEB Liability (Asset)	108.21%	122.20%	136.85%
Covered-Employee Payroll (Projected)	\$ 10,134,325	\$ 9,986,259	\$ 9,631,461
Net OPEB Liability (Asset) as a % of Payroll	0.00%	0.00%	0.00%

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

Notes to the Schedule:

Benefit Changes - Effective January 1, 2019, the monthly benefit increased from \$650 to \$750 plus 2% increase each January 1, thereafter.

Differences between expected and actual experience due to updated census data at October 1, 2019.

Changes in assumptions due to update of mortality rates to align with FRS at July 1, 2019 using PUB-2010 and scale MP-2018.

Covered Employee Payroll projected from the valuation date to the fiscal year end date.

ADDITIONAL REPORTS



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Private Companies Practice Section

Tax Division

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

Board of Commissioners
 Iona McGregor Fire Protection and Rescue Service District
 6061 South Pointe Blvd.
 Fort Myers, Florida 33919

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Iona McGregor Fire Protection and Rescue Service District (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated March 3, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

INTEGRITY SERVICE EXPERIENCE

corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iona McGregor Fire Protection and Rescue Service 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 financial statements. 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 internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 3, 2021



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& Company, PA

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Private Companies Practice Section

Tax Division

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

Board of Commissioners
Iona McGregor Fire Protection and Rescue Service District
6061 South Pointe Blvd.
Fort Myers, Florida 33919

We have examined Iona McGregor Fire Protection and Rescue Service District 's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for Iona McGregor Fire Protection and Rescue Service District's compliance with those requirements. Our responsibility is to express an opinion on Iona McGregor Fire Protection and Rescue Service District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Iona McGregor Fire Protection and Rescue Service 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 Iona McGregor Fire Protection and Rescue Service District's compliance with specified requirements.

In our opinion, Iona McGregor Fire Protection and Rescue Service District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

March 3, 2021

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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
 Iona McGregor Fire Protection and Rescue Service District
 6061 South Pointe Blvd.
 Fort Myers, Florida 33919

We have audited the accompanying basic financial statements of Iona McGregor Fire Protection and Rescue Service District (the "District") as of and for the year ended September 30, 2020 and have issued our report thereon dated March 3, 2021.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated March 3, 2021, should be considered in conjunction with this report to management.

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

- 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 financially significant prior year comments noted.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

INTEGRITY SERVICE EXPERIENCE

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings
- Section 10.554(1)(i)4., 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 the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, we determined that the District did not meet any of the criteria of a deteriorating financial condition described in Auditor General Rule Section 10.554(1)(i)(6).c.
- Pursuant to Section 10.554(1)(i)5b.2, Rules of the Auditor General, if a deteriorating financial condition(s) is noted then a statement is so required along with the conditions causing the auditor to make such a conclusion. No such conditions were noted.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this District (F.S. Section 218.39(3)(b)). There are no known component special districts required to report within these financial statements.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section

218.415, Florida Statutes dated March 3, 2021, included herein.

Section 10.557(3)(m), Rules of the Auditor General, requires a notarized affidavit related to impact fees signed and sworn to by the Chief Financial officer be included in the audit report. Such affidavit is included as EXHIBIT 2.

PRIOR YEAR COMMENTS:

There were no financially significant comments noted.

CURRENT YEAR COMMENTS:

There were no financially significant comments noted.

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

A handwritten signature in black ink that reads "Tuscan & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 3, 2021

EXHIBIT 1



IONA MCGREGOR FIRE DISTRICT

6061 SOUTH POINTE BLVD
FORT MYERS, FLORIDA 33919

MAIN OFFICE: (239) 433-0660
FAX: (239) 425-9301



March 3, 2021

Jeffrey M. Tuscan, CPA
Tuscan & Company, P.A.
12621 World Plaza Lane, Bldg. 55
Fort Myers, FL 33907

Dear Mr. Tuscan,

I am writing in response to your Independent Auditor's Report to Management ("management letter") included with the Iona McGregor Fire Protection and Rescue Service District's audited financial statements for the year ended September 30, 2020.

I am pleased to acknowledge that the management letter includes no current year comments nor recommendations.

Respectfully submitted,

Mark L. Winzenread, CPA
Chief Financial Officer

EXHIBIT 2

IMPACT FEE AFFIDVIT

BEFORE ME, the undersigned authority, personally appeared Mark Winzenread, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Iona McGregor Fire Protection and Rescue Service District (District) which is a local governmental entity of the State of Florida; and
2. Lee County adopted Ordinance 89-15 (as amended through Ordinance 18-07) imposing impact fees for fire and emergency medical services; and
3. The District, through an interlocal agreement with Lee County receives and expends the proceeds of such impact fees; and
4. To the best of my knowledge, the District has complied, and as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

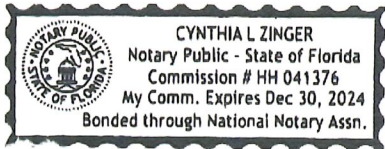
FURTHER AFFIANT SAYETH NAUGHT.

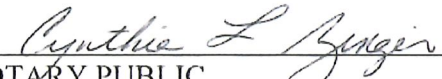


 Mark Winzenread, Chief Financial Officer

STATE OF FLORIDA
COUNTY OF LEE

SWORN TO AND SUBSCRIBED before me this 21st day of June, 2021.





 NOTARY PUBLIC
 Print Name Cynthia L. Zinger

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

December 30, 2024