# TICE FIRE PROTECTION & RESCUE SERVICE DISTRICT

September 30, 2018

FINANCIAL STATEMENTS,
TOGETHER WITH REPORTS OF INDEPENDENT AUDITOR

# TABLE OF CONTENTS

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# Report of Independent Auditor

Board of Commissioners
Tice Fire Protection and Rescue Service District
Fort Myers, Florida

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Tice Fire Protection and Rescue Service District (the "District"), as of and for the fiscal year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

***Auditor's Responsibility (Continued)***

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, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of September 30, 2018, and the respective changes in financial position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

*Change in Accounting Principle*

As discussed in Note 7 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, during the year ended September 30, 2018. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

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

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

In accordance with Government Auditing Standards, we have also issued our report dated June 20, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

Ashley, Brown & Co.

Punta Gorda, Florida
June 20, 2019

# MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of the Tice Fire Protection & Rescue Service District's financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2018.

## FINANCIAL HIGHLIGHTS

- The liabilities of the District exceeded its assets at the close of the fiscal year by $907,543 (net position).

- As of the close of the current fiscal year, the District reported ending fund balance of $1,267,542, an decrease of $163,785. Ending fund balance in comprised of $209,692 that is restricted for capital additions and $1,057,850 is available for spending at the District's discretion.

- The District's long-term debt is comprised of compensated absences of $166,191, capital lease of $627,954, other post-employment benefits of $835,794, and net pension liability of $4,755,223 totaling $6,385,162.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's financial statements. This report also includes other supplementary information in addition to the financial statements themselves.

The Statement of Net Position (page 9) and The Statement of Activities (page 10) provide information about the activities of the District and present a longer-term view of the District's finances. The statements are measured and reported using the economic resource measurement focus and the full accrual basis of accounting.

The governmental financial statements begin on page 11. The governmental funds measure and report activities using the current financial resources measurement focus and the modified accrual basis of accounting. Therefore, you will find the reconciliation on pages 12 & 14 that convert this data to an economic resources measurement focus and the accrual basis of accounting for use in the financial

### The Statement of Net Position and the Statement of Activities

Government-wide financial statements are intended to allow the reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. For purposes of these statements, only governmental type activities are measured and reported using the economic resource measurement focus and the accrual basis of accounting.

The statement of net position presents information on all of the District's assets. 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.

## OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain financial control over resources that have been segregated for specific activities or objectives.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found beginning on page 15.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

A significant portion of the District's assets (54%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and furniture, and vehicles). The District uses these capital assets to provide services to the citizens and property owners, consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt.

The unrestricted category of net position, has a deficit of $3,522,761 at year end as a result of the increase in the net pension liability and the increase in other post-employment benefits.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

### Summary of Net Position
### Fiscal Year Ended September 30, 2018

| | 2018 | 2017 | |
|---|---|---|---|
| Assets | | | |
| Current Assets | $ 1,385,475 | $ 1,625,068 | |
| Capital Assets | 3,033,480 | 2,804,082 | |
| Total Assets | 4,418,955 | 4,429,150 | |
| Deferred Outflows of Resources | 2,572,976 | 1,975,406 | |
| Total Assets and Deferred Outflows of Resources | 6,991,931 | 6,404,556 | |
| Liabilities | | | |
| Current Liabilities | 117,933 | 98,330 | |
| Long-Term Liabilities | 6,385,162 | 6,078,969 | * |
| Total Liabilities | 6,503,095 | 6,177,299 | |
| Deferred Inflows of Resources | 1,396,379 | 781,341 | |
| Total Liabilities and Deferred Inflows of Resources | 7,899,474 | 6,958,640 | |
| Net Position: | | | |
| Invested in Capital Assets, Net of Related Debt | 2,405,526 | 2,398,047 | |
| Restricted for Capital Additions | 209,692 | 268,899 | |
| Unrestricted | (3,522,761) | (3,221,030) | |
| Total Net Position | $ (907,543) | $ (554,084) | * |

**as restated*

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

### District's Change in Net Position
### Fiscal Year Ended September 30, 2018

| | 2018 | 2017 |
|---|---|---|
| Revenues | | |
| Property Taxes | $ 2,984,142 | $ 2,657,164 |
| Charges for Services | 4,985 | 4,525 |
| Grant revenues | 252,816 | 1,239,220 |
| Interest Income | 26,097 | 13,278 |
| Miscellaneous | 139,089 | 5,604 |
| Impact Fees | 13,758 | 16,719 |
| Total revenues | 3,420,887 | 3,936,510 |
| Expenses | | |
| Public Safety | 3,774,346 | 3,448,805 |
| Interest | - | - |
| Total Expenses | 3,774,346 | 3,448,805 |
| (Decrease) Increase in Net Position | (353,459) | 487,705 |
| Net position – Beginning of the year | 234,138 | (253,567) |
| Restatement | (788,222) | - |
| Net position – Beginning of the year, as restated | (554,084) | (253,567) |
| Net position – End of the year, as restated | $ (907,543) | $ 234,138 |

**Property taxes** and federal grant revenues continue as our primary sources of revenue. In the current fiscal year, the ad-valorem tax revenue slightly increased. Historically, property taxes have increased annually due to an increase in property values and new construction throughout the District.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's capital assets as of September 30, 2018 reflect an investment of $3,033,480 net of accumulated depreciation.

The following table provides a summary of net capital assets.

| | 2018 | 2017 |
|---|---|---|
| Land | $ 97,472 | $ 97,472 |
| Buildings & Improvements | 1,897,957 | 1,893,825 |
| Equipment & Furniture | 856,686 | 821,734 |
| Vehicles | 2,197,117 | 1,996,297 |
| Total Assets | 5,049,232 | 4,809,328 |
| Less: Accumulated Depreciation | (2,015,752) | (2,005,246) |
| Total Capital Assets, net | $ 3,033,480 | $ 2,804,082 |

Depreciation expense for the years ended September 30, 2018 and 2017 was $342,624 and $267,057, respectively.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Local indicators point to a gradual increase in real property values within the District.

The District relies on property taxes for the largest portion of its budget. Taxable property value within the District increased in 2017-18.

When these factors were considered in preparing the District's budget for the 2018-2019 fiscal year, the District adopted the maximum millage rate of 3.65 mills per thousand, which is the same as the 2017-2018 millage rate.

## REQUEST FOR INFORMATION

The District's financial statements are designed to present users (citizens, customers, investors and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning this report or requests for additional financial information should be directed to:

Ted Ross, Fire Chief
Tice Fire Protection & Rescue Service District
9351 Workmen Way
Fort Myers, FL 33905
(239)694-2380

# BASIC
# FINANCIAL STATEMENTS

**Tice Fire Protection & Rescue Service District**
STATEMENT OF NET POSITION
September 30, 2018

| | |
|---|---|
| **Assets** | |
| Current assets: | |
| Cash and cash equivalents | $ 1,354,723 |
| Due from other governments | 27,758 |
| Fire inspections receivable | 2,994 |
| Total Current Assets | 1,385,475 |
| | |
| Noncurrent assets: | |
| Land | 97,472 |
| Capital assets being depreciated | |
| (net of $2,005,246 accumulated depreciation) | 2,936,008 |
| Total noncurrent assets | 3,033,480 |
| | |
| Total assets | 4,418,955 |
| | |
| **Deferred Outflows of Resources** | 2,572,976 |
| Total Assets and Deferred Outflows of Resources | 6,991,931 |
| | |
| **Liabilities** | |
| Current liabilities: | |
| Accounts payable | 46,050 |
| Accrued expenses | 71,883 |
| Total current liabilities | 117,933 |
| | |
| Noncurrent liabilities: | |
| Capital Lease - Due within one year | 49,819 |
| Capital Lease - Due in more than one year | 578,135 |
| Net pension liability | 4,755,223 |
| Other post-employment benefits | 835,794 |
| Compensated absences | 166,191 |
| Total noncurrent liabilities | 6,385,162 |
| Total Liabilities | 6,503,095 |
| | |
| **Deferred Inflows of Resources** | 1,396,379 |
| Total Liabilities and Deferred Inflows of Resources | 7,899,474 |
| | |
| **Net Position** | |
| Invested in capital assets, net of related debt | 2,405,526 |
| Restricted for: | |
| Capital additions | 209,692 |
| Unrestricted | (3,522,761) |
| Total net position | $ (907,543) |

*See accompanying Notes to Basic Financial Statements.*

**Tice Fire Protection & Rescue Service District**
STATEMENT OF ACTIVITIES
Fiscal Year Ended September 30, 2018

| Function/Program Activities | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants | Net Expense & Changes In Net Position: Total |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Public safety | $ 3,774,346 | $ 4,985 | $ 252,816 | $ 3,516,545 |

| | |
|---|---|
| General revenues: | |
| Ad-Valorem revenue | 2,984,142 |
| Interest income | 26,097 |
| Impact fees | 13,758 |
| Miscellaneous | 139,089 |
| Total general revenues | 3,163,086 |
| Change in net position | (353,459) |
| Net position, beginning, October 1, 2017 | 234,138 |
| Restatement | (788,222) |
| Net position, beginning, October 1, 2017, as restated | (554,084) |
| Net position, ending, September 30, 2018 | $ (907,543) |

*See accompanying Notes to Basic Financial Statements.*

**Tice Fire Protection & Rescue Service District**
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2018

| | General Fund | Impact Fee Fund (non-major) | Total |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 1,085,770 | $ 268,953 | $ 1,354,723 |
| Due from other funds | 61,568 | - | 61,568 |
| Due from other governments | 25,451 | 2,307 | 27,758 |
| Fire inspections receivable | 2,994 | - | 2,994 |
| Total assets | $ 1,175,783 | $ 271,260 | $ 1,447,043 |
| LIABILITIES AND FUND BALANCE | | | |
| Liabilities | | | |
| Accounts payable | $ 46,050 | $ - | $ 46,050 |
| Accrued liabilities | 71,883 | - | 71,883 |
| Due to other funds | - | 61,568 | 61,568 |
| Total liabilities | 117,933 | 61,568 | 179,501 |
| Fund Balance | | | |
| Restricted for capital asset additions | - | 209,692 | 209,692 |
| Unassigned | 1,057,850 | - | 1,057,850 |
| Total fund balance | 1,057,850 | 209,692 | 1,267,542 |
| Total liabilities and fund balance | $ 1,175,783 | $ 271,260 | $ 1,447,043 |

*See accompanying Notes to Basic Financial Statements.*

**Tice Fire Protection & Rescue Service District**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2018

| | | | | |
|---|---|---|---|---|
| Total governmental funds balance | | | $ | 1,267,542 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | | |
| Deferred inflows and outflows related to pensions are reported on the Statement of Net Position, but do not require the use of current financial resources and are not reported on the fund financial statements. | | | | 1,176,597 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds: | | | | |
| Cost of assets | $ | 5,049,232 | | |
| Accumulated depreciation | | (2,015,752) | | 3,033,480 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Long-term liabilities at fiscal year-end consist of: | | | | |
| Capital Lease | | (627,954) | | |
| Net pension liability | | (4,755,223) | | |
| Other post-employment benefits | | (835,794) | | |
| Compensated absences | | (166,191) | | (6,385,162) |
| Total net position | | | $ | (907,543) |

*See accompanying Notes to Basic Financial Statements.*

**Tice Fire Protection & Rescue Service District**
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended September 30, 2018

| | General Fund | Impact Fee Fund (non-major) | Total |
|---|---|---|---|
| Revenues | | | |
| Taxes | $ 2,984,142 | $ - | $ 2,984,142 |
| Intergovernmental | 359,632 | - | 359,632 |
| Impact Fees | - | 13,758 | 13,758 |
| Interest Income | 23,824 | 2,273 | 26,097 |
| Proceeds from Insurance | 132,652 | - | 132,652 |
| Miscellaneous | 11,422 | - | 11,422 |
| Total Revenues | 3,511,672 | 16,031 | 3,527,703 |
| Expenditures | | | |
| Public Safety | | | |
| Personal Services | 2,813,222 | - | 2,813,222 |
| Operating Expenditures | 512,766 | - | 512,766 |
| Capital Outlay | 497,963 | 75,238 | 573,201 |
| Debt Service | 42,299 | - | 42,299 |
| Total Expenditures | 3,866,250 | 75,238 | 3,941,488 |
| Excess of Revenues Over/(Under) Expenditures | (354,578) | (59,207) | (413,785) |
| Other Financing Sources/(Uses) | | | |
| Proceeds From Financing | 250,000 | - | 250,000 |
| Total Other Financing Sources/(Uses) | 250,000 | - | 250,000 |
| Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses | (104,578) | (59,207) | (163,785) |
| Fund balance, beginning, October 1, 2017 | 1,162,428 | 268,899 | 1,431,327 |
| Fund balance, ending, September 30, 2018 | $ 1,057,850 | $ 209,692 | $ 1,267,542 |

*See accompanying Notes to Basic Financial Statements.*

**Tice Fire Protection & Rescue Service District**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended September 30, 2018

| | | |
|---|---|---|
| Net change in fund balance - total governmental fund | | $ (163,785) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| The increase in pension expense is reported in the Statement of Activities, but does not require a use of current financial resources and is reported as an expenditure in the fund financial statements. | | (144,919) |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and capital asset adjustments exceeded expenditures for capital assets in the current period: | | |
| Capital outlay | $ 573,201 | |
| Less: current year depreciation and loss on disposal | (343,803) | 229,398 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. | | |
| Principal Payments | 28,081 | |
| Proceeds from financing debt | (250,000) | (221,919) |
| Expenditures for various services extending over more than one accounting period are not allocated between or among accounting periods in the governmental funds, but are accounted for as expenditures of the period of acquisition. | | 2,348 |
| In the statement of activities, certain operating expenses; changes in compensated absences and other post employment benefits, are measured by the amounts earned during the year. However, in the governmental funds, expenditures for these items are measured by the amount of financial resources used. This amount represents the decrease in the accrual of compensated absences and the decrease in other post employment benefits. | | (54,582) |
| Change in net position | | $ (353,459) |

*See accompanying Notes to Basic Financial Statements.*

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Defining the Governmental Reporting Entity:** The Tice Fire Protection and Rescue Service District (the "District") is a local governmental unit created by the State of Florida Legislature under Chapter 76-413, Laws of Florida, to provide fire protection and rescue services to a certain prescribed area in Fort Myers, Florida. The District is funded primarily by property taxes and is operated by a five-person Board of Commissioners (the "Commissioners"), who are elected for terms of four years.

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments.* Statement 34 establishes standards for external financial reporting for all state and local governmental entities. This statement requires the 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, there are no component units included in the District's financial statements.

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

**General Fund** - The General Fund is the general operating fund of the District. All financial resources which are not specifically restricted or designated as to use are recorded in the General Fund. At present, the District utilizes only one fund.

**Impact Fee Fund (non-major**) - The special revenue fund is used to account for impact fees that are legally restricted to expenditure for a particular purpose.

**Major Funds** - The District reports the general fund as a major fund.

**Basic Financial Statements:** The basic financial statements include a Statement of Net Position, Statement of Activities, Balance Sheet, and a Statement of Revenues, Expenditures and Changes in Fund Balance. The Statement of Net Position is presented as assets less liabilities equal net position and shown with two components: amounts invested in capital assets, net of related debt; and unrestricted net position. The Statement of Activities reports functional categories of programs by the District and demonstrates how and to what degree those programs are supported by specific revenue.

**Measurement Focus:** 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 Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**Basis of Accounting:** Basis of accounting refers to when revenue and expenditures 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 District complies with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements.

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

**Capital Assets:** Capital assets include land, buildings and improvements, equipment and furniture and vehicles. Capital assets are reported in the basic financial statements in the statement of net position. The District follows a capitalization policy which calls for capitalization of all fixed assets that have a cost or contributed value of $1,000 or more and have a useful life in excess of one year. Capital assets are recorded at cost, or estimated historical cost. Contributed capital assets are valued at the estimated fair market value of the asset on the date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The ranges of the useful lives are as follows:

| Assets | Years |
|---|---|
| Buildings & Improvements | 10 - 40 |
| Equipment and Furniture | 10 |
| Vehicles | 5 - 7 |

Depreciation on fixed assets acquired through contributions is recorded as an expense and transferred from net position as a reduction of contributed capital. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings.

**Budgets and Budgetary Accounting:** The following procedures are used by the District in establishing the budgetary data reflected in the basic financial statements:

1. During the summer, the Director submits to the Board of Commissioners, for their consideration, a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners.

4. Budget transfers and amendments are made throughout the year by approval of the Board of Commissioners.

5. Budget amounts, as shown in the Required Supplementary Information are as originally adopted, and as amended by the Board of Commissioners.

6. The budget for the Governmental Fund Type is adopted on a cash basis which is inconsistent with accounting principles generally accepted in the United States.

7. The level of control for appropriations is exercised at the activity level.

**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 it is, at present, not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**Impact Fees:** The District receives impact fees in accordance with an interlocal agreement with Lee County, Florida. Impact fees collected by Lee County are remitted on a quarterly basis to the District. The District, with prior Lee County approval, may expend amounts collected on qualifying capital expenditures. Funds received that are not expended within six years must be refunded. Because of the eligibility requirements imposed in the agreement, (1) prior approval before expenditure and (2) refund if not expended, the District records receipts of funds as restricted cash.

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

**Deferred Outflows/Inflows of Resources:** Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as expended until then. The District presents deferred outflows associated with pensions to be expensed over future periods. Deferred inflows of resources is defined as an acquisition of position by the government that is applicable to a future reporting period. The District presents deferred inflows of resources related to pensions.

**Fund Balance:** The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Accordingly, in the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned and unassigned.

Non-Spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items not expected to be converted to and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

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

Unrestricted Fund Balance - The total of the committed fund balance, assigned fund balance, and unassigned balance.

Committed Fund Balance - Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the District's Board of Commissioners, the District's highest level of decision making authority. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action (resolution) that imposed the constraint originally.

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

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

The District's policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance in that order under circumstances where a particular expenditure can be made from more than one fund classification.

**Minimum Fund Balance Policy:** Compliance with the provisions of this policy shall be reviewed as a part of the annual budget adoption process and the amounts of the individual funds including any minimum balance shall be determined during this process.

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

## NOTE 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash on hand and cash on deposit with financial institutions. At September 30, 2018, the carrying amount of the District's deposits were $1,354,723, the bank balance was $1,383,892 and petty cash on hand was $100. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security for Public Deposits Act (Florida Statutes Chapter 280). Florida Statutes authorize investments in certificates of deposit, savings accounts, repurchase agreements, the Local Government Surplus Funds Trust Fund administered by the Florida State Board of Administration, obligations of the U.S. Government and government agencies unconditionally guaranteed by the U.S. Government.

## NOTE 3. PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida, Tax Collector's office bills and collects property taxes on behalf of the District. The tax rate levied upon the taxable property in the District for the fiscal year ended September 30, 2018 was 3.50 per $1,000 of assessed taxable property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. On April 1 of each year, unpaid taxes become a lien on the property. The past due certificates are sold at public auction prior to June 1, and the proceeds thus collected are remitted to the District.

## NOTE 4. CAPITAL ASSETS

Capital assets are recorded in the financial statements at historical cost or estimated historical cost if actual historical cost is not available. A summary of changes for the fiscal year is as follows:

| | Balance Oct. 1, 2017 | Additions | Adjustments | Deletions | Balance Sept. 30, 2018 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 97,472 | $ - | $ - | $ - | $ 97,472 |
| Total capital assets not being depreciated: | 97,472 | - | - | - | 97,472 |
| Capital assets being depreciated: | | | | | |
| Buildings & improvements | 1,893,825 | 4,132 | - | - | 1,897,957 |
| Equipment and furniture | 821,734 | 63,810 | - | (28,858) | 856,686 |
| Vehicles | 1,996,297 | 505,259 | 132,068 | (436,507) | 2,197,117 |
| Total capital assets being depreciated | 4,711,856 | 573,201 | 132,068 | (465,365) | 4,951,760 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (563,028) | (49,458) | - | - | (612,486) |
| Equipment and furniture | (416,851) | (58,910) | - | 27,679 | (448,082) |
| Vehicles | (1,025,367) | (234,256) | (132,068) | 436,507 | (955,184) |
| Total accumulated depreciation | (2,005,246) | (342,624) | (132,068) | 464,186 | (2,015,752) |
| Total capital assets being depreciated, net | 2,706,610 | 230,577 | - | (1,179) | 2,936,008 |
| Governmental activities capital assets, net | $ 2,804,082 | $ 230,577 | $ - | $ (1,179) | $ 3,033,480 |

## NOTE 5. LONG-TERM DEBT

### Capital Leases

| | |
|---|---|
| On December 15, 2017, the District purchased a 2017 E-One HP 78 Ladder on a Typhoon X Chassis for a total cost of $730,705. The District financed $380,000 of the purchase price by entering into a leasing agreement with a financial institution carrying a fixed annual interest rate of 3.468%. The lease will be repaid in fifteen annual installments of $32,919 with a final payment due December 2031. The principal balance as of September 30, 2018 is | $ 360,260 |
| On August 21, 2016, the District entered into a leasing agreement for twenty-six sets of new bunker gear in the amount of $41,769 at 3.99% fixed interest rate. The lease will be repaid in five annual installments of $9,380 with one final payment due August 2020 in the amount of $9,380. The principal balance as of September 30, 2018 is | 17,694 |
| On April 1, 2018, the District purchased a E-One Typhoon Pumper for a total cost of $420,658. The District financed $250,000 of the purchase price by entering into a leasing agreement with a financial institution carrying a fixed annual interest rate of 4.11%. The lease will be repaid in ten annual installments of $30,986 with a final payment due April 2028. The principal balance as of September 30, 2018 is | 250,000 |
| **Total Capital Leases Payable** | $ 627,954 |

The annual debt service requirements for capital leases payable at September 30, 2018 were as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2019 | $ 49,819 | $ 23,466 | $ 73,285 |
| 2020 | 51,724 | 21,561 | 73,285 |
| 2021 | 44,323 | 19,582 | 63,905 |
| 2022 | 46,003 | 17,902 | 63,905 |
| 2023 | 47,748 | 16,157 | 63,905 |
| 2024-2028 | 267,333 | 52,192 | 319,525 |
| 2029-2032 | 121,004 | 10,670 | 131,674 |
| | $ 627,954 | $ 161,530 | $ 789,484 |

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

| | Balance October 1, 2017* | Additions | Reductions | Balance September 30, 2018 | Amounts Due Within One Year |
|---|---|---|---|---|---|
| Other post-employment benefits | $ 883,279 | $ 39,543 | $ (87,028) | $ 835,794 | $ - |
| Net Pension Liability: | | | | | |
| Pension Plan | 2,985,652 | 1,961,892 | (795,217) | 4,152,327 | - |
| HIS Plan | 576,261 | 103,868 | (77,233) | 602,896 | - |
| Capital Leases | 406,035 | 250,000 | (28,081) | 627,954 | 49,819 |
| Compensated absences | 173,288 | - | (7,097) | 166,191 | - |
| Total | $ 5,024,515 | $2,355,303 | $ (994,656) | $ 6,385,162 | $ 49,819 |

**as restated*

**Compensated Absences:** The District's employees accumulate sick and vacation leave based on years of continuous service. Upon separation from the District, employees are entitled to all accumulated vacation leave. After 25 years of continuous service, one third of accumulated sick leave is paid to employees upon separation. As of September 30, 2018, the District recorded a liability for accrued vacation of $136,092 and accrued sick time of $30,098, totaling $166,191.

## NOTE 6. LINE OF CREDIT

On December 2, 2013, the District opened a $250,000 line of credit at a financial institution. In accordance with the terms of the agreement, the District pledges and grants to the Lender a first priority security interest in all inventory, equipment, fixtures, goods, accounts, chattel paper, contract rights, documents, instruments, general intangibles, investment property, deposit accounts, letter of credit rights, payment intangibles, supporting obligations, software, and all rents, issues, profits, products, and proceeds thereof, wherever any of the foregoing is located. The initial variable interest rate on the line of credit was 2.66% per annum. During the year the District did not utilize the line of credit.

## NOTE 7. OTHER POST-EMPLOYMENT BENEFITS

### Plan Description:

The District's Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the Florida Retirement System to continue medical insurance coverage as a participant in the District's plan.

### Implementation of New GASB Statement

During fiscal year 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* . GASB Statement No. 75 specifies that governments must recognize their net OPEB liability and related deferred outflows of resources, deferred inflows of resources, and OPEB expense in financial statement's prepared using the economic resources measurement focus and accrual basis of accounting. The District utilitzes the Alternative Measurement Method for small plans as permitted under the Governmental Accounting Standards No. 75. For the District, this information, including OPEB expense (credit) of $(47,485), is included in the government-wide financial statements of the District. OPEB expenditures recognized in the financial statements of the District under the modified accrual method equals the total amount paid by the District, amounting to $24,131 for the year ended September 30, 2018. The effect of the transition on the total OPEB liability presented in the District's government-wide financial statements for the year ended September 30, 2018 is as follows:

| *GASB 75 Transition* | | |
|---|---|---|
| Net OPEB Obligation September 30, 2017 | $ | 62,684 |
| Increase in Liability due to GASB 75 Transition | | 820,595 |
| Total OPEB Liability October 1, 2017 | $ | 883,279 |

### Plan Membership as of September 30, 2017:

| | |
|---|---|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 4 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefits | 0 |
| Active Plan Members | 26 |
| | 30 |

### Benefits Provided:

The benefits provided are the same as those provided for active employees. Spouses and dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployement health care benefits. All retiree and dependent coverage is at the expense of the retiree.

## NOTE 7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

### Total OPEB Liability

The measurement date is September 30, 2017.
The measurement period for the OPEB expense was October 1, 2016 to September 30, 2017.
The reporting period is October 1, 2017 through September 30, 2018.

The Sponsor's Total OPEB Liabilty was measured as of September 30, 2017.

Note - The Sponsor's Total OPEB Liability for the District's ledger adjustmenet was measured as of September 30, 2016 using a discount rate of 3.06%. The Total OPEB Liabilty was "rolled-back" from September 30, 2017 at 3.06%, thus producing no experience gain or loss for the period ending September 30, 2017.

### Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2017 using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% |
| Salary Increases | 2.50% |
| Discount Rate | 3.64% |
| Initial Trend Rate | 8.50% |
| Ultimate Trend Rate | 4.00% |
| Years to Ultimate | 56 |

For all lives, mortality rates were RP-2000 Combined Healthy Mortality Tables projected to the valuation date using Projection Scale AA.

### Discount Rate:

Given the District's decision not to fund the program, all future payments were discounted using a high-quality municipal bond rate of 3.64%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.

### OPEB Expense:

For the year ended September 30, 2018, the Sponsor will recognize OPEB Expense (Credit) of $(20,354).

Changes in Total OPEB Liabilty

| | Increases (Decreases) in Total OPEB Liability |
|---|---|
| Reporting Period Ending September 30, 2017 | $ 883,279 |
| Changes for a Year: | |
| Service Cost | 12,499 |
| Interest | 27,044 |
| Changes of Assumptions | (62,897) |
| Benefit Payments | (24,131) |
| Net Changes | (47,485) |
| Reporting Period Ending September 30, 2018 | $ 835,794 |

## NOTE 7. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Changes of assumptions reflect a change in the discount rate from 3.06% for the fiscal year ending September 30, 2017 to 3.64% for the fiscal year ending September 30, 2018.

**Sensitivity of the Total OPEB Liabilty to changes in the Discount Rate:**

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

| | 1% Decrease 2.64% | Current Discount Rate 3.64% | 1% Increase 4.64% |
|---|---|---|---|
| Total OPEB Liabilty | $ 948,399 | $ 835,794 | $ 740,969 |

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

The following presents the Total OPEB Liabilty of the Sponser, as well as what the Sponsor's Total OPEB Liabiltiy would be if it were calcuated using healthcare cost trend rates that is one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease 3.00% - 7.50% | Healthcare Cost Trend Rates 4.00% - 8.50% | 1% Increase 5.00% - 9.50% |
|---|---|---|---|
| Total OPEB Liabilty | $ 744,766 | $ 835,794 | $ 942,237 |

## NOTE 8. RETIREMENT PLANS

**Florida Retirement System:**

General Information - All of the employees of the primary government participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the FRS Pension Plan (“Pension Plan”) and the Retiree Health Insurance Subsidy (“HIS Plan”). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (“Investment Plan”) alternative to the FRS Pension Plan, which is administered by the State Board of Administration (“SBA”). As a general rule, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, District government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 121, Florida Statutes, and Chapter 60S, Florida Administrative Code. Amendments to the law can be made only by an act of the Florida State Legislature.

**NOTE 8. RETIREMENT PLANS (Continued)**

**Florida Retirement System (Continued):**

The State of Florida annually issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. The latest available report may be obtained by writing to the State of Florida Division of Retirement, Department of Management Services, P.O. Box 9000, Tallahassee, Florida 32315-9000, or from the Web site:
www.dms.myflorida.com/workforce_operations/retirement/publications.

**Pension Plan**

Plan Description – The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program ("DROP") for eligible employees.

Benefits Provided - Benefits under the Pension Plan are computed on the basis of age, average final compensation, and service credit. For Pension Plan members enrolled before July 1, 2011, Regular class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Vested members with less than 30 years of service may retire before age 62 and receive reduced retirement benefits. Special Risk Administrative Support class members who retire at or after age 55 with at least six years of credited service or 25 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 1.6% of their final average compensation based on the five highest years of salary, for each year of credited service. Special Risk class members (sworn law enforcement officers, firefighters, and correctional officers) who retire at or after age 55 with at least six years of credited service, or with 25 years of service regardless of age, are entitled to a retirement benefit payable monthly for life, equal to 3.0% of their final average compensation based on the five highest years of salary for each year of credited service. Senior Management Service class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 2.0% of their final average compensation based on the five highest years of salary for each year of credited service. Elected Officers' class members who retire at or after age 62 with at least six years of credited service or 30 years of service regardless of age are entitled to a retirement benefit payable monthly for life, equal to 3.0% (3.33% for judges and justices) of their final average compensation based on the five highest years of salary for each year of credited service.

For Plan members enrolled on or after July 1, 2011, the vesting requirement is extended to eight years of credited service for all these members and increasing normal retirement to age 65 or 33 years of service regardless of age for Regular, Senior Management Service, and Elected Officers' class members, and to age 60 or 30 years of service regardless of age for Special Risk and Special Risk Administrative Support class members. Also, the final average compensation for all these members will be based on the eight highest years of salary.

**NOTE 8. RETIREMENT PLANS (Continued)**

**Pension Plan (continued):**

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of- living adjustment is three 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 three percent determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by three percent. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

In addition to the above benefits, the DROP program allows eligible members to defer receipt of monthly retirement benefit payments while continuing employment with a FRS employer for a period not to exceed 60 months after electing to participate. Deferred monthly benefits are held in the FRS Trust Fund and accrue interest. There are no required contributions by DROP participants.

Contributions – Effective July 1, 2011, all enrolled members of the FRS, other than DROP participants, are required to contribute three percent of their salary to the FRS. In addition to member contributions, governmental employers are required to make contributions to the FRS based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1 of each year. The employer contribution rates by job class for the periods from October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively, were as follows: Regular--7.92% and 8.26%; Special Risk Administrative--34.63% and 34.98%; Special Risk--23.27% and 24.50%; Senior Management Service--22.71% and 24.06%; Elected Officers--45.50% and 48.70%; and DROP participants--13.26% and 14.03%. These employer contribution rates include the 1.66% HIS Plan subsidy for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018. Other than DROP participants, these employer contribution rates include .06% and .06% administrative fee for the periods October 1, 2017 through June 30, 2018 and from July 1, 2018 through September 30, 2018, respectively.

The District’s contributions to the Pension Plan totaled $395,949 for the fiscal year ended September 30, 2018, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the District reported a liability of $4,152,327 for its proportionate share of the Pension Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District’s proportionate share of the net pension liability was based on the District’s 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was .01379%, which was a increase of 0.00031% from its proportionate share measured as of June 30, 2017.

## NOTE 8. RETIREMENT PLANS (Continued)

### Pension Plan (continued):

For the fiscal year ended September 30, 2018, the District recognized pension expense of $545,227. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 351,765 | $ (12,767) |
| Change of assumptions | 1,356,778 | - |
| Net difference between projected and actual earnings on Pension Plan investments | - | (320,818) |
| Changes in proportion and differences between District Pension Plan contributions and proportionate share of contributions | 107,408 | (321,305) |
| District Pension Plan contributions subsequent to the measurement date | 106,095 | - |
| Total | $ 1,922,046 | $ (654,890) |

The deferred outflows of resources related to the Pension Plan, totaling $106,095 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

| Fiscal Year Ending | Amount |
|---|---|
| 2019 | $ 366,447 |
| 2020 | 304,569 |
| 2021 | 54,924 |
| 2022 | 243,014 |
| 2023 | 164,596 |
| Thereafter | 27,511 |

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

| | |
|---|---|
| Inflation | 2.60% |
| Salary increases | 3.25%, average, including inflation |
| Investment rate of return | 7.00%, net of pension plan investment expense, including inflation |

## NOTE 8. RETIREMENT PLANS (Continued)

### Pension Plan (continued):

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, updated to better anticipate expected future experience for those members while in FRS covered employment.

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

The long-term expected rate of return on Pension Plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table *(1)* :

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|---|---|---|---|---|
| Cash | 1.0% | 2.9% | 2.9% | 1.8% |
| Fixed income | 18.0% | 4.4% | 4.3% | 4.0% |
| Global equity | 54.0% | 7.6% | 6.3% | 17.0% |
| Real estate (property) | 11.0% | 6.6% | 6.0% | 11.3% |
| Private equity | 10.0% | 10.7% | 7.8% | 26.5% |
| Strategic investments | 6.0% | 6.0% | 5.7% | 8.6% |
| Total | 100.0% | | | |
| Assumed Inflation - Mean | | | 2.6% | 1.9% |

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

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

**NOTE 8. RETIREMENT PLANS (Continued)**

**Pension Plan (continued):**

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

| | 1%, Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 7,578,171 | $ 4,152,327 | $ 1,306,961 |

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the Pension Plan - At September 30, 2018, the District reported $7,976 as the amount payable for outstanding contributions to the Pension Plan.

**HIS Plan**

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

Benefits Provided – For the fiscal year ended September 30, 2018, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2018, the HIS contribution for the period October 1, 2017 through September 30, 2018 was 1.66%. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**NOTE 8. RETIREMENT PLANS (Continued)**

**HIS Plan (continued):**

The District's contributions to the HIS Plan totaled $30,674 for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the District reported a liability of $602,896 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the District's 2017-18 fiscal year contributions relative to the 2016-17 fiscal year contributions of all participating members. At June 30, 2018, the District's proportionate share was .00570%, which was an increase of 0.00031% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018, the District recognized HIS expense of $53,525. In addition the District reported deferred outflows of resources and deferred inflows of resources related to pensions

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 9,230 | $ (1,024) |
| Change of assumptions | 67,049 | (63,743) |
| Net difference between projected and actual earnings on HIS Plan investments | 364 | - |
| Changes in proportion and differences between District HIS Plan contribution and proportionate share of contributions | 26,765 | (72,603) |
| District HIS Plan contributions subsequent to the measurement date | 7,891 | - |
| Total | $ 111,299 | $ (137,370) |

## NOTE 8. RETIREMENT PLANS (Continued)

### HIS Plan (continued):

The deferred outflows of resources related to the HIS Plan, totaling $7,891 resulting from District contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

| Fiscal Year Ending September 30: | Amount |
|---|---|
| 2019 | $ (10,183) |
| 2020 | (10,213) |
| 2021 | (4,147) |
| 2022 | (2,951) |
| 2023 | (7,416) |
| Thereafter | 948 |

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

| | |
|---|---|
| Inflation | 2.60% |
| Salary increases | 3.25%, average, including inflation |
| Municipal bond rate | 3.87% |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables, updated to better anticipate expected future experience for those members while in FRS covered employment.

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

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

**NOTE 8. RETIREMENT PLANS (Continued)**

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

| | 1% Decrease (2.87%) | Discount Rate (3.87%) | 1% Increase (4.87%) |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 686,663 | $ 602,896 | $ 533,071 |

<u>HIS</u> <u>Plan</u> <u>Fiduciary</u> <u>Net</u> <u>Position</u> - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - At September 30, 2018, the District reported $535 payable for outstanding contributions to the HIS Plan.

**Investment Plan**

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. Board 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 District Officers, etc.), as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2017-17 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class, as follows: Regular class--6.30%, Special Risk Administrative Support class--7.95%, Special Risk class--14.00%, Senior Management Service class--7.67% and District Elected Officers class--11.34%.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the Pension Plan is transferred to the Investment Plan,

## NOTE 8. RETIREMENT PLANS (Continued)

### Investment Plan (continued)

the member must have the years of service required for Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2018, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the Board.

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

The District's made no Investment Plan contributions for the fiscal year ended September 30, 2018.

## NOTE 9. DEFICIT UNRESTRICTED NET POSITION

The District reported a deficit net position in its unrestricted fund balance on the Statement of Net Position. The deficit is attributed to the implementation of GASB No. 75 which substantially to increased the net OPEB liability.

## NOTE 10. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended September 30, 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This pronouncement requires the restatement of the September 30, 2017 net position and total OPEB liability of the governmental activities as follows:

| | | |
|---|---|---|
| Net position, as previously reported September 30, 2017 | $ | 234,138 |
| Effect of GASB 75 Implementation & Other Changes in Health Insurance Liabilities Previously Reported | | (788,222) |
| Net position, as restated September 30, 2017 | $ | (554,084) |
| | | |
| OPEB obligation, as previously reported September 30, 2017 | $ | 62,684 |
| Effect of GASB 75 Implementation | | 820,595 |
| Total OPEB liability, as restated September 30, 2017 | $ | 883,279 |

# REQUIRED SUPPLEMENTARY INFORMATION

**Tice Fire Protection & Rescue Service District**
BUDGETARY COMPARISON SCHEDULE
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund - Budget and Actual
Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues | | | | |
| Taxes | $ 2,968,076 | $ 2,968,076 | $ 2,984,142 | $ 16,066 |
| Firefighter Sup. Compensation | 3,500 | 3,500 | 3,000 | (500) |
| Interest Income | 15,000 | 15,000 | 23,824 | 8,824 |
| Proceeds from Insurance | - | 131,427 | 132,652 | 1,225 |
| Miscellaneous | 5,000 | 5,000 | 8,422 | 3,422 |
| Intergovernmental Revenue | 356,300 | 360,000 | 359,632 | (368) |
| Total Revenues | 3,347,876 | 3,483,003 | 3,511,672 | 28,669 |
| Expenditures | | | | |
| Public Safety | | | | |
| Personal Services | 2,839,640 | 2,896,162 | 2,813,222 | 82,940 |
| Operating Expenditures | 342,815 | 342,815 | 512,766 | (169,951) |
| Capital Outlay | 530,000 | 915,250 | 497,963 | 417,287 |
| Debt Service | 43,000 | 43,000 | 42,299 | 701 |
| Total Expenditures | 3,755,455 | 4,197,227 | 3,866,250 | 330,977 |
| Excess of Revenues Over/(Under) Expenditures | (407,579) | (714,224) | (354,578) | 359,646 |
| Other Financing Sources/(Uses) | | | | |
| Proceeds From Financing | - | 250,000 | 250,000 | - |
| Total Other Financing Sources/(Uses) | - | 250,000 | 250,000 | - |
| Excess of Revenues and Other Sources Over/(Under) Expenditures and Other Uses | (407,579) | (464,224) | (104,578) | 359,646 |
| Fund Balance - October 1, 2018 | 1,273,800 | 1,309,444 | 1,162,428 | (147,016) |
| Fund Balance - September 30, 2019 | $ 866,221 | $ 845,220 | $ 1,057,850 | $ 212,630 |

**Tice Fire Protection & Rescue Service District**
BUDGETARY COMPARISON SCHEDULE
Statement of Revenues, Expenditures and Changes in Fund Balance - Impact Fee Fund - Budget and Actual
Year Ended September 30, 2018

| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| Revenues | | | | |
| Impact Fees | $ 15,000 | $ 15,000 | $ 13,758 | $ (1,242) |
| Interest Income | - | - | 2,273 | 2,273 |
| Total Revenues | 15,000 | 15,000 | 16,031 | 1,031 |
| Expenditures | | | | |
| Public Safety | | | | |
| Capital Outlay | 75,000 | 75,000 | 75,238 | (238) |
| Total Expenditures | 75,000 | 75,000 | 75,238 | (238) |
| Excess of Revenues Over Expenditures | (60,000) | (60,000) | (59,207) | 793 |
| Fund Balance - October 1, 2017 | 253,780 | 253,780 | 268,899 | 15,119 |
| Fund Balance - September 30, 2018 | $ 193,780 | $ 193,780 | $ 209,692 | $ 15,912 |

Tice Fire Protection & Rescue Service District
Schedule of District Contributions - Pension Plan
For the Fiscal Year Ended September 30, 2018

Last Five Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 395,949 | $ 361,933 | $ 362,548 | $ 337,711 | $ 319,111 |
| Contributions in relation to contractually require contribution | (395,949) | (361,933) | (362,548) | (337,711) | (319,111) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 1,847,836 | $ 1,753,933 | $ 1,747,378 | $ 1,832,671 | $ 1,883,710 |
| Contributions as a percentage of covered-employee payroll | 21.43% | 20.64% | 20.75% | 18.43% | 16.94% |

*Note: Data was unavailable prior to 2014.*

Tice Fire Protection & Rescue Service District
Schedule of the District's Proportionate Share of the Net Pension Liability - Pension Plan
For the Fiscal Year Ended September 30, 2017

For the Last Four Fiscal Years Ended June 30

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.013786% | 0.013474% | 0.014090% | 0.013300% | 0.014300% |
| District's proportionate share of the net pension liability | $ 4,152,327 | $ 3,985,652 | $ 3,557,325 | $ 1,715,139 | $ 870,900 |
| District's covered-employee payroll | $ 1,860,478 | $ 1,717,846 | $ 1,738,676 | $ 1,841,757 | $ 1,897,766 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 223.19% | 232.01% | 204.60% | 93.13% | 45.89% |
| Plan fiduciary net position as a percentage of the total pension liability | 84.26% | 83.89% | 84.88% | 92.00% | 96.09% |

*Note: Data was unavailable prior to 2014.*

Tice Fire Protection & Rescue Service District
Schedule of District Contributions - HIS Plan
For the Fiscal Year Ended September 30, 2018

Last Five Fiscal Years

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 30,674 | $ 29,115 | $ 29,006 | $ 24,777 | $ 23,105 |
| Contributions in relation to contractually require contribution | (30,674) | (29,115) | (29,006) | (24,777) | (23,105) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| District's covered-employee payroll | $ 1,847,836 | $ 1,753,933 | $ 1,747,378 | $ 1,835,333 | $ 1,833,710 |
| Contributions as a percentage of covered-employee payroll | 1.66% | 1.66% | 1.66% | 1.35% | 1.26% |

*Note: Data was unavailable prior to 2014.*

Tice Fire Protection & Rescue Service District
Schedule of the District's Proportionate Share of the Net Pension Liability - HIS Plan
For the Fiscal Year Ended September 30, 2018

For the Last Five Fiscal Years Ended June 30

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| District's proportion of the net pension liability | 0.005696% | 0.005389% | 0.006000% | 0.006000% | 0.006300% |
| District's proportionate share of the net pension liability | $ 602,896 | $ 576,261 | $ 650,676 | $ 608,727 | $ 591,246 |
| District's covered-employee payroll | $ 1,860,478 | $ 1,717,846 | $ 1,738,676 | $ 1,845,276 | $ 1,897,766 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 32.41% | 33.55% | 37.42% | 32.99% | 31.15% |
| Plan fiduciary net position as a percentage of the total pension liability | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

*Note: Data was unavailable prior to 2014.*

Tice Fire Protection & Rescue Service District
Schedule of Changes inTotal OPEB Liabilty and Related Ratios
For the Fiscal Year Ended September 30, 2018

For the Last Fiscal Year Ended September 30

| | |
|---|---|
| Reporting Period Ending | 9/30/2018 |
| Measurement Date | 9/30/2017 |
| **Total OPEB Liability** | |
| Service Cost | 12,499 |
| Interest | 27,044 |
| Changes of Assumptions | (62,897) |
| Benefit Payments | (24,131) |
| Net Change in Total OPEB Liability | (47,485) |
| Total OPEB Liability - Beginning | 883,279 |
| Total OPEB Liability - Ending | $ 835,794 |
| Covered Employee Payroll* | $ 1,846,747 |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 45.26% |

*Projected FY 2018 Covered Payroll based on actualy FY 2017 Covered Payroll

**Notes to Schedule:**

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

| | |
|---|---|
| Fiscal Year Ending September 30, 2018: | 3.64% |
| Fiscal Year Ending September 30, 2017: | 3.06% |

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Certified Public Accountants

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# Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Tice Fire Protection and Rescue Service District
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of Tice Fire Protection and Rescue Service District, (the "District") as of and for the fiscal year ended September 30, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 20, 2019.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

Ashley, Brown & Co.

Punta Gorda, Florida
June 20, 2019

Ashley, Brown & Company
Certified Public Accountants

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# Independent Auditor's Management Letter

Board of Commissioners
Tice Fire Protection and Rescue Service District
Fort Myers, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Tice Fire Protection and Rescue Service District, (the "District") as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 20, 2019.

**Auditor's Responsibility**

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

**Other Reports and Schedule**

We have issued our Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards; and Independent Accountant's Examination Report conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated June 20, 2019, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements. The District had no component units as of September 30, 2018.

**Financial Condition and Management**

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

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

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

**Additional Matters**

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

**Purpose of this Letter**

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

Ashley, Brown & Co.

Punta Gorda, Florida
June 20, 2019

Ashley, Brown & Company
Certified Public Accountants

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# Independent Accountant's Examination Report

Board of Commissioners
Tice Fire Protection and Rescue Service District
Fort Myers, Florida

**Report on Compliance**

We have examined the Tice Fire Protection and Rescue Service District's (the "District") compliance with the local government investment policy requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, for the year ended September 30, 2018. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

**Scope**

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

**Opinion**

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

Ashley, Brown + Co.

Punta Gorda, Florida
June 20, 2019