IONA MCGREGOR FIRE PROTECTION AND RESCUE SERVICE DISTRICT

BASIC FINANCIAL STATEMENTS TOGETHER WITH ADDITIONAL REPORTS

YEAR ENDED SEPTEMBER 30, 2017

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American Institute of Certified Public Accountants
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, 2017, 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, 2017. 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, 2017 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, 2017, 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), and Notes to Required Supplementary Information, 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), and Notes to Required Supplementary Information, 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), and Notes to Required Supplementary Information, 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 - Management's Response to Independent Auditor's Report to Management is not a required part of the basic financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 6, 2018, 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 February 6, 2018, 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.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 6, 2018

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, 2017, 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 of $2,472,550 at the close of the fiscal year. Of that amount, $6,974,506 was a deficit unrestricted net position.
- The District's total net position increased $281,211, or 13 percent.
- Total revenues increased $1,267,657, or 7.5 percent, in comparison to prior year.
- Total expenses increased $72,952, or less than 1 percent, in comparison to prior year.
- At the close of the current fiscal year, governmental funds reported ending fund balance of $6,934,261, an increase of $1,211,321. $1,285,681 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 2017 and 2016:

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

	2017	2016
Assets:		
Current and other assets	$ 8,747,848	$ 7,045,908
Capital assets	9,981,928	9,979,356
Total assets	18,729,776	17,025,264
Deferred outflows of resources - pensions	9,431,593	8,895,102
Liabilities:		
Current liabilities	1,722,103	1,180,394
Non-current liabilities	21,652,795	21,644,888
Total liabilities	23,374,898	22,825,282
Deferred inflows of resources - pensions	2,313,921	903,745
Net position:		
Net investment in capital assets	8,689,667	8,177,608
Restricted	757,389	732,307
Unrestricted (deficit)	(6,974,506)	(6,718,576)
Total Net Position	$ 2,472,550	$ 2,191,339

At September 30, 2017, current and other assets represent 47 percent of total assets. Current assets are comprised of cash and cash equivalents of $2,324,905, investments of $5,458,605, amounts due from other governments of $156,153, prepaid expenses of $50,796, and the net OPEB asset of $757,389.

At September 30, 2017, current liabilities are comprised of accounts payable of 75,698 and accrued expenses of $732,617, current portion of long-term liabilities of $665,905, and amounts due to other governments of $247,883. Non-current liabilities are comprised of capital leases payable of $772,533, compensated absences and separation payments payable of $788,155, and net pension liability of $20,092,107.

The largest portion of the District's net position, $8,689,667, 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 $757,389 represents the District's OPEB actuarial 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 $6,974,506 resulted from adherence to GASB Statement No. 68 and recording the District's proportionate share of the retirement liability of the State's Retirement System.

Net position increased $281,211 in the current fiscal year. The increase is primarily due to the effects from an increase in taxable assessed value less the effect of the District adhering to GASB Statement No. 68 and recording the increase in the pension plan liability.

Statements of Activities

The following schedule reports the revenues, expenses, and changes in net position (activities) for the District for the fiscal years 2017 and 2016:

Iona McGregor Fire Protection and Rescue Service District
Summary of Revenues, Expenses and Changes in Net Position
For the Year Ended September 30

Revenues:	2017	2016
General Revenues:		
Ad valorem taxes, net	$ 17,749,116	$ 16,626,373
Fees and assessments	98,131	79,085
Miscellaneous		
Investment earnings (loss)	89,485	32,684
Rents	5,400	7,200
Donations from private sources	6,990	3,230
Gain on disposition of capital assets	9,020	672
Other	18,548	13,638
Program Revenues		
Charges for services - inspections	88,864	56,053
Charges for services - education	2,364	2,596
Operating grants and contributions	60,750	39,480
Total Revenues	18,128,668	16,861,011
Expenses:		
Public Safety - Fire and Rescue Services		
Personnel services	15,312,918	15,181,026
Operating expenditures	1,909,944	1,981,000
Depreciation	591,541	567,906
Loss on disposition of capital assets	-	-
Interest and fiscal charges	33,054	44,573
Total Expenses	17,847,457	17,774,505
Increase (Decrease) in Net Position	281,211	(913,494)
Net Position - Beginning of Year	2,191,339	3,104,833
Net Position - End of Year	$ 2,472,550	$ 2,191,339

The increase in revenue was largely due to the improving economy. As such, property values increased causing the ad valorem revenue to increase approximately $1,122,743. The millage rate levied was 2.5 mills for both years.

Total expenses increased by $72,952 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 62 through 65.

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:	2017	2016
Land	$ 878,471	$ 878,471
Construction in progress	-	-
	878,471	878,471
Capital Assets Being Depreciated:		
Buildings and improvements	9,626,991	9,626,991
Equipment and machinery	5,910,948	5,896,187
Total Capital Assets Being Depreciated	15,537,939	15,523,178
Less Accumulated Depreciation:		
Buildings and improvements	(3,677,775)	(3,442,112)
Equipment and machinery	(2,756,707)	(2,980,181)
Total Accumulated Depreciation	(6,434,482)	(6,422,293)
Total Capital Assets Being Depreciated, Net	9,103,457	9,100,885
Capital Assets, Net	$ 9,981,928	$ 9,979,356

The District's capital asset purchases/projects that took place in fiscal year 2017 included the purchase of the following:

- 10 defibrillators $354,000
- 70 portable/mobile radios $250,000
- Approximately $12,000 of miscellaneous equipment

The District disposed of approximately $602,000 of capital assets during the year ended September 30, 2017.

The District's capital asset purchases/projects that took place in fiscal year 2016 included the purchase of the following:

- 1 Staff Vehicle for approximately $45,000
- Vehicle electronics to improve communications and GPS location services between dispatch and the District's fire and rescue vehicles for approximately $15,000

- Approximately $8,000 of mobile data computers for vehicles
- Approximately $27,000 of miscellaneous equipment

The District also disposed of approximately $364,000 of vehicles and equipment during the year ended September 30, 2016.

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

Debt Administration

At September 30, 2017, the District had $22,318,700 of outstanding debt, consisting of four capital leases totaling $1,292,261, compensated absences of $877,685, separation pay of $56,647 and net pension liability of $20,092,107.

At September 30, 2016, the District had $22,234,621 of outstanding debt, consisting of four capital leases totaling $1,801,748, compensated absences of $723,337, separation pay of $54,076 and net pension liability of $19,655,460.

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

	2017	2016
Current Portion of long-term obligations	$ 665,905	$ 589,733
Noncurrent liabilities	21,652,795	21,644,888
Total Outstanding Obligations	$ 22,318,700	$ 22,234,621

At September 30, 2017:

The District's debt payments consist of quarterly lease/purchase payments of principal and interest totaling $53,575 for a ladder truck, and 2 engines, and $66,497 for the capital lease on Station 75. Also included is an annual payment of $62,250 for air packs. The trucks have final payments ranging from December 16, 2018 to June 5, 2022. A final lease/purchase payment for Station 75 is scheduled for September 1, 2019 and the final payment for the air packs is due on March 2, 2020. Interest rates range from 1.74 percent to 3.15 percent.

The amount reported as compensated absences of $877,685 and separation pay of $56,647 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 33-35 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 $6,934,261, an increase of 21 percent compared to the prior year. $1,285,681 constitutes unassigned fund balance which is available for spending at the District's discretion. Assigned fund balance was $5,597,784. The assigned fund balance represents 33 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.

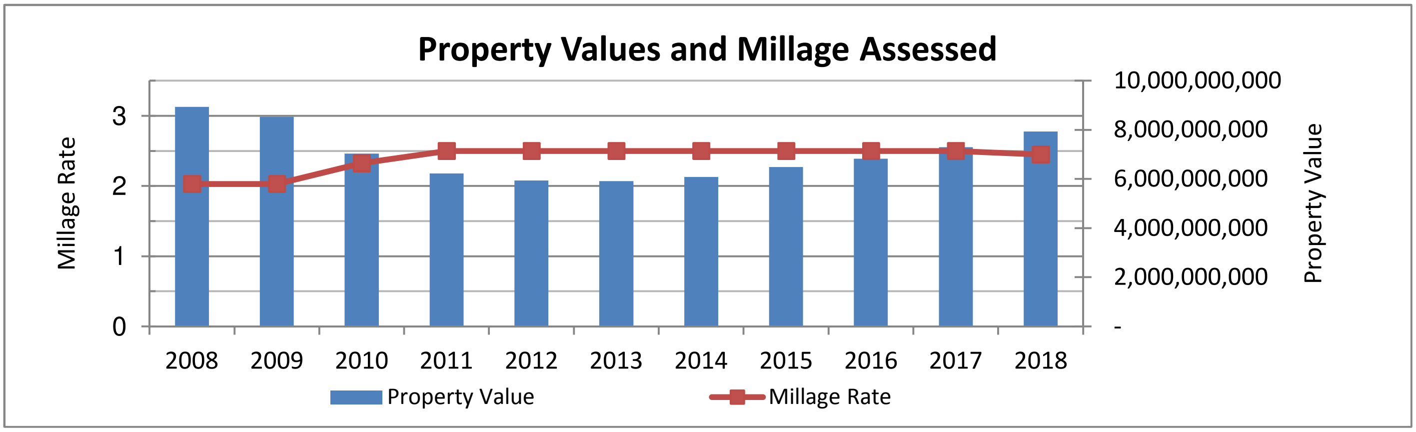
Economic Factors and Next Year's Budget Rates

The following factors were considered when next year's budget (2017-2018) was adopted:

- Assessed property values increased for FY 18. The District's millage rate was reduced from 2.5 mills the statutory maximum to 2.45 mills. At that rate, the District expects ad valorem tax revenues to be $18,503,971, an increase of $754,855 or 4.3 percent. (See graph for property values and assessed millage rates for previous and current year.)

- Wages and benefits were budgeted slightly higher for 2018 than the prior year.

- 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.



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, 2017

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 2,324,905
Investments	5,458,605
Accounts receivable	-
Due from other governments	156,153
Prepaid expenses	50,796
Net OPEB asset	757,389
Total current assets	8,747,848
Noncurrent assets:	
Capital assets:	
Land	878,471
Construction in progress	-
Depreciable buildings and improvements, equipment and machinery (net of $6,434,482 accumulated depreciation)	9,103,457
Total noncurrent assets	9,981,928
TOTAL ASSETS	18,729,776
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS	9,431,593
LIABILITIES	
Current liabilities:	
Accounts payable	75,698
Accrued expenses	732,617
Due to other governments	247,883
Current portion of long-term obligations	665,905
Total current liabilities	1,722,103
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	21,652,795
TOTAL LIABILITIES	23,374,898
DEFERRED INFLOWS OF RESOURCES - PENSIONS	2,313,921
NET POSITION	
Net investment in capital assets	8,689,667
Restricted for OPEB	757,389
Unrestricted (deficit)	(6,974,506)
TOTAL NET POSITION	$ 2,472,550

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, 2017

	Governmental Activities
EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	$ 15,312,918
Operating expenses	1,909,944
Depreciation	591,541
Interest and fiscal charges	33,054
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	17,847,457
PROGRAM REVENUES	
Charges for services:	
Inspection fees	88,864
Safety and education fees	2,364
Operating grants and contributions	60,750
TOTAL PROGRAM REVENUES	151,978
NET PROGRAM EXPENSES	17,695,479
GENERAL REVENUES	
Ad Valorem taxes, net	17,749,116
Fees and special assessments	98,131
Miscellaneous:	
Interest and increase in fair market value of SBA	89,485
Rents	5,400
Donations	6,990
Other	18,548
Gain on disposition of capital assets	9,020
TOTAL GENERAL REVENUES	17,976,690
INCREASE IN NET POSITION	281,211
NET POSITION - Beginning	2,191,339
NET POSITION - Ending	$ 2,472,550

The accompanying notes are an integral part of this statement.

IONA MCGREGOR FIRE PROTECTION AND RESCUE SERVICE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2017

	General	Total Governmental Funds
ASSETS		
Cash and cash equivalents	$ 2,324,905	$ 2,324,905
Investments	5,458,605	5,458,605
Accounts receivable	-	-
Due from other governments	156,153	156,153
Prepaid expenses	50,796	50,796
TOTAL ASSETS	$ 7,990,459	$ 7,990,459
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	$ 75,698	$ 75,698
Accrued expenses	732,617	732,617
Due to other governments	247,883	247,883
TOTAL LIABILITIES	1,056,198	1,056,198
FUND BALANCE		
Nonspendable	50,796	50,796
Assigned	5,597,784	5,597,784
Unassigned	1,285,681	1,285,681
TOTAL FUND BALANCE	6,934,261	6,934,261
TOTAL LIABILITIES AND FUND BALANCE	$ 7,990,459	$ 7,990,459

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, 2017

		Amount
Total fund balance for governmental funds		$ 6,934,261
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	-	
		878,471
Governmental capital assets being depreciated:		
Building and improvements, equipment and machinery	15,537,939	
Less accumulated depreciation	(6,434,482)	
		9,103,457
Net OPEB asset is not a current spendable financial resource and, therefore, is not reported in the governmental funds.	757,389	757,389
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	9,431,593	
Deferred inflows related to pensions	(2,313,921)	
		7,117,672
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital lease payable (Station 75)	(520,613)	
Capital lease payable (2012 ladder)	(140,916)	
Capital lease payable (airpacks)	(175,576)	
Capital lease payable (engines)	(455,156)	
Compensated absences	(877,685)	
Separation pay liability	(56,647)	
Net pension liability - FRS	(17,267,776)	
Net pension liability - HIS	(2,824,331)	
		(22,318,700)
Total net position of governmental activities		$ 2,472,550

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, 2017

	General	Total Governmental Funds
REVENUES		
Ad Valorem taxes, net	$ 17,749,116	$ 17,749,116
Fees and special assessments	98,131	98,131
Intergovernmental revenues	60,750	60,750
Charges for services	91,228	91,228
Miscellaneous	152,259	152,259
TOTAL REVENUES	18,151,484	18,151,484
EXPENDITURES		
Current		
Public safety		
Personnel services	13,870,749	13,870,749
Operating expenditures	1,909,944	1,909,944
Capital outlay	616,929	616,929
Debt service		
Principal reduction	509,487	509,487
Interest and fiscal charges	33,054	33,054
TOTAL EXPENDITURES	16,940,163	16,940,163
EXCESS OF REVENUES OVER EXPENDITURES	1,211,321	1,211,321
OTHER FINANCING SOURCES		
Proceeds from debt	-	-
	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,211,321	1,211,321
FUND BALANCE - Beginning	5,722,940	5,722,940
FUND BALANCE - Ending	$ 6,934,261	$ 6,934,261

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, 2017

		Amount
Net change (revenues and other financing sources in excess of expenditures and other financing uses) in fund balance - total governmental funds		$ 1,211,321
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.		
Less: proceeds from issuance of new debt	-	
Plus: expenditures for capital assets	616,929	
Less: current year depreciation	(591,541)	
Less: proceeds from disposition of capital assets	(31,836)	
Plus: gain on disposition of capital assets	9,020	
		2,572
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 (Station 75)	252,884	
Capital lease payable (2012 ladder)	110,483	
Capital lease payable (airpacks)	54,988	
Capital lease payable (engines)	91,132	
		509,487
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 asset	25,082	
(Increase) decrease in compensated absences, net	(154,348)	
(Increase) decrease in net separation pay liability	(2,571)	
(Increase) decrease in net pension liability - FRS	(1,015,988)	
(Increase) decrease in net pension liability - HIS	579,341	
Increase (decrease) in deferred outflow	536,491	
(Increase) decrease in deferred inflow	(1,410,176)	
		(1,442,169)
Increase in net position of governmental activities		$ 281,211

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, 2017

	Retiree Insurance Trust - VEBA
ASSETS	
Cash and cash equivalents	$ 264
Investments, at fair value:	
International equity	678,172
Domestic equity	5,603,921
Fixed income	1,923,880
TOTAL INVESTMENTS	8,205,973
TOTAL ASSETS	8,206,237
LIABILITIES	
Accounts payable and accrued expenses	5,902
TOTAL LIABILITIES	5,902
NET POSITION	
Restricted for OPEB health insurance benefits and other purposes	8,200,335
TOTAL NET POSITION	$ 8,200,335

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, 2017

	Retiree Insurance Trust - VEBA
ADDITIONS	
Contributions:	
Employer contribution	$ 442,391
Total contributions	442,391
Investment income:	
Net appreciation in fair value of investments	893,053
Net realized gain on sales of investments	8,686
Interest and dividends	141,321
	1,043,060
Less: investment expenses	-
Net investment income (loss)	1,043,060
TOTAL ADDITIONS	1,485,451
DEDUCTIONS	
Benefits paid	222,950
Administrative expenses	26,544
TOTAL DEDUCTIONS	249,494
NET INCREASE IN NET POSITION	1,235,957
NET POSITION - BEGINNING	6,964,378
NET POSITION - ENDING	$ 8,200,335

The accompanying notes are an integral part of this statement.

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 100 employees at September 30, 2017.

During the year ended September 30, 2008, per the requirement of Government Accounting Standards Board Statement Number 45, "Accounting and Financial Reporting by Employers for Post-Retirement Benefits Other Than Pensions" (GASB 45), the District established a fiduciary fund 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.

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.

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 clearly identifiable with a specific function or segment. Program revenues include: 1)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

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.

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period, or soon enough thereafter to pay liabilities of the current period.

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.

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.

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 Funds

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.

Additionally, the District reports the following fund type:

Fiduciary Fund

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 programs. 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 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).

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investments

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" in which all investments are reported at fair value. Specifically, the District (not including the VEBA Fund) 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.

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 Number 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:

Asset	Years
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.

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 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, 2017, the Board of Commissioners, in accordance with Florida Statutes, approved one (1) budget amendment in the General Fund. The budget amendments increased the total budgeted revenues, other financing sources and expenditures in the General Fund by $165,476.

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. 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.

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.

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, 2017.

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, 2017.

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, 2017.

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 an as outflow of resources (expense/expenditure) until then. The deferred amount on pensions is reported in the government-wide statement of net position. The deferred outflows of resources related to pensions are discussed in a subsequent note.

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

Subsequent Events

Subsequent events have been evaluated through February 6, 2018, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2017, cash was $2,324,905 including petty cash of $100 (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 $264 (book and bank balance as deposits), at September 30, 2017, 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). The money market fund is an external 2a7-like investment pool. The Fund is publicly traded and may lose principal. The Fund's shares are stated at quoted market price which approximates cost. This type of fund is not required to be risk categorized because it is not evidenced by securities that exist in physical or book entry form. Cash and cash equivalents held by the Fiduciary fund represent less than 1% of the Money Market total investments. Investors of the Fund own shares of the Fund rather than the underlying securities. The Fiduciary Fund's

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Deposits - VEBA, continued

cash, cash equivalents, and investments are insured up to the limits of the Securities Investor Protection Corporation (SIPC) as may apply.

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, 2017, the carrying amount of the District's deposits was $2,324,805 in the General Fund and the bank balance was $2,326,823. 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).

District investments

The District adheres to GASB Statement Number 31, "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.

NOTE C - INVESTMENTS

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, 2017:

	Cost	Market / Carrying Amount
General Fund		
Local Government Surplus Trust Fund (SBA)		
Fund "A" (LGIP)	$ 3,649,918	$ 3,649,918
Interest bearing		
Checking	947	947
Checking	806,985	806,985
Money Market	1,000,755	1,000,755
Total investments	$ 5,458,605	$ 5,458,605

The Local Government Surplus Funds Trust Fund (Fund "A") 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.

NOTE C - INVESTMENTS, CONTINUED

District investments, continued

At September 30, 2017, the District reported SBA investments of $3,649,918 for amounts held in the LGIP (Fund "A"). The LGIP 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 51 days at September 30, 2017. The Weighted Average Life (WAL) of Florida PRIME at September 30, 2017 was 80 days. Florida PRIME was not exposed to foreign currency risk during the period October 1, 2016 through September 30, 2017. 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 adopted GASB Statement No. 79 during the year ended September 30, 2017 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."

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, 2017, no such disclosure has been made.

Redemption Fees: As of September 30, 2017, 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.

Securities Lending: Florida PRIME did not participate in securities lending program during the period October 1, 2016 through September 30, 2017.

Retiree Insurance Trust Fund (VEBA) Investments

Investments of the Retiree Insurance Trust Fund totaled $8,205,973 (including $6,282,093 in equity securities and $1,923,880 in fixed income securities) at September 30, 2017. 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 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

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Investment Authorization, continued

restrictions, and real estate investments through commingled investments and/or real estate trusts (REITs).

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, 2017:

Asset Type	Percent of Portfolio	Fair Value
Equity		
Vanguard International Growth Fund	4%	$ 368,054
Vanguard International Value Fund	4%	310,118
Vanguard Total Stock Market Index Fund	68%	5,603,921
Fixed Income		
Vanguard Prime Money Market Fund	3%	217,990
Vanguard Intermediate-Grade Bond Fund	12%	954,331
PIMCO Bond Total Return Instl.	9%	751,559
Total Investments		$ 8,205,973

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.

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, 2017:

Investment Type - Fixed Income	Weighted Average Maturity (years)	Duration Years	Fair Value
Vanguard Prime Money Market Fund	9.6	N/A	$ 217,990
Vanguard Intermediate-Term Investment Grade Bond Fund	5.9	5.5	$ 954,331
PIMCO Bond Total Return Instl.	7.48	5.27	751,559
Total			$1,923,880

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, 2017, if applicable:

Investment Type - Fixed Income	Average Quality Rating	Fair Value
Vanguard Prime Money Market Fund	Not rated	$ 217,990
Vanguard Intermediate-Term Investment Grade Bond Fund	Not rated	$ 954,331
PIMCO Bond Total Return Instl.	Not rated	751,559
Total		$1,923,880

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, 2017, 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, 2017

NOTE D - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2017:

	Balance October 1 2016	Increases/ Additions	Decreases/ Deletions	Adjustments	Balance September 30 2017
Capital Assets Not Being Depreciated:					
Land	$ 878,471	$ -	$ -	$ -	$ 878,471
Construction in Progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	878,471	-	-	-	878,471
Capital Assets Being Depreciated:					
Buildings and Improvements	9,626,991	-	-	-	9,626,991
Equipment and Machinery	5,896,187	616,929	(602,168)	-	5,910,948
Total Capital Assets Being Depreciated	15,523,178	616,929	(602,168)	-	15,537,939
Less Accumulated Depreciation:					
Buildings and Improvements	(3,442,112)	(235,663)	-	-	(3,677,775)
Equipment and Machinery	(2,980,181)	(355,878)	579,352	-	(2,756,707)
Total Accumulated Depreciation	(6,422,293)	(591,541)	579,352	-	(6,434,482)
Total Capital Assets Being Depreciated, Net	9,100,885	25,388	(22,816)	-	9,103,457
Capital Assets, Net	$ 9,979,356	$ 25,388	$ (22,816)	$ -	9,981,928
				Related debt	(1,292,261)
				Net investment in capital assets	$ 8,689,667

Depreciation expense was charged to the following functions during the year ended September 30, 2017:

	Amount
General Government	$ 591,541
Total Depreciation Expense	$ 591,541

The District has capital assets held under capital leases with a total cost of $7,128,500 at September 30, 2017. The capital assets held under capital lease had accumulated depreciation of $1,774,588 and depreciation expense of $227,408 as of and for the year ended September 30, 2017.

NOTE E - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2017:

	Balance October 1 2016	Additions	Retirements / Adjustments	Balance September 30 2017	Amounts Due Within One Year
Capital lease (Station 75)	$ 773,497	$ -	$ (252,884)	$ 520,613	$ 257,800
Capital lease (2012 ladder)	251,399	-	(110,483)	140,916	112,480
Capital lease (airpacks)	230,564	-	(54,988)	175,576	56,720
Capital lease (commercial & custom engines)	546,288	-	(91,132)	455,156	92,728
Compensated absences	723,337	808,288	(653,940)	877,685	146,177
Separation pay liability	54,076	2,571	-	56,647	-
Net pension liability - FRS	16,251,788	1,015,988	-	17,267,776	-
Net pension liability - HIS	3,403,672	-	(579,341)	2,824,331	-
	$ 22,234,621	$ 1,826,847	$ (1,742,768)	$ 22,318,700	$ 665,905

The following is a summary of the long-term obligations at September 30, 2017:

	Amount
$1,746,105 capital lease agreement executed to provide for the refinancing of Station 75 capital lease agreement. The lease agreement calls for the District (as Lessee) to make twenty-eight (28) quarterly payments of $66,497, which includes interest at a fixed rate of 1.93%. Quarterly payments commenced on December 1, 2012, with the final payment due on September 1, 2019. The lease agreement is collateralized by a ground lease (the "Leased Premises") as well as an annual ad valorem appropriation. The Leased Premises shall become the property of the Lessee, free and clear of the Lessor's right and interest in the Leased Premises, and the Agreement of Lease shall terminate, upon the payment in full of all lease payments, so long as there are no events of default.	$ 520,613

NOTE E - LONG-TERM LIABILITIES, CONTINUED

	Amount
$750,000 capital lease payable 28 quarterly payments to a financial institution in the amount of $28,564, including interest at 1.795%, collateralized by the respective 2012 ladder truck. Payments began March 16, 2012, with the final payment due December 16, 2018.	140,916
$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 due March 2, 2020.	175,576
$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.	455,156
Accrued compensated absences. Employees of the District are entitled to paid leave based on length of service and job classification.	877,685
Separation pay liability. Certain administrative employees are entitled to receive additional compensation based upon length of service with the District in qualified positions.	56,647
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	17,267,776
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	2,824,331
	$ 22,318,700

NOTE E - LONG-TERM LIABILITIES, CONTINUED

The annual debt service requirements at September 30, 2017, were as follows:

Years Ending September 30	Total Principal	Total Interest	Total
2018	$ 519,728	$ 22,811	$ 542,539
2019	444,108	12,725	456,833
2020	156,353	5,941	162,294
2021	97,686	2,359	100,045
2022	74,386	648	75,034
Total capital leases	1,292,261	44,484	1,336,745
Accrued compensated absences	877,685	-	877,685
Separation pay	56,647	-	56,647
Net pension liability - FRS	17,267,776	-	17,267,776
Net pension liability - HIS	2,824,331	-	2,824,331
Total long-term debt	$ 22,318,700	$ 44,484	$ 22,363,184

Debt service was partially paid through Impact Fees

Interest expenditures for the year ended September 30, 2017 were $33,054.

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, 2017, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense, $3,123,888, for the year ended September 30, 2017, is recorded in the government-wide financial statements. Total District retirement actual contribution expenditures were $1,813,556, 1,781,125 and $1,608,534 for the years ended September 30, 2017, 2016 and 2015, 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.

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.

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.

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:

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

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, 2017 were as follows:

	Percent of Gross Salary*		
Class	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.52	7.92
Florida Retirement System, Senior Management Service	3.00	21.77	22.71
Florida Retirement System, Special Risk	3.00	22.57	23.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.99	13.26
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	42.47	45.50

Notes:

(1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .04 percent for administrative costs for the Investment Plan. Rates for 7/1/16 - 6/30/17.

(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 7/1/17 - 6/30/18.

* As defined by the Plan.

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, 2017, the District reported a FRS pension liability of $17,267,776 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net pension liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the District's proportionate share was .058377848 percent, which was a decrease of .005985470 from its proportionate share measured as of June 30, 2016.

For the year ended September 30, 2017, the District recognized FRS pension expense of $2,905,216. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,584,766	$ 95,655
Change of assumptions	5,803,192	-
Net difference between projected and actual earnings on pension plan investments	-	427,933
Changes in proportion and differences between District contributions and proportionate share of contributions	1,088,873	1,280,587
District contributions subsequent to the measurement date	384,334	-
Total	$ 8,861,165	$ 1,804,175

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

FRS Pension Plan, continued

The deferred outflows of resources related to the FRS pension, totaling $384,334, 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 6.4 years as follows:

Fiscal Years Ending September 30	Amount
2018	$ 1,207,940
2019	1,207,940
2020	1,207,940
2021	1,207,939
2022	1,314,923
Thereafter	525,974
Total	$ 6,672,656

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Real payroll growth	0.65 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

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:

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.0%	3.0%	1.8%
Fixed income	18.00%	4.5%	4.4%	4.2%
Global equity	53.00%	7.8%	6.6%	17.0%
Real estate (property)	10.00%	6.6%	5.9%	12.8%
Private equity	6.00%	11.5%	7.8%	30.0%
Strategic investments	12.00%	6.1%	5.6%	9.7%
Total	100.00%			
Assumed inflation - Mean		2.60%		1.90%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.10 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 7.10 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 (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 31,253,631	$ 17,267,776	$ 5,656,311

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, 2017.

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, 2017, the District reported a payable of $205,741 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2017.

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, 2017, 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, 2017, 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, 2017, the District reported a HIS liability of $2,824,331 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of July 1, 2017. The District's proportionate share of the net HIS liability was based on the District's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year

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

HIS Plan, continued

contributions of all participating members. At June 30, 2017, the District's proportionate share was .026414226 percent, which was a decrease of .002790345 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017, the District recognized HIS expense of $218,672. 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	$ -	$ 5,881
Change of assumptions	397,004	244,221
Net difference between projected and actual earnings on HIS pension plan investments	1,566	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	137,791	259,644
District contributions subsequent to the measurement date	34,067	-
Total	$ 570,428	$ 509,746

The deferred outflows of resources related to HIS, totaling $34,067, 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, 2017. 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:

Fiscal Years Ending September 30	Amount
2018	$ 4,432
2019	4,432
2020	4,432
2021	4,430
2022	4,040
Thereafter	4,849
Total	$ 26,615

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

HIS Plan, continued

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Real payroll growth	0.65 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.58 percent

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

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

Discount Rate. The discount rate used to measure the total HIS liability was 3.58 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 3.58 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
District's proportionate share of the net HIS liability	$ 3,222,936	$ 2,824,331	$ 2,492,315

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, 2017.

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, 2017, the District reported a payable of $17,352 for the outstanding amount of contributions to the HIS Plan required for the fiscal ended September 30, 2017.

FRS - Defined Contribution Pension Plan

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

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

NOTE 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 2016-17 fiscal year were as follows:

	Percent of Gross Salary*		
Class	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	7.52	7.92
Florida Retirement System, Senior Management Service	3.00	21.77	22.71
Florida Retirement System, Special Risk	3.00	22.57	23.27
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.99	13.26
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	42.47	45.50

Notes:
(1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .04 percent for administrative costs for the Investment Plan. Rates for 7/1/16 - 6/30/17.
(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 7/1/17 - 6/30/18.

* 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, 2017, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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 $170,855 (which is included in the FRS expense amount) for the fiscal year ended September 30, 2017.

Payables to the Investment Plan. At September 30, 2017, the District reported a payable of $24,790 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2017.

NOTE G - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

GASB Statement No. 45: Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (OPEB), established new accounting standards for postemployment benefits. This Standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB obligation.

Plan Description and Funding Policy

The District provides post-retirement medical 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. The employee's contributions vary depending on certain specified criteria and, in particular, length of creditable employment with the District. As of September 30, 2017, 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 paid 100% of the cost for family coverage for one retiree totaling $19,305 during the year ended September 30, 2017. The Plan does not issue a separate financial report.

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA

Iona McGregor Retiree Insurance Trust was established on June 30, 2008, to fund a portion of the cost of medical, dental, and prescription drug benefits for retirees. None of the twenty-seven (27) 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 an agent multiple 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

Beginning January 1, 2012, benefits were paid from the Plan to eligible participants (retirees). The VEBA benefit amount is equal to $650 per month. 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.

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, 2016:

	Retiree Insurance Trust Fund Census
VEBA active plan participants	100
Non-VEBA inactive plan participants	22
Total OPEB program participants	120
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.

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 contribution for the year ended September 30, 2017 was $442,391 and was paid timely by the District.

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.

The actuarial present value of accumulated plan benefits is determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations as of October 1, 2016 were (a) life expectancy of participants (the RP-2000 Combined Healthy Mortality Table was used), (b) retirement age assumptions, and (c) annual investment return of 7%. 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.

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

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

Annual Pension Cost, Net Pension Obligation and Reserves - Current year annual OPEB costs for the Retiree Insurance Trust Fund are shown in the trend information provided. For an OPEB plan with no net OPEB obligation, the annual OPEB cost is equal to the annual required contribution.

The Plan assets are legally reserved for the payment of the respective plan member benefits within the Plan. There are no assets legally restricted for plan benefits other than these assets within the Plan. The Retiree Insurance Trust Fund held certain investments at year end. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

RETIREE INSURANCE TRUST REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress:

(1) Actuarial Valuation Date	Actuarial Value of Assets (AVA) (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
VEBA - actives						
10/01/16	$ 6,964,378	$ 6,301,195	$ (663,183)	110.5%	$ 8,808,501	-7.5%
10/01/15	5,952,084	5,979,165	27,081	99.5%	8,655,554	0.3%
10/01/14	5,750,497	5,695,091	(55,406)	101.0%	8,190,418	-0.7%
10/01/13	4,859,719	5,486,711	626,992	88.6%	7,277,078	8.6%
10/01/12	3,975,035	5,130,162	1,155,127	77.5%	7,406,392	15.6%
10/01/11	2,976,383	4,165,236	1,188,853	71.5%	8,996,224	13.2%
10/01/10	2,627,619	3,936,275	1,308,656	66.8%	8,993,289	14.6%
10/01/09	1,998,624	4,958,839	2,960,215	40.3%	8,741,518	33.9%
10/01/08	929,789	4,758,085	3,828,296	19.5%	8,539,319	44.8%
10/01/07	330,499	3,917,619	3,587,120	8.4%	7,727,164	46.4%
Non-VEBA - inactives						
10/01/16	$ -	$ 2,409,125	$ 2,409,125	0.0%	$ 8,808,501	27.3%
10/01/15	-	1,908,921	1,908,921	0.0%	8,655,554	22.1%
10/01/14	-	1,556,828	1,556,828	0.0%	8,190,418	19.0%
10/01/13	-	1,479,485	1,479,485	0.0%	7,277,078	20.3%
10/01/12	-	2,244,839	2,244,839	0.0%	7,406,392	30.3%
10/01/11	-	1,980,825	1,980,825	0.0%	8,996,224	22.0%
10/01/10	-	1,251,556	1,251,556	0.0%	8,993,289	13.9%
10/01/09	-	454,418	454,418	0.0%	8,741,518	5.2%
10/01/08	-	315,572	315,572	0.0%	8,539,319	3.7%
10/01/07	-	549,842	549,842	0.0%	7,727,164	7.1%

(1) - Initial actuarial valuation dated 10/1/2007

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

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

The remaining amortization period of the UAAL is as follows:

Fiscal Year	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset)
District			
2017	$ 256,653	5.7%	$ 1,141,236
2016	207,887	5.7%	899,255
2015	256,328	2.6%	703,171
2014	169,264	2.8%	528,661
2013	236,323	17.5%	360,801
2012	231,570	15.6%	163,714
2011	138,074	31.9%	31,530
VEBA			
2017	$ 175,328	252.3%	$ (1,898,625)
2016	219,504	204.7%	(1,631,562)
2015	206,088	172.5%	(1,401,702)
2014	306,022	144.7%	(1,222,608)
2013	337,666	122.2%	(1,098,111)
2012	259,736	161.7%	1,029,366
2011	259,640	165.6%	879,405

	District	VEBA	Total
Valuation Date	10/1/2016	10/1/2016	10/1/2016
Fiscal Year Ended	09/30/17	09/30/17	09/30/17
Annual Required Contribution (ARC)	$ 256,328	$ 206,088	$ 462,416
Interest on Net OPEB Obligation	35,970	(114,209)	(78,239)
Adjustment to ARC	(35,645)	83,449	47,804
Annual OPEB Cost	256,653	175,328	431,981
Actual Employer Net Contributions Made	(14,672)	(442,391)	(457,063)
Anticipated (Increase) Decrease In			
Net OPEB Obligation (Asset)	241,981	(267,063)	(25,082)
Net OPEB Obligation (Asset) - Beginning of Year	899,255	(1,631,562)	(732,307)
Net OPEB Obligation (Asset) - End of Year	$ 1,141,236	$ (1,898,625)	$ (757,389)

* Including estimated interest income

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

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

	Retiree Insurance Trust Fund
Valuation date	10/1/2016
Actuarial cost method	Entry age normal
Amortization method of UAAL (funding method)	Level percentage of payroll, closed
Amortization period	30 years
Actuarial asset valuation method	Market
Actuarial assumptions:	
Investment rate - Trust (VEBA)	7%
Investment rate - Non-Trust (Non-VEBA)	4%
Payroll growth/inflation rate	3% per year
Salary increase rate	6% per year
Health care inflation:	Initial rate of 8.75% in fiscal 2017, then 8.50% in fiscal 2018, grading down to the ultimate trend rate of 4% in fiscal 2073.
Retirement:	
Regular Class - Tier 1	100% are assumed to retire at age 62 and 6 years of service or upon completion of 30 years of service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service. (Tier 2 - age 65 and 8 years of service or 33 years of service)
Special Risk Class - Tier 1	100% are assumed to retire at age 55 and 6 years of service or upon completion of 25 years of special risk service, regardless of age. Service-incurred disabled employees retire immediately, while non-duty related disabled employees retire upon completion of at least 8 years of service. (Tier 2 - age 60 and 8 years of service or 30 years of service)
Administrative costs	$35,000 annually added to normal costs.

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 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 process 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.

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

Fair Value of Financial Investments, 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, 2017:

September 30, 2017	Total	Level 1	Level 2	Level 3
Domestic Equities	$ 5,603,921	$ 5,603,921	$ -	$ -
International Equities	678,172	678,172	-	-
Fixed Income:				
Money market fund	217,990	217,990	-	-
Intermediate-Grade bond	954,331	-	954,331	-
Bond total return	751,559	751,559	-	-
	$ 8,205,973	$ 7,251,642	$ 954,331	$ -

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 2017 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

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, 2017, $139,374 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, 2017, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of $2.5 per $1,000 (2.5 mills) of the 2016 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, 2017:

Nonspendable Fund Balance	Amount
General Fund	
Prepaid Expenses	$ 50,796
Total Nonspendable Fund Balance	$ 50,796

Assigned Fund Balance	Amount
General Fund	
90 Day Operating Reserve	$ 4,397,784
Hurricane/ Disaster	500,000
Apparatus	500,000
Health Insurance	200,000
Total Assigned Fund Balance - General Fund	$ 5,597,784

NOTE J - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2017, the Impact Fee Fund had the following activity:

	Amount
Unearned revenue, October 1, 2016	$ -
Impact fee receipts	81,352
Impact fees receivable*	16,779
Interest receipts	156
Debt service**	(98,287)
Unearned revenue, September 30, 2017	$ -

*Receivable recorded in the General Fund of the District as due from other governments
** Impact fees applied to Station 75 debt service

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 an umbrella policy.

The District has obtained employee health insurance coverage from a commercial company. For the fiscal year ended September 30, 2017, the District paid premiums of $1,062,130, which are net amounts paid by employees and retirees, during the year ended September 30, 2017.

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, 2017.

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 $30,841 of expenses related to the lease for the year ending September 30, 2017.

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 $8,395 of expenses related to the lease for the year ending September 30, 2017.

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, 2017.

NOTE N - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)

During the year ended September 30, 2014, the District's unrestricted net position (net assets) balance was a deficit of $(6,294,493), due substantially to recording the current year actuarially determined net pension liability of $5,754,881. The District's total available fund balance at September 30, 2014 remained approximately equal to five (5) months of actual expenditures. However, the Board assigned $200,000 of the $6,120,523 available fund balance for specific purposes.

During the year ended September 30, 2015, the District's unrestricted net position (net assets) balance was a deficit and totaled $(5,680,074), due substantially to recording the current year actuarially determined net pension liability of $9,814,680. The District's total available fund balance at September 30, 2015 remained approximately equal to four (4) months of actual expenditures. However, the Board has assigned $200,000 of the $5,748,867 available fund balance for specified purposes.

During the year ended September 30, 2016, the District's unrestricted net position (net assets) balance was a deficit of $(6,718,576), due substantially to recording the current year actuarially determined net pension liability of $19,655,460. The District's total available fund balance at September 30, 2016 remains approximately equal to four (4) months of actual expenditures. However, the Board assigned $200,000 of the $5,722,940 available fund balance for specific purposes.

During the year ended September 30, 2017, the District's unrestricted net position (net assets) balance was a deficit of $(6,974,506), due substantially to recording the current year actuarially determined net pension liability of $20,092,107. The District's total available fund balance at September 30, 2017 remains approximately equal to four (4) months of actual expenditures. However, the Board assigned $5,597,784 of the $6,934,261 available fund balance for specific purposes.

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes, net	$ 17,709,838	$ 17,709,838	$ 17,749,116	$ 39,278
Permits, fees & special assessments	65,000	65,000	98,131	33,131
Intergovernmental revenues	50,640	50,640	60,750	10,110
Charges for services:	53,000	53,000	91,228	38,228
Miscellaneous:	54,200	54,200	152,259	98,059
Carryover	5,557,464	5,722,940	-	(5,722,940)
TOTAL REVENUES	23,490,142	23,655,618	18,151,484	(5,504,134)
EXPENDITURES				
Current				
Public safety				
Personnel services	14,313,157	14,313,157	13,870,749	442,408
Operating expenditures	2,303,310	2,303,310	1,909,944	393,366
Capital outlay	676,450	676,450	616,929	59,521
Debt service				
Principal reduction	509,487	509,487	509,487	-
Interest and fiscal charges	33,054	33,054	33,054	-
Reserves	5,654,684	5,820,160	-	5,820,160
TOTAL EXPENDITURES	23,490,142	23,655,618	16,940,163	6,715,455
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,211,321	1,211,321
OTHER FINANCING SOURCES				
Proceeds from debt	-	-	-	-
	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ -	$ -	1,211,321	$ 1,211,321
FUND BALANCE - Beginning			5,722,940	
FUND BALANCE - Ending			$ 6,934,261	

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, 2017

	General Fund			
REVENUES	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Ad valorem taxes	$ 17,709,838	$ 17,709,838	$ 17,749,116	$ 39,278
Permits, fees & special assessments				
Impact fees	65,000	65,000	98,131	33,131
Intergovernmental revenues:				
Federal grants	-	-	12,615	12,615
State shared revenue	50,640	50,640	48,135	(2,505)
Local grants	-	-	-	-
Charges for services:				
Inspection fees	50,000	50,000	88,864	38,864
CPR books & masks	3,000	3,000	2,364	(636)
Miscellaneous:				
Interest	20,000	20,000	89,485	69,485
Rents	-	-	5,400	5,400
Proceeds - disposition of capital assets	15,000	15,000	31,836	16,836
Donations	-	-	6,990	6,990
Other	19,200	19,200	18,548	(652)
Carryover	5,557,464	5,722,940	-	(5,722,940)
TOTAL REVENUES	23,490,142	23,655,618	18,151,484	(5,504,134)
EXPENDITURES				
Current				
Public safety				
Personnel services:				
Commissioner compensation	30,000	30,000	30,000	-
Salaries	9,581,100	9,581,100	9,298,261	282,839
Benefits	4,702,057	4,702,057	4,542,488	159,569
Subtotal - Personnel services	14,313,157	14,313,157	13,870,749	442,408

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating expenditures:				
Professional fees	228,300	228,300	131,276	97,024
Contracted services	564,760	564,760	539,409	25,351
Travel and per diem	70,965	70,965	39,971	30,994
Communications	124,400	124,400	128,027	(3,627)
Utilities	95,075	95,075	86,242	8,833
Rental & lease	14,586	14,586	9,063	5,523
Insurance	137,700	137,700	135,773	1,927
Repairs & maintenance	258,274	258,274	248,514	9,760
Promotional activities	24,025	24,025	21,198	2,827
Capital outlay < $1,000	105,027	105,027	98,295	6,732
Annual medical exams	52,500	52,500	51,291	1,209
Other	93,598	93,598	61,536	32,062
Office supplies	10,000	10,000	6,454	3,546
Fuel & operating supplies	224,390	224,390	188,038	36,352
Books, publications, subscriptions	117,425	117,425	84,666	32,759
Training	182,285	182,285	80,191	102,094
Subtotal - Operating expenditures	2,303,310	2,303,310	1,909,944	393,366

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, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Capital outlay:				
Equipment	668,450	668,450	616,929	51,521
Vehicles	-	-	-	-
Buildings	8,000	8,000	-	8,000
Subtotal - Capital outlay	676,450	676,450	616,929	59,521
Debt service:				
Principal reduction	509,487	509,487	509,487	-
Interest and fiscal charges	33,054	33,054	33,054	-
Subtotal - Debt service	542,541	542,541	542,541	-
Reserves				
General operating	5,654,684	5,820,160	-	5,820,160
Subtotal - Reserves	5,654,684	5,820,160	-	5,820,160
TOTAL EXPENDITURES	23,490,142	23,655,618	16,940,163	6,715,455
EXCESS OF REVENUES OVER EXPENDITURES	-	-	1,211,321	1,211,321
OTHER FINANCING SOURCES				
Proceeds from debt	-	-	-	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	$ -	$ -	1,211,321	$ 1,211,321
FUND BALANCE - Beginning			5,722,940	
FUND BALANCE - Ending			$ 6,934,261	

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)

	2017	2016	2015	2014
District's proportion of the net pension liability	0.058377848%	0.064363318%	0.054055522%	0.052946175%
District's proportionate share of the net pension liability	$ 17,267,776	$ 16,251,788	$ 6,981,996	$ 3,230,495
District's covered-employee payroll	$ 8,673,620	$ 8,770,204	$ 8,620,723	$ 8,241,903
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	199.08%	185.31%	80.99%	39.20%
Plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

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)

	2017	2016	2015	2014
Contractually required contribution	$ 1,686,607	$ 1,649,322	$ 1,487,383	$ 1,363,728
Contributions in relation to the contractually required contribution	1,686,607	1,649,322	1,487,383	1,363,728
Contribution deficiency (excess)	-	-	-	-
District's covered-employee payroll	$ 8,673,620	$ 8,770,204	$ 8,620,723	$ 8,241,903
Contributions as a percentage of covered-employee payroll	19.45%	18.81%	17.25%	16.55%

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.

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)

	2017	2016	2015	2014
District's proportion of the net pension liability	0.026414226%	0.029204571%	0.027775691%	0.026998081%
District's proportionate share of the net pension liability	$ 2,824,331	$ 3,403,672	$ 2,832,684	$ 2,524,386
District's covered-employee payroll	$ 8,673,620	$ 8,770,204	$ 8,620,723	$ 8,241,903
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.56%	38.81%	32.86%	30.63%
Plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

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)

	2017	2016	2015	2014
Contractually required contribution	$ 126,949	$ 131,803	$ 121,151	$ 92,581
Contributions in relation to the contractually required contribution	126,949	131,803	121,151	92,581
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 8,673,620	$ 8,770,204	$ 8,620,723	$ 8,241,903
Contributions as a percentage of covered-employee payroll	1.46%	1.50%	1.41%	1.12%

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.

Changes of Assumptions

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.60%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was reduced from 7.60% to 7.10%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate was increased from 2.85% to 3.58% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational RP-2000 with Projection Scale BB tables.

Florida Retirement System Pension Plan
There were changes in actuarial assumptions. As of June 30, 2017, the inflation rate assumption remained at 2.6 percent, the real payroll growth assumption was 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 7.60 percent to 7.10 percent.

Health Insurance Subsidy Pension Plan
The municipal rate used to determine total pension liability increased from 2.85 percent to 3.58 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, 2017 remained at 6.4 years for FRS and 7.2 years for HIS.

ADDITIONAL REPORTS

TUSCAN
& Company, PA
Certified Public Accountants & Consultants

**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, 2017, 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 February 6, 2018.

Internal Control Over Financial Reporting

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

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

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 6, 2018

TUSCAN
& Company, PA
Certified Public Accountants & Consultants

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

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

Board of Commissioners
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, 2017. 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, 2017.

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
February 6, 2018

TUSCAN
& Company, PA
Certified Public Accountants & Consultants

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

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, 2017 and have issued our report thereon dated February 6, 2018.

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 February 6, 2018, 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.

- 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.

12621 World Plaza Lane, Building 55 • Fort Myers, FL 33907 • Phone: (239) 333-2090 • Fax: (239) 333-2097

- 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 had no such findings

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

- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

- Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2017, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2017. In connection with our audit, we determined that these two reports were in agreement.

- Pursuant to Sections 10.554(1)(i)5.c. 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.

- Pursuant to Section 10.554(1)(i)5.d., 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 February 6, 2018, included herein.

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.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 6, 2018

EXHIBIT

IONA McGREGOR FIRE DISTRICT
6061 SOUTH POINTE BOULEVARD
FORT MYERS, FLORIDA 33919

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

February 6, 2018

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, 2017.

I am pleased to acknowledge that the management letter does not include any current year comments nor recommendations.

Respectfully submitted,

Mark L. Winzenread, CPA
Chief Financial Officer