

**OKALOOSA ISLAND FIRE DISTRICT**  
**REGULAR MONTHLY MEETING**  
**JULY 20, 2016 AGENDA**

I. **CALL TO ORDER:** Meeting called to order at \_\_\_\_\_ p.m. by Chairman Jones.

II. **CALLING OF THE ROLL:** Present were Commissioners Jones\_\_\_\_ Mitchell\_\_\_\_  
Edlund\_\_\_\_ Simpson \_\_\_\_ Linz\_\_\_\_

III. **APPROVAL OF THE JULY AGENDA:**

(a) **PUBLIC COMMENTS:**

IV. **APPROVAL OF MINUTES:** Minutes for **JUNE** regular meeting.

V. **APPROVAL OF THE FINANCIAL REPORT FOR: JUNE 2016**

VI. **OFFICERS REPORT:**

1. **Chairman, :**

2. **Vice-Chairman, :**

3. **Secretary/ Treasurer, :**

4. **Department Chief Tilley:**

A. Reported 130 responses for **JUNE** ( 172 for JUNE 2015)

*Response Summary:*

<u>6</u>	Fire Calls
<u>6</u>	False Alarms/Alarm Activations
<u>63</u>	EMS/Rescue/MVA
<u>55</u>	Other

**OKALOOSA ISLAND FIRE DISTRICT**  
**REGULAR MONTHLY MEETING**  
**JULY 20, 2016 AGENDA**

B. Fractile Response Times:

C. Vehicle Status Report: All trucks are in service

**VII. OLD BUSINESS:**

A.

**VIII. NEW BUSINESS:**

- A. Audit
- B. Final Taxable Values
- C. First Public Hearing
- D. Roof Estimate
- E. Set Tentative Millage Rate
- F. Thank You Card to OIFD
- G.

**IX. ADJOURNMENT:** Meeting was adjourned at \_\_\_\_\_ p.m.

**Okaloosa Island Fire District  
Board of Fire Commissioners Minutes  
JUNE 15, 2016**

- I. **MEETING:** Meeting was called to Order @5:30 P.M. by Chairman Jones.
- II. **ROLL CALL:** Present were Commissioner Jones, Commissioner Edlund, Commission Linz, Commissioner Mitchell and Commissioner Simpson were present. Also present were Chief Tilley, Assistant Chief Carvalho and Medical Division Officer Philip Metz.
- III. **APPROVAL OF MAY AGENDA:** Chairman Jones called for an approval of the Agenda. **Commissioner Mitchell** made a motion to approve the Agenda, **Commissioner Simpson** seconded, all were in favor, none opposed, motion carried.
- IV. **PUBLIC COMMENTS:** Chairman Jones asked Chief Tilley about how Billy Bowlegs went with our guys on the boats. Chief Tilley stated it went well. Commissioner Linz asked if any progress had been made with the billing system. Chief Tilley stated he had called and left a voice mail for the City Manager, but had not yet had a return call. .
- V. **APPROVAL OF THE MINUTES:** The minutes for the May 18, 2016 regular meeting minutes were reviewed. Chairman Jones called for corrections, deletions, and/or additions. There being none, **Commissioner Mitchell** made a motion to accept the Minutes as presented. **Commissioner Edlund** seconded the motion, all were in favor, none opposed, motion carried.
- VI. **APPROVAL OF THE FINANCIALS FOR MONTH ENDING May, 2016.** Chairman Jones called for an approval of the financials. **Commissioner Edlund** made a motion to approve the financials. **Commissioner Linz** seconded the motion, all were in favor, none opposed, motion carried.
- VII. **REPORT OF OFFICERS:**

1. Chairman Jones: No Report
2. Vice Chairman Edlund: No Report
3. Secretary/Treasurer Mitchell: No Report
4. Chief Tilley Department Report:

A. Total responses for the month of May, 2016 130  
(May, 2015 117)

10 Fire Calls

17 Alarm Activations

91 EMS/Rescue/MVA

12 Other

B. Fractile/Response Times: Due Quarterly

C. Vehicle Status Report: All trucks in service.

#### **VIII. OLD BUSINESS:**

- A. Election Updates: Make sure everyone has picked up their election packets.
- B. Form 1: All Form 1's have been received and filed with the Supervisor of Elections. Filed copies are now placed in your file in Danie's office.

#### **IX. NEW BUSINESS:**

- A. Boat Fire: This went as well as could be expected. Owner had just added 64 gallons of fuel to a 33' boat with a 200 gallon tank at Adventure Marina. 6 people were on board; 4 were blown into water. No significant injuries. The firefighters kept making repeated attacks on the fire and foam was used to extinguish fire. State Fire Marshal investigated and left it as undetermined. Chief Tilley stated OIFD did have some lessons to learn from this fire, as we do with every run we make. Chief Tilley stated we would be getting with Adventure Marina to get some boat training.
- B. Chief's Evaluation/Contract: According to Chief Tilley's employment contract, he is to be evaluated by the Board of Commissioners. Chief Tilley proposed that his evaluation be compiled similar to the evaluations of the firefighters, but tailored for Chief Tilley's job duties. Chief Tilley advised Danie would draw up an evaluation based on the firefighters by the end of the month for the Commissioners to approve. Chief Tilley stated that in the

budget, he earmarked \$25,000.00 for Administrative Staff pay raises during this FY, as firefighters were given raises last FY and included step raises every 2 years. The \$25,000.00 breakdown is as follows: Danie \$3,000.00; Phil \$11,000.00; Chief Carvalho \$6,000.00 and Chief Tilley \$5,000.00. With that being said, Chief Tilley stated that his current contract has his pay listed at \$90,000.00 and therefore, the Board would need to vote on his pay raise, but not the rest of the Administrative Staff. **Commissioner Mitchell** made a motion to continue with Chief Tilley's current employment contract as is with the exception of the pay amount in which the Chief shall go from \$90,000.00 per year to \$95,000.00 per year starting Fiscal Year 2016.

**Commissioner Simpson** seconded the motion, all were in favor, none opposed, motion carried.

- C. Danie's Contract: Chief Tilley stated that he would like to take Danie from \$36,000.00 per year to \$39,000.00 per year. Again, no motion is needed as the only employee of OIFD who needs a raise approved by the Board is the Chief.
- D. Personnel Committee Statement of Policy No. 77-1: Chief Tilley was reviewing hiring policies and came across the policy from 1977 titled Policy No. 77-1. A legal review was requested by Chief Tilley and a found there is a conflict with this policy and our current labor agreement. Jeff McInnis, Labor Attorney for OIFD, said to rescind this policy and have it retroactive to June 17, 2014 because June 18, 2014 is when Chief Tilley and the Board entered into their employment contract agreement to allow Chief Tilley take the actions the personnel committee was originally created to accomplish. **Commissioner Mitchell** made a motion to rescind the Personnel Committee Statement of Policy No. 77-1 and have it retro activated to June 17, 2014. **Commissioner Linz** seconded the motion, all were in favor, none opposed, motion carried.
- E. Donations to Riverside Holiness Church: Chief Tilley received a call asking if we would be willing to donate our old AED machines to this church as they couldn't afford new ones and they could afford to purchase the new batteries. Our machines were purchased in 2005 and OIFD would never use them again. .
- F. Grants: Phil stated that OIFD received 2 EMS matching grants in which the State pays 75% and OIFD has to pay

25%. OIFD applied for 2 Lucas Machines (these machines perform CPR) at the cost of \$12,690.37 each for a total of \$27,046.22. We also applied for 2 Stryker StairPro Chairs (these are used to transport patients up and down stairs with ease) at the cost of \$3,000.00 each for a total of \$6,000.00. OIFD received \$15,000.00 for the Lucas machines and \$4,500.00 for the Stryker StairPro Chairs for a total grant of \$21,000.00. OIFD will only need to pay \$7,046.22 for the Lucas machines and \$3,000.00 for the Stryker StairPro Chairs for a total out of pocket of \$10,046.22. Chief Tilley stated he had planned for these expenses.

- G. Re-appointment of Kent Dunning to Pension: Mr. Kent Dunning's position on the Pension Board was up for appointment. This position is the District position for the Pension Board. Mr. Dunning has served 3 years and the terms are 4 years of service. No one else expressed interest in this position. **Commissioner Mitchell** made a motion to accept Mr. Kent Dunning as the District member for the Pension Board. **Commissioner Simpson** seconded the motion, all were in favor, none opposed, motion carried.
- H. Pension Resolution 01-16: This resolution was discussed at the June 8, 2016 quarterly Pension meeting in which it discussed the IRS changes with respect to Pension plans. Pension attorney Lee Dehner drafted Resolution 01-16 to present to the Board for a motion to accept. **Commissioner Mitchell** made a motion to accept Resolution 01-16 regarding IRS changes to the Pension. **Commissioner Simpson** seconded the motion, all were in favor, none opposed, motion carried.
- I. Wes Fields: Mike Howard who was the At Large Member on the Pension board resigned his position effective June 8, 2016. Chairman Strawn called Mr. Wes Fields who is a current Okaloosa Island resident, part-time Sheriff's Posse member and main security officer at the Emerald Coast Convention Center and asked if he was interested in serving on the Pension board. Mr. Fields said yes and the Pension board voted to approve Mr. Fields replaces Mr. Howard effective immediately. **Commissioner Mitchell** made the motion to accept the Pension Board motion regarding Mr. Fields as the At Large Member of the Pension Board. **Commissioner Linz**

seconded the motion, all were in favor, none opposed, motion carried.

- J. Taxable Values: Chief Tilley wanted to Board to know we received our taxable value from the Property Appraiser and our 2016 Taxable Value is \$927,060.996.
- K. Truck 4 Refurb Proposal: Chief Tilley received proposal for Truck 4 at \$446,000.00. Chief Tilley is asking for \$460,000.00 due to rust issues and with the pump housing needing to be removed from Truck 4, especially if we want this refurb to last the District 10 years. **Commissioner Mitchell** made a motion to approve the refurb of Truck 4 for no more than \$460,000.00. **Commissioner Linz** seconded the motion, all were in favor, none opposed, motion carried.
- L. Update 10 Year Plan: Chief Tilley updated the Commissioners on the bi-annual adjustment to the 10 year plan.

**ADJOURNMENT:** With nothing further, the meeting was adjourned at 6:46 p.m.

These minutes are approved and attested to by signature.

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Catherine A. Jones  
Chairman

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Mike Mitchell  
Secretary

5:05 PM

07/11/16

Accrual Basis

**OKALOOSA ISLAND FIRE DISTRICT**  
**Profit & Loss Budget vs. Actual**  
 October 1, 2015 through July 11, 2016

	Oct 1, '15 - Jul 11, 16	Budget	\$ Over Budget
<b>Income</b>			
Contingency Reserve	0.00	463,000.00	-463,000.00
Hurricane Reserve	0.00	50,000.00	-50,000.00
SAFER Grant Reserve	0.00	0.00	0.00
311.110 · County Reserve- Current Year	3,071,298.60	2,978,832.00	92,466.60
311.120 · Discounts Allowed	-105,978.37	0.00	-105,978.37
311.200 · County Reserve- Prior Year	1,069.84	0.00	1,069.84
331.200 · FEMA Grant	0.00	0.00	0.00
331.300 · Grants	5,000.00	0.00	5,000.00
334.200 · Florida State Grant	0.00	0.00	0.00
335.200 · State Incentive	3,360.00	0.00	3,360.00
339.000 · Recreational Property	25,137.00	33,516.00	-8,379.00
342.210 · Cost Recovery Revenue	0.00	0.00	0.00
342.220 · Plan Review Fees	0.00	0.00	0.00
361.100 · Interest Earned - Checking	742.72	0.00	742.72
361.110 · Interest - County Reserve	0.00	0.00	0.00
361.120 · Interest - State Board of Admin	0.00	0.00	0.00
366.000 · Contributions and Donations	100.00	0.00	100.00
369.110 · Tax Penalties	0.00	0.00	0.00
369.120 · Cash Brought Forward	0.00	146,666.00	-146,666.00
384.000 · Othr Financing Sources	1,954.89	0.00	1,954.89
4999 · Uncategorized Income	0.00	0.00	0.00
<b>Total Income</b>	<b>3,002,684.68</b>	<b>3,672,014.00</b>	<b>-669,329.32</b>
<b>Cost of Goods Sold</b>			
50000 · Cost of Goods Sold	0.00	0.00	0.00
<b>Total COGS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Gross Profit</b>	<b>3,002,684.68</b>	<b>3,672,014.00</b>	<b>-669,329.32</b>
<b>Expense</b>			
Contingency Reserve Expense	169,642.05	463,000.00	-293,357.95
Hurricane Reserve Expense	0.00	50,000.00	-50,000.00
SAFER Grant Reserve Expense	0.00	0.00	0.00
166 · .930	0.00	0.00	0.00
3200 · UnionDues	0.00	0.00	0.00
522.120 · OIFD Salaries	861,910.24	1,100,000.00	-238,089.76
522.121 · Holiday Pay	10,090.86	15,000.00	-4,909.14
522.122 · Liability for Compensated Absen	0.00	50,000.00	-50,000.00
522.123 · Direct Deposit Charges	797.50	0.00	797.50
522.141 · Scheduled OT	17,708.84	30,000.00	-12,291.16
522.142 · Unscheduled OT	30,365.42	30,000.00	365.42
522.150 · Incentive Pay	3,748.29	0.00	3,748.29
522.210 · S.S. & MED - ER Portion	70,280.84	100,000.00	-29,719.16
522.220 · Pension - ER	620,000.00	620,000.00	0.00
522.230 · Medical - Group ER	221,781.76	325,000.00	-103,218.24
522.231 · Life Insurance - ER	0.00	0.00	0.00
522.240 · Worker's Compensation	68,751.02	100,000.00	-31,248.98
522.241 · Employee Benefit	0.00	0.00	0.00
522.311 · Property Appraiser	41,201.50	55,000.00	-13,798.50
522.312 · Legal	1,050.00	12,500.00	-11,450.00
522.313 · Tax Collector	59,252.56	65,000.00	-5,747.44
522.314 · Physicals & Misc Medical	4,739.80	8,000.00	-3,260.20
522.320 · Audit - CPA	14,250.00	14,500.00	-250.00
522.340 · Alarm Monitor Contract	75.00	1,500.00	-1,425.00
522.411 · Cell Phones	0.00	0.00	0.00
522.412 · Central Dispatch	2,349.00	3,000.00	-651.00
522.431 · Electric Co.	19,798.19	24,000.00	-4,201.81
522.432 · Gas Co.	1,562.47	3,000.00	-1,437.53
522.433 · Water, Sewer & Trash	4,787.54	7,500.00	-2,712.46
522.434 · Telephone, Internet & Cable	8,709.20	10,500.00	-1,790.80
522.440 · Equipment Lease	0.00	0.00	0.00
522.451 · Insurance - Security Bonds	0.00	1,200.00	-1,200.00
522.452 · Insurance - Liability/ Property	29,833.14	29,000.00	833.14
522.460 · Maintenance and Repair	57,205.50	50,000.00	7,205.50
522.468 · Cellular Contract	0.00	0.00	0.00



5:05 PM

07/11/16

Accrual Basis

**OKALOOSA ISLAND FIRE DISTRICT**  
**Profit & Loss Budget vs. Actual**  
 October 1, 2015 through July 11, 2016

	Oct 1, '15 - Jul 11, 16	Budget	\$ Over Budget
522.491 · Advertising	158.55	6,000.00	-5,841.45
522.492 · Travel & Training	8,414.05	15,000.00	-6,585.95
522.500 · EMS Grant Funds	-19,500.00	0.00	-19,500.00
522.511 · Admin/ Office Supplies	8,367.56	12,500.00	-4,132.44
522.521 · Fuel & Oil	6,059.87	25,000.00	-18,940.13
522.522 · ALS	12,710.72	37,000.00	-24,289.28
522.523 · Uniforms	8,202.53	8,000.00	202.53
522.525 · Operational Supplies	21,303.38	35,000.00	-13,696.62
522.528 · Minor Equipment < \$750	0.00	0.00	0.00
522.542 · Dues & Subscriptions	17,369.18	14,000.00	3,369.18
522.543 · Haz Mat Assessment	4,591.00	6,400.00	-1,809.00
522.620 · Designated Capital Acquisition	0.00	0.00	0.00
522.621 · ALS Initiation Funding	0.00	0.00	0.00
522.644 · Equipments	53,697.68	100,000.00	-46,302.32
522.647 · Capital Equipment (Vehicle)	0.00	214,414.00	-214,414.00
522.650 · Building Construction Cost	0.00	0.00	0.00
522.700 · Building Maintenance	24,867.31	30,000.00	-5,132.69
522.711 · Vehicle / Apparatus Principal	0.00	0.00	0.00
522.712 · Building Principal	0.00	0.00	0.00
522.713 · Line of Credit Pay Down	0.00	0.00	0.00
522.714 · Equipment Principal Paid	0.00	0.00	0.00
522.721 · Debt Service Interest	0.00	0.00	0.00
66900 · Reconciliation Discrepancies	0.00	0.00	0.00
<b>Total Expense</b>	<b>2,466,132.55</b>	<b>3,671,014.00</b>	<b>-1,204,881.45</b>
<b>Net Income</b>	<b>536,552.13</b>	<b>1,000.00</b>	<b>535,552.13</b>

**OKALOOSA ISLAND FIRE DISTRICT**

**ANNUAL FINANCIAL REPORT**

**SEPTEMBER 30, 2015**

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**Nicholson, Reeder & Reynolds, P.A.**  
**Certified Public Accountant**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Okaloosa Island Fire District  
Fort Walton Beach, Florida

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Okaloosa Island Fire District (the District) as of and for the year ended September 30, 2015, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

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

## INDEPENDENT AUDITOR'S REPORT (continued)

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2015, 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 and budgetary comparison information on pages 3 through 8 and 33 and the schedule of funding progress - pension trust fund and schedule of funding progress for other post-employment benefits on pages 34 and 37, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Nicholson, Reeder & Reynolds*

Fort Walton Beach, Florida  
June 16, 2016

**OKALOOSA ISLAND FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2015**

As management of the Okaloosa Island Fire District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2015.

**Financial Highlights**

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which required restatement of the beginning net position by a decrease of \$7,550,768 and reporting the net pension liability of \$7,441,966 as of September 30, 2015.

The liabilities and deferred inflows of the District exceed its assets as of the close of the most recent fiscal year resulting in a deficit net position of (\$5,670,823). The net investment in capital assets less depreciation and debt on those assets is \$1,654,585. Unrestricted net position is a deficit of (\$7,325,408).

As of the close of the current fiscal year, the District's general fund reported combined ending fund balances of \$473,584, an increase of \$67,319 in comparison with the prior year. The unassigned amount of ending fund balance, \$262,1644, is *available for spending* at the District's discretion (*unreserved fund balance*) and represents one percent of total general fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* 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* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish between functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activity of the District is public safety. The District does not have a business-type activity.

The government-wide financial statements can be found on pages 9-10 of this report.

**OKALOOSA ISLAND FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2015**

**Overview of the Financial Statements (Continued)**

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has one category; governmental funds.

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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 between *governmental funds* and *governmental activities*.

The District maintains an individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

**OKALOOSA ISLAND FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2015**

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows exceeded assets which created a deficit in net position by \$5,670,823 at the close of the most recent fiscal year.

The reason for the large deficit in the Unrestricted fund is due to the restatement of net position of (\$7,550,768). The restatement was required to recognize the Districts' net pension liability to the Okaloosa Island Firefighters' Pension Trust Fund.

*Recapped from Exhibit A, page 9*

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 730,778
Capital Assets (Net of Accumulated Depreciation)	
Land	338,700
Buildings	1,176,722
Machinery and Equipment	139,163
Total Assets	<u>2,385,363</u>
<b>LIABILITIES</b>	
Accounts Payable	1,489
Accrued Liabilities	189,349
Other Postemployment Liabilities	36,804
Net Pension Liability	7,441,966
Non Current Liabilities	
Due within one year	66,357
Due in more than one year	211,419
Total Liabilities	<u>7,947,384</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>108,802</u>
<b>NET POSITION</b>	
Investment in Capital Assets, Net of Related Debt	1,654,585
Unrestricted	(7,325,408)
Total Net Position	<u>\$ (5,670,823)</u>



**OKALOOSA ISLAND FIRE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**SEPTEMBER 30, 2015**

**Governmental Activities**

Governmental activities increased the Fire District's net position by \$8,717, thereby, accounting for 0.1 percent of the total increase in the net position of the Okaloosa Island Fire District. The reason is due to increase in repairs and maintenance, and employee benefits from prior year. Key elements of this increase are as follows:

*Recapped from Exhibit B, page 10*

<u>Function/Program</u>	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
Primary Government			
Governmental Activities			
Public Safety	\$ 2,859,228	\$ -	\$ (2,859,228)
Total Governmental Activities	2,859,228	-	(2,859,228)
Total Primary Government	<u>\$ 2,859,228</u>	<u>\$ -</u>	<u>(2,859,228)</u>
General Revenues			
Taxes			
Ad Valorem Tax, levied for general purposes			2,832,099
Intergovernmental Revenue			53,609
Gain (Loss) on Sale of Fixed Assets			(19,093)
Miscellaneous			1,330
Total General Revenues			<u>2,867,945</u>
Change in Net Position			8,717
Net Position - Beginning of Year			1,871,228
Restatement of Net Position for GASB Stmt No 68			<u>(7,550,768)</u>
Net Position - Ending of Year			<u>\$ (5,670,823)</u>

Ad Valorem tax increased by \$59,268 during the year.

**OKALOOSA ISLAND FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2015**

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to insure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's *governmental fund* 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 the fiscal year.

As of the end of the current fiscal year, the District's governmental fund reported an ending fund balance of \$473,583, an increase of \$67,319 in comparison with the prior year. The *unreserved fund balance* of \$262,164 is available for spending at the District's discretion.

**Capital Asset and Debt Administration**

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2015, amounts to \$1,654,585 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was eight percent.

**OKALOOSA ISLAND FIRE DISTRICT CAPITAL ASSETS  
(Net of Depreciation)**

	Governmental Activities		Totals	
	2015	2014	2015	2014
Land	\$ 338,700	\$ 338,700	\$ 338,700	\$ 338,700
Building	1,176,722	1,221,079	1,176,722	1,221,079
Machinery/Equipment	139,163	130,307	139,163	130,307
	<u>\$ 1,654,585</u>	<u>\$ 1,690,086</u>	<u>\$ 1,654,585</u>	<u>\$ 1,690,086</u>

Long-term debt

Additional information on the District's long-term debt can be found in Note 3 on page 23 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The District receives the majority of its funds from Property Taxes based on value (Ad Valorem). There is currently a system set in place within the Ad Valorem Taxation process that "protects" the taxpayers within our district. It is called Roll-Back Rate. When a taxing authority chooses to levy a roll-back rate millage, it is levying a rate that will bring in the same amount of property taxes as was collected the previous year. Therefore, the taxpayers do not pay any more into the budget. Thus, the taxing authority is depending on any new construction to bring in new or additional revenues. For the fiscal year 2015/2016, ad valorem millage rate was 3.5550 mils.

**OKALOOSA ISLAND FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
SEPTEMBER 30, 2015**

**Request for Information**

This financial report is designed to provide a general overview of the Okaloosa Island Fire District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Board of Commissioners, Okaloosa Island Fire District, 104 Santa Rosa Boulevard, Fort Walton Beach, Florida, 32548.

**OKALOOSA ISLAND FIRE DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2015**

EXHIBIT A

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 730,778
Capital Assets (Net of Accumulated Depreciation)	
Land	338,700
Buildings	1,176,722
Equipment/Machinery	<u>139,163</u>
<b>TOTAL ASSETS</b>	<u>2,385,363</u>
<b>LIABILITIES</b>	
Accounts Payable	1,489
Accrued Liabilities	189,349
Other Postemployment Liability	36,804
Net Pension Liability	7,441,966
Non Current Liabilities	
Due within one year	66,357
Due in more than one year	<u>211,419</u>
<b>TOTAL LIABILITIES</b>	<u>7,947,384</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>108,802</u>
<b>NET POSITION</b>	
Investments in Capital Assets, Net of Related Debt	1,654,585
Unrestricted (Deficit)	<u>(7,325,408)</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ (5,670,823)</u></u>

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT B

		Program Revenues	Net (Expense) Revenue and Changes In Net Position
Function/Programs	Expenses	Operating Grants and Contributions	Governmental Activities
Primary Government			
Governmental Activities			
Public Safety	\$ 2,859,228	\$ -	\$ (2,859,228)
Total Governmental Activities	2,859,228	-	(2,859,228)
Total Primary Government	<u>\$ 2,859,228</u>	<u>\$ -</u>	<u>(2,859,228)</u>
General Revenues			
Taxes			
Ad Valorem Tax, levied for general purposes			2,832,099
Intergovernmental Revenue			53,609
Gain (Loss) on Sale of Fixed Assets			(19,093)
Miscellaneous			<u>1,330</u>
Total General Revenues			<u>2,867,945</u>
Change in Net Position			8,717
Net Position - Beginning of Year			1,871,228
Restatement of Net Position for GASB Stmt No 68			<u>(7,550,768)</u>
Net Position - End of Year			<u>\$ (5,670,823)</u>

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2015**

EXHIBIT C-1

	General Fund
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 730,778
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<u>\$ 730,778</u>
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,489
Accrued Expenses	255,706
<b>TOTAL LIABILITIES</b>	<u>257,195</u>
<b>FUND BALANCE</b>	
Fund Balance	
Committed Fund Balance	211,419
Unassigned Fund Balance	262,164
<b>TOTAL FUND BALANCE</b>	<u>473,583</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 730,778</u></u>

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT C-2

Fund Balances - Total Governmental Funds - Exhibit C-1

\$ 473,583

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds. Those assets consist of:

Land	\$	338,700		
Building, Net of \$597,591 accumulated depreciation		1,176,722		
Machinery & Equipment, Net of \$1,404,671 accumulated depreciation		<u>139,163</u>		1,654,585

Deferred inflows of resources and deferred outflows of resources related to pensions are not available/receivable or due/payable, respectively, in the current period and therefore, are not reported in the government funds.

Deferred inflows of resources- pensions	(108,802)
---	-----------

Other liabilities used in governmental activities are not current financial resources and, therefore, are not reported in the government funds.

Net pension liability	(7,441,966)
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Long-term liabilities, are not payable in the current period and therefore, are not reported in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when paid. All liabilities, both current and long-term, are reported in the statement of net position.

Balances at September 30, 2015 are:

Compensated Absences	(211,419)			
Other postemployment benefits		<u>(36,804)</u>		<u>(248,223)</u>

Net Position of Governmental Activities - Exhibit A

\$ (5,670,823)

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT D-1

	Total Governmental Fund
<b>REVENUES</b>	
Taxes	
Ad Valorem Taxes	\$ 2,832,099
Intergovernmental Revenue	
State Incentive	2,920
County Revenue	41,895
Miscellaneous Revenues	
Interest Earnings	1,330
Other Miscellaneous Revenue	8,794
<b>TOTAL REVENUES</b>	<u>2,887,038</u>
<b>EXPENDITURES</b>	
Public Safety - Fire Control	
Personal Services	
Salaries	1,119,645
Payroll Taxes & Employee Benefits	1,139,705
Operating Expenses	
Professional Services	121,055
Communication Services	3,241
Utility Services	40,309
Insurance	54,727
Repair & Maintenance Services	128,573
Other Current Changes & Obligations	56,008
Office Supplies	13,778
Operating Supplies	65,610
Subscriptions & Memberships	16,056
Capital Outlay	
Machinery & Equipment	4,277
Vehicles	56,736
<b>TOTAL EXPENDITURES</b>	<u>2,819,720</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	67,318
<b>FUND BALANCE - Beginning of Year</b>	<u>406,265</u>
<b>FUND BALANCE - End of Year</b>	<u><u>\$ 473,583</u></u>

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.



**OKALOOSA ISLAND FIRE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES & CHANGES IN FUND BALANCES  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

EXHIBIT D-2

Amounts reported for governmental activities in the statement  
of activities are different because:

Net Change in Fund Balances - Governmental Fund - Exhibit D-1	\$ 67,318
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 as depreciation expense. This is the amount by which depreciation (\$77,422) exceeded capital outlay (\$61,013) in the current period.	(16,409)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial sources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial sources are available. This adjustment is the net change in the following balance:	
Accrued Compensated Absences	(17,008)
Gain (loss) on the disposal of fixed assets do not require the use of current financial resources; therefore, they are not reported as expenditures in the governmental fund.	(19,093)
Current change in other postemployment liabilities does not consume current resources and therefore, is not reported as an expenditure in the governmental fund.	(6,091)
Changes in Net Position of Governmental Activities - Exhibit B	<u>\$ 8,717</u>

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT  
FIDUCIARY FUND  
PENSION TRUST FUND  
STATEMENT OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2015**

EXHIBIT E

**ASSETS**

Investments, at Fair Value

Money Market Fund	\$ 275,604	
Corporate Bonds	935,343	
Mutual Funds	860,789	
U.S. Government Securities	10,855	
U.S. Treasury	666,660	
Common Stocks	<u>3,431,650</u>	\$ 6,180,901

Receivables

District Contributions	185,867	
Employee Contributions	3,248	
State Contributions	43,485	
Accrued Interest and Dividends	<u>19,292</u>	<u>251,892</u>

**TOTAL ASSETS**

\$ 6,432,793

**LIABILITIES AND FIDUCIARY NET POSITION**

Liabilities

Prepaid Member Contributions	\$ 634
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Fiduciary Net Position

Held in Trust for Pension Benefits	<u>6,432,159</u>
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**TOTAL LIABILITIES AND FIDUCIARY NET POSITION**

\$ 6,432,793

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT  
FIDUCIARY FUND  
PENSION TRUST FUND  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2015**

EXHIBIT F

**ADDITIONS TO NET POSITION**

Contributions		
Employer	\$ 708,789	
Employees	85,364	
Buy-Back	8,928	
Florida Division of Retirement	<u>43,485</u>	<u>\$ 846,566</u>
Investment Gains		
Interest/Dividend Income	183,325	
Gain from Sale of Investment	<u>329,134</u>	<u>512,459</u>
Investment Losses		
Investment Expenses	47,634	
Net Depreciation in Fair Value of Investments	<u>576,891</u>	<u>624,525</u>
Net Investment Loss		<u>(112,066)</u>
<b>TOTAL ADDITIONS TO NET POSITION</b>		<u><u>734,500</u></u>

**DEDUCTIONS FROM NET POSITION**

Benefit Payments		632,579
Termination Payments		21,260
Fiduciary Insurance*		-
Administrative Expenses		<u>19,947</u>
<b>TOTAL DEDUCTIONS FROM NET POSITION</b>		<u><u>673,786</u></u>

**CHANGE IN NET POSITION**

60,714

**NET POSITION**

Beginning of Year		<u>6,371,445</u>
End of Year		<u><u>\$ 6,432,159</u></u>

\*Fiduciary Insurance, not required to be paid from the Pension Trust Fund, was paid by the District in the amount of \$2,450.

The accompanying notes are an integral part of these financial statements. See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Okaloosa Island Fire District (the District) is an independent Special District created in 1977 by ordinance 77-4 of Okaloosa County, pursuant to Florida law. The legal name of the District is Okaloosa Island Fire District.

The District is governed by an elected Board of Fire Commissioners.

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Government Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationships with the Board are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are reported.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide statements and the major fund statements along with the notes to the financial statements comprise the basic financial statements. The government-wide financial statements (i.e. the statement of net position and the statement of activities) concentrate on the District as a whole. These statements include the non-fiduciary financial activity of the primary government.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first and then unrestricted resources, as they are needed.

Government-wide financial statement net position is divided into three components - net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

*Restricted* - This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* - This component of net position consists of amounts that do not meet the definition of "restricted" or "net investment in capital assets".

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government wide financial statements are reported using the economic resources focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Grants are recognized as soon as the eligibility requirements imposed by the provider are met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers the revenue to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the District and are recognized as revenue at that time.

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 governmental entity not required to be accounted for in another fund.

The following is a description of the District's various fund balance accounts:

Nonspendable fund balance includes amounts that are not in a spendable form (prepaid insurance, for example) or are required to be maintained intact. There are no nonspendable funds as of September 30, 2015.

Restricted fund balance includes amounts that can be spent only for specific purposes stipulated by external resource providers (for example, impact fees as authorized under FL Statute 191.009(2)), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of the resource provider. The District had no restricted funds as of September 30, 2015.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority which is the Board of Commissioners. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally. As of September 30, 2015, the District had committed funds for compensated absences of \$211,419.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (Continued)**

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body (the board of commissioners) or by management to whom the governing body delegates the authority. The District had no assigned funds as of September 30, 2015.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances. As of September 30, 2015, the District had \$262,164 in unassigned balances.

Restricted resources are only used for their specific designation and with approval from the Board of Commissioners. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion of the expense. The District considers committed amounts to be reduced first, followed by assigned amounts, then unassigned amounts when expenditures are incurred for purposes which amounts in the unrestricted fund balance classification could be used.

For the year ended September 30, 2015, the District does not report any proprietary funds.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

Pension Trust Fund - The Pension Trust Fund is custodial in nature and does not present results of operations or have a measurement focus. Pension Trust Funds are accounted for using the modified accrual basis of accounting. The Pension Trust Fund accounts for the assets of the District's defined benefit plan (Florida Statute Chapter 175 Firefighters' Pension Trust Fund).

**BUDGETS AND BUDGETARY ACCOUNTING**

**Budgets and Encumbrances**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Revenues and expenditures are controlled by a formal budget adopted by the Board of Commissioners of the District. The legal level of control for appropriations is exercised at the object level.

The District generally does not have significant encumbrances (commitments related to unperformed contracts for goods or services), and any such amounts are not recorded in any manner in the accounting books.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY**

**Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and balances in the State Board of Administration account. These are all accounts that can be liquidated without delay or penalties.

**Capital Assets**

Capital assets which include land, buildings, machinery and equipment are reported in the governmental-type activities in the government-wide financial statements. Capital assets are defined by acquisitions in excess of \$750 cost and with an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset as follows:

<i>Assets</i>	<i>Years</i>
Building	40
Machinery & Equipment	5-10

**Compensated Absences**

The District's compensated absence policy allows employees to accumulate earned but unused vacation and sick pay benefits. Employees are entitled to annual leave and sick leave in accordance with a union contract. Generally, this entitles payment at their regular rate of pay for all accumulated annual leave upon termination of employment. Employees are vested in sick leave, payable upon termination of employment, at an increasing percentage of their accumulated sick leave of 10% per year from the end of the first year of employment. Employees with more than ten years of employment are fully vested in sick leave. Annual leave is earned based on the length of service. This entitlement ranges from five service days per year for one to three years of service to twelve service days for over fifteen years of service. Sick leave is accrued for all employees on the basis of one service day per month. A maximum of twenty service days of annual leave and twenty service days of sick leave may be accumulated.

All vacation is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund (General Fund) only if they have matured, for example, as a result of employee resignation or retirement.

**Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are restricted by outside parties for use as a specific purpose. Committed fund balances represent constraints on use imposed by the District itself using its highest level of decision making authority and can only be removed or changed by taking the same action. Assigned fund balance is intended to be used for specific purposes and intent is expressed by the Board of Fire Commissioners. Unassigned fund balance is available for any purpose.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 2 - PROPERTY TAXES**

Property taxes are due and payable on November 1st of each year. No accrual is made in these financial statements since these taxes are collected to finance future expenditures. Ad valorem taxes are billed to property owners through the Okaloosa County Tax Collector's office and then remitted to the District upon collection. Delinquent taxes are generally immaterial in amount and therefore, not recorded as a receivable on the balance sheet.

The property tax calendar for the current year is as follows:

Lien date	January 1, 2015
Levy date	November 1, 2015
Due date	November 1, 2015
Delinquent date	April 1, 2016
Tax Certificate Sale	Prior to June 1, 2016

**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

**CASH AND INVESTMENTS**

**Deposits**

The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level as defined by GASB Statement No 40, *Deposits and Investment Disclosures (An Amendment of GASB Statement No 3)*.

The bank carrying balance at September 30, 2015, was \$752,169. FDIC insurance covers \$250,000, with the remaining amount covered by Chapter 280, Florida Statutes. Reconciled book balance was \$725,743.

**Investment of Excess Cash**



**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

The District invests excess cash in the State of Florida Local Government Surplus Trust Funds Investment Pool, which is administered by the State Board of Administration (SBA). Florida Statutes authorize the investment of surplus funds in interest-bearing time deposits or savings accounts, the State of Florida Local Government Surplus Trust Funds, and certain obligations of the United States Government. The State of Florida provides regulatory oversight for the external investment pool in which the District invests. The pool meets the "2A-7 like" criteria of GASB Statement No. 31; therefore, the fair value is the same as the value of the pool shares. These funds are considered to be cash equivalents and not securities. Investments with the State of Florida Local Government Trust Funds Investment Pool were \$4,816 at September 30, 2015.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**CASH AND INVESTMENTS (Continued)**

Cash and cash equivalents are as follows:

Cash on Hand	\$ 219
Cash in Bank	725,743
Local Government Surplus Funds	
Investment Pool Trust Fund	4,816
	<u>          </u>
Cash & Cash Equivalents	<u>\$ 730,778</u>

**CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2015 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government				
Governmental Activities				
Capital asset, being depreciated-				
Buildings	\$ 1,774,312	\$ -	\$ -	\$ 1,774,312
Machinery & Equipment	1,718,772	61,013	235,950	1,543,835
Less: Depreciation for -				
Buildings	(553,231)	(44,358)	-	(597,589)
Machinery & Equipment	<u>(1,588,467)</u>	<u>(33,064)</u>	<u>216,858</u>	<u>(1,404,673)</u>
Govt'l Activities, Capital Assets, Net	<u>\$ 1,351,386</u>	<u>\$ (16,409)</u>	<u>\$ 452,808</u>	<u>\$ 1,315,885</u>

Depreciation has been charged to the functions/programs of the primary government-

Governmental	
Public Safety	<u>\$ 77,422</u>

**LONG-TERM DEBT**

**Compensated Absences**

The following is an analysis of accumulated annual leave and sick leave liability:

	Sick	Vacation	Total
Balance at October 1, 2014	\$ 58,727	\$ 194,411	\$ 253,138
Increase (Decrease) During Year	<u>7,630</u>	<u>(17,008)</u>	<u>(9,378)</u>
Balance at September 30, 2015	<u>\$ 66,357</u>	<u>\$ 177,403</u>	<u>\$ 243,760</u>

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**LONG-TERM DEBT (Continued)**

**Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities at September 30, 2015, is as follows:

	Beginning Balance	Increases	Payments & Other Decreases	Ending Balance
Liability for OPEB obligation	\$ 30,712	\$ 6,092	\$ -	\$ 36,804
Net Pension Liability*	7,550,768	-	108,802	7,441,966
Accrued Compensated Absences	194,411	17,008	-	211,419
	<u>\$ 7,775,891</u>	<u>\$ 23,100</u>	<u>\$ 108,802</u>	<u>\$ 7,690,189</u>

\* GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented in the fiscal year ended September 30, 2015. The net position was restated for the net pension liability as of October 1, 2014.

**NOTE 4 - DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a) Two District appointees,
- b) Two Members of the Department elected by the membership,
- c) Fifth Member of the Department elected by District.

Full-time employees who are classified as full-time certified firefighters shall participate in the System as a condition of employment.

**Plan Membership as of October 1, 2014:**

12	Inactive Plan Members or Beneficiaries
1	Inactive Plan Members Entitled to But Not Yet Receiving
17	Active Plan Members
<u>30</u>	

**Benefits Provided**

The Plan provides retirement, termination, disability and death benefits as follows:

*Normal Retirement*

Eligibility: Earlier of age 55 and the completion of 10 years of Credited Service or the completion of age 52 and 25 years of Credited Service.

Benefit Amount: 3.5% of Average Final Compensation of Credited Service.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Benefits Provided (Continued)**

*Early Retirement*

Eligibility: Age 50 and 10 Years of Credited Service.

Benefit Amount: Accrued benefit, reduced 3% for each year prior to Normal Retirement.

*Supplemental Monthly Benefit*

Normal and Early service retirees receive \$250 (reduced for Early) for life.

*Cost-of-Living Increase*

Normal or Early Retirees who retire after March 18, 2009 and their Beneficiaries or Joint Annuitants receive annual 3% benefit increases beginning the first October 1st following 5 years of retirement.

*Vesting*

Schedule: 100% after 10 years of Credited Service.

Benefit Amount: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise Normal Retirement Date.

*Disability Retirement*

Eligibility: 10 years of credited service for non-service related; coverage from date of hire for service incurred.

Benefit Amount: Accrued benefit, but not less than 42% of Average Final Compensation (if Service Incurred)

*Death Benefits Pre-Retirement*

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contribution without interest.

**Contributions**

Member Contributions: 8.0% of Salary.

District and State Contributions: Remaining amount required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Chapter 112, Florida Statutes.

**Net Pension Liability**

The measurement date is September 30, 2015.

The measurement period for the pension expense was October 1, 2014 to September 30, 2015.

The reporting period is October 1, 2015 through September 30, 2016.

The Sponsor's Net Pension Liability was measured as of September 30, 2015.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Actuarial Assumptions**

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2014 updated to September 30, 2015 using the following actuarial assumptions.

Inflation	3.00%
Salary Increases	7.00%
Discount Rate	7.75%
Investment Rate of Return	7.75%

*Mortality Rate*

RP-2000 Mortality Table (Combined Healthy) with no projection. Disabled lives are set forward five years.

The significant assumptions are based upon the most recent actuarial experience study dated August 26th, 2008 for the period 1993-2007.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocation as of September 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	45%	7.50%
International Equity	15%	8.50%
Core Fixed Income	35%	2.50%
Global Fixed Income	5%	3.50%
	<u>100%</u>	

*Discount Rate*

The Discount Rate used to measure the Total Pension Liability was 7.75%.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rate and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the Long-Term Expected Rate of Return on Pension Plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)**

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at September 30, 2014	\$ 13,165,809	\$ 5,665,885	\$ 7,499,924
Changes for a Year:			
Service Cost	290,356	-	290,356
Interest	1,017,277	-	1,017,277
Change in Excess State Money	-	-	-
Share Plan Allocation	-	-	-
Contributions-Employer	-	673,090	(673,090)
Contributions-State	-	56,846	(56,846)
Contributions-Employee	-	79,884	(79,884)
Net Investment Income	-	579,975	(579,975)
Benefit Payments, Including Refund of Employee Contributions	(660,031)	(660,031)	-
Administrative Expense	-	(24,204)	24,204
Other Changes	-	-	-
New Changes	647,602	705,560	(57,958)
Balance at September 30, 2015	<u>\$ 13,813,411</u>	<u>\$ 6,371,445</u>	<u>\$ 7,441,966</u>

The sensitivity of the Net Pension Liability to changes in the discount rate are as follows:

	Current Discount		
	1% Decrease 6.75%	Rate 7.75%	1% Increase 8.75%
Sponsor's Net Pension Liability	\$ 9,414,219	\$ 7,441,966	\$ 5,829,044

*Pension plan fiduciary position*

Detailed information about the pension plan's fiduciary net position is available in a separately issued Plan financial report.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions**

For the year ended September 30, 2015 the Sponsor will recognize a pension expense of \$723,934. On September 30, 2015 the Sponsor reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	108,802
	<u>\$ -</u>	<u>\$ 108,802</u>

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

Year ended September 30:	
2016	\$ (27,200)
2017	\$ (27,200)
2018	\$ (27,200)
2019	\$ (27,202)
2020	\$ -
Thereafter	\$ -

**Investments**

The Plan's investments were being held by Salem Trust Company, Inc. Investments at September 30, 2015, consist of the following:

	2015
Common Stock	\$ 3,431,650
U.S. Treasury	666,660
Government Securities	10,855
Money Market Funds	275,604
Corporate Bonds	935,343
Mutual Funds	860,789
Total	<u>\$ 6,180,901</u>

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 4 - DEFINED BENEFIT PENSION PLAN (Continued)**

**Investments (Continued)**

The Fund's investments in government securities and corporate bonds had maturities as follows:

Investment Type	Fair Value	Investment maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Corporate Bonds	\$ 935,343	\$ -	\$ 677,863	\$ 203,282	\$ 54,198
Gov't Securities	10,855	-	-	-	10,855
US Treasury	666,660	25,200	343,310	186,686	111,464
Totals	<u>\$ 1,612,858</u>	<u>\$ 25,200</u>	<u>\$ 1,021,173</u>	<u>\$ 389,968</u>	<u>\$ 176,517</u>

The Fund has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

No more than 3% of the Plan's assets shall be invested in the common stock or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 3% of the outstanding capital stock of the company. The value of bonds issued by any single corporation shall not exceed 3% of the total fund. The Plan limits investments in corporate common stock and convertible bonds and shall not exceed 60% of the Plan assets at cost or 70% of the Plan assets at market value. Foreign securities shall not exceed 10% of the value at market of the total portfolio.

State law limits investments in corporate bonds and governmental securities to the top 3 ratings issued by nationally recognized statistical rating organizations. The Plan's corporate bonds and governmental securities were rated by Moody's Investors Services as follows:

Rating	Fair Value
Aaa	\$ 681,839
A1 to A3	553,673
Baa1-Baa3	366,491
NR	10,855
Total	<u>\$ 1,612,858</u>

**NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS**

The Postemployment Healthcare Benefits Plan (Plan) is a single employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District, and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical, and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at a reduced or blended group (implicitly subsidized) premium rate for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees.



**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The District does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The rates paid by the retirees eligible for Medicare are reduced by the Medicare premium. The Plan does not issue a stand-alone report, and it is not included in the report of a Public Employee Retirement System or another entity.

**Funding Policy**

Contribution requirements of the District and plan members are established and may be amended through action from the District board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2014-2015 fiscal year, two retirees received postemployment health care benefits.

**Annual OPEB Cost and Net OPEB Obligation**

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with government accounting standards. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Normal Cost (service cost for one year)	\$ 5,642
Amortization of Unfunded Actuarial Accrued	15,959
Interest on Normal Cost and Amortization	973
Annual Required Contribution (ARC)	<u>22,574</u>
Interest on Net OPEB Obligation	1,382
Adjustment to Annual Required Contribution	<u>(1,894)</u>
Annual OPEB Cost (Expense)	22,062
Contributions Made	<u>(15,970)</u>
Increase (decrease) in Net OPEB Obligation	6,092
Net OPEB Obligation, beginning of year	<u>30,712</u>
Net OPEB Obligation, end of year	<u><u>\$ 36,804</u></u>

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of September 30, 2015, are as follows:

Fiscal year Ending	Annual OPEB Cost	Amount Contributed	Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2015	\$ 22,062	\$ 15,970	72.4%	\$ 36,804
9/30/2014	23,347	17,071	73.1%	30,712
9/30/2013	14,297	6,297	44.0%	24,436

**Funded Status and Funding Progress**

As of October 1, 2013, the most recent valuation date, the actuarial accrued liability for benefits was \$258,666 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$258,666. The covered payroll (annual payroll of active participating employees) was \$904,076 for the 2013-2014 fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 28.6%.

**Actuarial Method and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating 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 participating members. 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.

**OKALOOSA ISLAND FIRE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Actuarial Method and Assumptions (Continued)**

The District's OPEB actuarial valuation as of October 1, 2013, used the Entry Age Normal actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of September 30, 2014 and to estimate the District's 2013-2014 fiscal year ARC. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.5% discount rate. The actuarial assumptions also included a payroll growth rate of 0% per year, and an annual healthcare cost trend rate of 7.5% initially for the 2013-2014 fiscal year, reduced to an rate of 6.5% by the 2015 fiscal year. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2015, is 40 years.

**NOTE 6 - SUBSEQUENT EVENTS**

The District did not have any subsequent events through June 16, 2016 (the date the financial statements were available to be issued) required to be recorded or disclosed in the financial statements for the year ended September 30, 2015.

**NOTE 7 - PRIOR PERIOD ADJUSTMENT**

Implementation of GASB Statement No. 68 and No. 71 in fiscal year 2015 requires retroactive restatement of beginning of the year net position. As a result, the District's net position as of October 1, 2014 was reduced by \$7,550,768 to recognize the District's net pension liability of the Okaloosa Island Firefighters' Pension Trust Fund as of the measurement date of October 1, 2013. In addition, 2014 was adjusted to report the District's net pension liability of \$7,550,768, deferred inflows of \$108,802 as the measurement date of October 1, 2014.

## REQUIRED SUPPLEMENTARY INFORMATION

**OKALOOSA ISLAND FIRE DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - GOVERNMENTAL FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

	Original	Final	Actual	Variable Favorable (Unfavorable)
<b>REVENUES</b>				
Taxes				
Ad Valorem Taxes	\$ 2,714,744	\$ 2,714,744	\$ 2,832,099	\$ 117,355
Intergovernmental Revenue				
State Incentive	-	-	2,920	2,920
County Revenue	33,516	33,516	41,895	8,379
Miscellaneous Revenues				
Interest Earnings	-	-	1,330	1,330
Other Miscellaneous Revenue	-	-	8,794	8,794
Contingency Reserve	325,000	325,000	-	(325,000)
Hurricane Reserve	50,000	50,000	-	(50,000)
Cash Brought Forward	268,127	268,127	-	(268,127)
<b>TOTAL REVENUES</b>	<u>3,391,387</u>	<u>3,391,387</u>	<u>2,887,038</u>	<u>(504,349)</u>
<b>EXPENDITURES</b>				
Public Safety - Fire Control				
Personal Services				
Salaries	1,180,000	1,180,000	1,119,645	60,355
Payroll Taxes & Employee Benefits	1,080,000	1,080,000	1,139,705	(59,705)
Operating Expenses				
Professional Services	135,500	135,500	106,805	28,695
Accounting & Auditing	14,500	14,500	14,250	250
Communication Services	4,500	4,500	3,241	1,259
Utility Services	46,000	46,000	40,309	5,691
Insurance	30,200	30,200	54,727	(24,527)
Repair & Maintenance Services	120,000	120,000	128,573	(8,573)
Other Current Changes & Obligations	66,715	66,715	56,008	10,707
Office Supplies	12,500	12,500	13,778	(1,278)
Operating Supplies	68,000	68,000	65,610	2,390
Subscriptions & Memberships	16,000	16,000	16,056	(56)
Capital Outlay				
Machinery & Equipment	40,000	40,000	4,277	35,723
Vehicles	202,472	202,472	56,736	145,736
Contingency	375,000	375,000	-	375,000
<b>TOTAL EXPENDITURES</b>	<u>3,391,387</u>	<u>3,391,387</u>	<u>2,819,720</u>	<u>571,667</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	67,318	67,318
<b>FUND BALANCE - Beginning of Year</b>	-	-	406,265	406,265
<b>FUND BALANCE - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 473,583</u>	<u>\$ 473,583</u>

See Independent Auditor's Report.

**OKALOOSA ISLAND FIRE DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**(UNAUDITED)**

	9/30/2015	9/30/2014	9/30/2013
<b>Total Pension Liability</b>			
Service Cost	\$ 292,647	\$ 290,356	\$ 269,472
Interest	1,067,883	1,017,277	968,929
Changes of benefit terms	-	-	-
Differences between Expected and Actual Experience	(290,489)	-	-
Changes of assumptions	-	-	-
Contributions- Buy Back	8,928	-	-
Benefit Payments, including Refunds of Employee Contributions	(653,839)	(660,031)	(610,868)
Net Change in Total Pension Liability	425,130	647,602	627,533
Total Pension Liability - Beginning	13,813,411	13,165,809	12,538,276
Total Pension Liability - Ending (a)	<u>\$ 14,238,541</u>	<u>\$ 13,813,411</u>	<u>\$ 13,165,809</u>
<b>Plan Fiduciary Net Position</b>			
Contributions- Employer	\$ 708,789	\$ 673,090	\$ 723,752
Contributions- State	43,485	56,846	54,472
Contributions- Employees	85,999	79,884	83,456
Contributions- Buy Back	8,928	-	-
Net Investment Income	(112,066)	579,975	525,540
Benefit Payments, including Refunds of Employee Contributions	(653,839)	(660,031)	(610,868)
Administrative Expense	(19,947)	(24,204)	(24,161)
Net Change in Plan Fiduciary Net Position	61,349	705,560	752,191
Plan Fiduciary Net Position - Beginning	6,371,445	5,665,885	4,913,694
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,432,794</u>	<u>\$ 6,371,445</u>	<u>\$ 5,665,885</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 7,805,747</u>	<u>\$ 7,441,966</u>	<u>\$ 7,499,924</u>
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	45.18%	46.13%	43.03%
Covered Employee Payroll*	\$ 1,119,731	N/A	N/A
Net Pension Liability as percentage of Covered Payroll	697.11%	N/A	N/A

*\*For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available.*

See independent auditor's report.

**OKALOOSA ISLAND FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CONTRIBUTIONS  
(UNAUDITED)**

	<u>9/30/2015</u>	<u>9/30/2014</u>	<u>9/30/2013</u>
Actuarially determined contribut	\$ 752,274	\$ 729,936	\$ 778,224
Contributions in relation to the Actuarially			
Determined Contributions	<u>752,274</u>	<u>729,936</u>	<u>778,224</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll*	 \$ 1,119,731	 N/A	 N/A
Contributions as a percentage of Covered Employee Payroll	697.11%	N/A	N/A

*\*For the Fiscal years 2013 and 2014, the Covered Employee Payroll figures were not available.*

See independent auditor's report.

**OKALOOSA ISLAND FIRE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF CONTRIBUTIONS  
(UNAUDITED)**

**Valuation Date:** October 1, 2013

**Notes:** Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial cost Method: Individual Entry-Age Actuarial Cost Method

Amortization method: Level % of Pay, Closed

Remaining  
amortization period: 30 Years

Inflation: 3.0% per year

Mortality: RP 2000 Combined Healthy Mortality Table, with no projection. Disabled lives are set forward 5 years. Based on study over 650 public safety funds, this table reflects a 10% margin for future mortality improvements.

Interest Rate: 7.75% per year, compounded annually

Retirement Age: Age 55 and 10 years of Credited Service, or age 52 and 25 years of Credited Service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.

Early Retirement: Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 2% per year.

Disability Rates: See table on following page (1201). It is assumed that 75% of Disability Retirees are service related.

Termination Rates: See table below.

Salary Increases: 7.0% per year until the assumed retirement age.

Payroll Increases: 3.5% per year.

Asset Valuation Method: Actuarial Value of Assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). It is impossible that over time this technique will produce an insignificant bias above or below Market Value of Assets.

**Termination and Disability Rate Table:**

Age	% Terminating During the Year	% Becoming Disable During the Year
20	6.00%	0.03%
30	5.00%	0.04%
40	2.60%	0.07%
50	0.80%	0.18%

See independent auditor's report.



**OKALOOSA ISLAND FIRE DISTRICT  
SCHEDULE OF FUNDING PROGRESS FOR  
OTHER POSTEMPLOYMENT BENEFITS (UNAUDITED)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2013	\$ -	\$ 258,666	\$ 258,666	0.00%	\$ 904,076	28.60%
10/1/2010	-	115,371	115,371	0.00%	1,092,729	10.60%

See Independent Auditor's Report.

## COMPLIANCE

**Nicholson, Reeder & Reynolds, P.A.**  
**Certified Public Accountant**

**INDEPENDENT ACCOUNTANT'S REPORT ON AN EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES  
OF THE AUDITOR GENERAL**

To the Board of Commissioners  
Okaloosa Island Fire District  
Fort Walton Beach, Florida

We have examined Okaloosa Island Fire District's compliance with Florida Statute 218.415 with regards to the investments for the year ended September 30, 2015.

Management is responsible for the Okaloosa Island Fire District's compliance with those requirements. Our responsibility is to express an opinion on the Okaloosa Island Fire 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 the Okaloosa Island Fire District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides reasonable basis for our opinion. Our examination does not provide a legal determination on the Okaloosa Island Fire District's compliance with specified requirements.

In our opinion, the Okaloosa Island Fire District complied, in all material respects, with Florida Statute 218.415 with regards to the investments for the year ended September 30, 2015.

*Nicholson, Reeder & Reynolds*

Fort Walton Beach, Florida  
June 16, 2016

**Nicholson, Reeder & Reynolds, P.A.**  
**Certified Public Accountant**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL  
AUDITING STANDARDS***

To the Board of Commissioners  
Okaloosa Island Fire District  
Fort Walton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okaloosa Island Fire District, ("the District") as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 16, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENTAL  
AUDITING STANDARDS* (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

*Nicholson, Reeder & Reynolds*

Fort Walton Beach, Florida  
June 16, 2016

**Nicholson, Reeder & Reynolds, P.A.**  
**Certified Public Accountant**

**MANAGEMENT LETTER**

To the Board of Commissioners  
Okaloosa Island Fire District  
Fort Walton Beach, Florida

**Report on the Financial Statements**

We have audited the financial statements of the Okaloosa Island Fire District ("District"), Fort Walton Beach, Florida, as of and for the fiscal year ended September 30, 2015, and have issued our report thereon dated June 16, 2016.

**Auditor's Responsibility**

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

**Other Reports**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports are dated June 16, 2016, should be considered in conjunction with this management letter.

**Prior Audit Findings**

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

**Office Title and Legal Authority**

Section 10.554 (1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Okaloosa Island Fire District was established by Florida Special Act in 1977 by ordinance 77-4.

**Financial Condition**

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

## **MANAGEMENT LETTER (Continued)**

### **Financial Condition (Continued)**

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Okaloosa Island Fire 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.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that we report the results of our determination as to whether the annual financial report for the Okaloosa Island Fire District for the fiscal year ended September 30, 2015, 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, 2015. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

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. In connection with our audit, we did not have any such recommendations.

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

### **Purpose of this Letter**

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

We greatly appreciate the assistance and cooperation extended to us during our audit.

*Nicholson, Reeder & Reynolds*

Fort Walton Beach, Florida  
June 16, 2016

**PETE SMITH**  
Okaloosa County Property Appraiser

302 N. Wilson St Suite 201.  
Crestview, FL 32536  
(850) 689-5900  
FAX (850) 689-5906



OFFICE OF THE  
**OKALOOSA COUNTY  
PROPERTY APPRAISER**

**PLEASE REPLY TO:**

1250 Eglin Parkway N, Suite 201  
Shalimar, FL 32579  
(850) 651-7240  
FAX (850) 651-7242

**THIS IS NOT A BILL! DO NOT PAY**

June 24, 2016

Okaloosa Island Fire District  
Bob Tilley  
105 Santa Rosa Blvd.  
Ft. Walton Beach, FL 32548

Dear Chief Tilley,

Pursuant to 192.091 1(b) Florida Statutes, the Property Appraiser is required to provide your agency with an **estimate** of our annual budget request. Our budget request for fiscal year 2016-17 is \$3,640,425.00. The current proposed billing for your agency is **\$52,666.06**.

For questions regarding this estimate, please contact Shawn Grace at (850) 651-7683.

Sincerely,

Pete Smith  
Property Appraiser

PS/sg



## **Thomas A. Case – Certified Roofing Contractor**

**CCC057403**

**438 Snapper Dr  
Destin, Fl 32541**

**Phone 850-259-6105  
Fax 850-650-5737**

**Customer: Okaloosa Island Fire Dept., 104 Santa Rosa Blvd, FWB, FL**

**-----Proposal-----**

- 1. This proposal is for both buildings (garage and living/office areas)**
- 2. Pressure clean roof to receive urethane coating.**
- 3. Apply Acrylic coatings system to both buildings that have been previously coated.**
- 4. Provide 10 year manufacturer's material and labor warranty against leaks.**

**Total Material and Labor \$37,514.**

**The warranty will be coming from ITW Polymers Sealants North America Inc. (a subsidiary of Illinois Tool Works, a Fortune 500 Company. )**

Thomas A. Case is not responsible for the quality of material or workmanship of other contractors or subcontractors whose work supersedes or follows that of Thomas A Case. Further, Thomas A. Case is not responsible for preexisting conditions that tie into or affect the work, provided that the pre-existing condition is not open and obvious. Any warranty provided by or through Thomas A. Case, shall be void where the claimed failure of the Work is caused in whole or in part by preexisting conditions of work of others. Preexisting conditions shall include but not be limited to buildings found to be structurally deficient, cracked slabs or other conditions or causes not within Thomas A. Case's scope of work but that effect the integrity of Thomas A. Case's work.

At the end of ten years the roof can be re-coated and receive another 10 year manufacturer's warranty.

Payment to be made as follows:

- 1/3 due on acceptance

-1/3 due when surfaces are prepped and material is delivered

-remainder due when roof is complete and manufacturer's warranty is delivered to O.I. Fire Dept.

\_\_\_\_Thomas A. Case, \_\_\_\_

2/23/2016

Thomas A. Case, Certified Roofing Contractor

\_\_\_\_\_

\_\_\_\_\_

Acceptance of Proposal

Date

April 24-16

Dear Captain Mast -

Just wanted to express my gratitude to you & your crew for being so kind to my husband, Jerry Blood, in the many times you came to take him to emergency these last few months. You always made me feel so confident when y'all took charge of his needs - a broken leg or falling in the shower. It has not been easy. Everything caught up with Jerry in April/May & he died a very painful death in the nursing home. He was my soulmate & I felt like I was watching through a horror film with all his suffering. So, amen, his suffering is over & what I can get beyond all this I have beautiful memories to look back on. He & I were both very grateful for your help.

Yesterday I baked a couple of dozen cookies for y'all - however the Pastor at Hospice called to check on me & my lemon cookies all burned. Sorry!! I was so disappointed - come face perhaps I can try again. Or maybe y'all would like lasagna or something. I'll have to check with you to check on the size of your crew. GOD BLESS -

Therel's Zeeler