ESTERO FIRE RESCUE DISTRICT
FIREFIGHTERS' RETIREMENT PLAN

FINANCIAL STATEMENTS TOGETHER WITH
REPORT OF INDEPENDENT AUDITOR

YEAR ENDED
SEPTEMBER 30, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Estero Fire Rescue Firefighters'
Retirement Plan
Estero, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Estero Fire Rescue Firefighters' Retirement Plan (the "Plan"), which comprise the statement of fiduciary net position as of September 30, 2017, the statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount 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 Plan'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 Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Responsibility, continued

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, information regarding the Estero Fire Rescue Firefighters' Retirement Plan's fiduciary net position as of September 30, 2017, and the changes therein for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Informaiton

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

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on these basic financial statements is not affected by this missing information.

Ashley, Brown & Co.

Punta Gorda, Florida
April 27, 2018

ESTERO FIRE RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT PLAN

STATEMENT OF FIDUCIARY NET POSITON
September 30, 2017

		Amount
ASSETS		
Cash		$ 96,500
Investments, at fair value:		
Pooled/common/comingled funds:		
Fixed Income	$ 9,360,397	
Equities	12,110,617	
International	2,557,222	
Total investments at fair value		24,028,236
TOTAL ASSETS		24,124,736
LIABILITIES		
Prepaid contributions		587,171
TOTAL LIABILITIES		587,171
PLAN NET POSITION		
RESTRICTED FOR PENSIONS		$ 23,537,565

The accompanying notes are an integral part of this statement.

ESTERO FIRE RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT PLAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year ended September 30, 2017

		Amount
ADDITIONS TO NET POSITION ATTRIBUTED TO:		
Contributions:		
Employer	$ 1,032,000	
Utilization of prepaid contributions	273	
Plan members	156,888	
State contributions	304,597	
TOTAL CONTRIBUTIONS		$ 1,493,758
Investment income (expense):		
Net appreciation in fair value of investments	2,773,811	
Less: investment expenses	(32,138)	
NET INVESTMENT LOSS		2,741,673
TOTAL ADDITIONS TO NET POSITION		4,235,431
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO:		
Benefits and refunds	187,513	
Administrative expenses	21,436	
TOTAL DEDUCTIONS FROM NET POSITION		208,949
Net increase in fiduciary net position		4,026,482
Fiduciary net position restricted for pensions		
Beginning of year, October 1, 2016		19,511,083
END OF YEAR, September 30, 2017		$ 23,537,565

The accompanying notes are an integral part of this statement.

ESTERO FIRE RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT PLAN
NOTES TO THE FINANCIAL STATEMENTS
Year ended September 30, 2017

NOTE A - DESCRIPTION OF PLAN

The following description of the Estero Fire Rescue Firefighters' Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provision.

The Plan is a defined benefit pension plan covering all full-time Firefighters of the Estero Fire Rescue District (the "District").

The Plan's membership consisted of:	October 1, 2016 Actuary Valuation Date	September 30, 2017 Current Membership
Inactive plan members or beneficiaries currently receiving benefits	6	5
Inactive plan members entitled to, but not yet receiving benefits	5	5
Active plan members participating in the Deferred Retirement Option Plan (DROP)	0	1
Active plan members	60	57
Total Plan Members	71	68

General

The Plan is a defined benefit pension plan covering all sworn firefighters of the District. Participation in the Plan is required as a condition of employment. Established in December 2000, the Plan provides for pension, death and disability benefits, and is subject to the provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statute, is governed by a five member pension board. Two firefighters, two District residents and a fifth member elected by the other four members constitute the pension board. The District and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The District is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Pension benefits

Monthly accrued benefit - The monthly accrued benefit is equal to:

a. 2.00% of Average Final Compensation multiplied by Credited Service earned prior to December 1, 2000, plus,

b. 3.70% of Average Final Compensation multiplied by Credited Service earned from December 1, 2000 through September 30, 2010, plus,

c. 3.00% of Average Final Compensation multiplied by Credited Service earned after September 30, 2010.

NOTE A - DESCRIPTION OF PLAN, CONTINUED

Pension benefits, continued

Credited Service - The total number of years and fractional parts of years of service as a member in the Plan during which the member made required contributions to the Plan, omitting intervening years or fractional parts of year when the member was not employed by the District.

Average final compensation - the average of the highest five years of compensation out of the last ten years of employment, or career average, whichever is larger.

Payment options - the Plan offers a variety of payment options as defined by the Plan, including, lump sum payout, 10 year certain and life annuity, actuarially reduced joint and 1 life annuities, and other options.

Normal retirement age - normal retirement age is defined as:

a. Age 55 with at least 10 years of Credited Service, or
b. Age 52 with at least 25 years of Credited Service.

Early retirement age - early retirement age is defined as any age with at least 10 years of Credited Service. Benefits are reduced, if applicable, by 3.00% for each year by which the participant's early retirement date precedes the normal retirement date.

Death and disability - Upon the death of a vested participant prior to retirement, the beneficiary will receive the participant's monthly accrued benefit for 10 years beginning on the participant's early or normal retirement date. Upon the death of a non-vested participant prior to retirement, the beneficiary will receive the participant's accumulated contributions in lieu of any other benefits payable under the Plan.

Active employees who become totally and permanently disabled in the line of duty shall receive a 10-year certain and life annuity equal to the larger of a) monthly accrued benefit, or b) 42% of the average final compensation. Any participant who becomes totally and permanent disabled while not in the line of duty, and has at least 10 years of Credited service shall receive a 10 year certain and life annuity equal to the larger of a) the monthly accrued benefit, or b) 25% of average final compensation.

Regardless of how the member becomes disabled, the benefit is offset as necessary to preclude the total of the member's workers' compensation, disability benefit, or other District-provided disability compensation from exceeding his average final compensation.

Contribution and funding

Covered firefighters are required to contribute 3.00% of their salary to the Plan. The District makes contributions based on actuarially determined minimum funding requirements. Additionally, the State of Florida contributes insurance premium taxes which are used to help reduce the District's portion of its minimum funding requirement.

NOTE A - DESCRIPTION OF PLAN, CONTINUED

Vesting

Members are 100% vested in their contributions and earnings thereon at all times. Members become 100% vested in employer contributions and earnings thereon after completing 10 years of credited service.

Deferred Retirement Option Plan (DROP)

Members who qualify for normal retirement may enroll in DROP. Members who enroll in DROP may remain active employees for up to five years. Upon enrollment, members' monthly benefits accrue, and earn interest at the rate of 6.50%, until such time that they leave the DROP program. Additionally, upon enrollment, members are no longer eligible for disability or pre-retirement death benefits, nor can they receive any additional years of credited service. As of September 30, 2017, the Plan had no members enrolled in DROP, and there were no accrued benefits.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. Plan member contributions are recognized in the period in which the contributions are due. District contributions to the plan as calculated by the Plan's actuary, are recognized as revenue when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Basis of presentation

The accompanying financial statements are presented in accordance with Governmental Accounting Standards Board ("GASB") Statement 67, *"Financial Reporting for Pension Plans"* and the Codification of Governmental Accounting and Financial Reporting Standards which covers the reporting requirements for defined benefit pensions established by a governmental employer. The accompanying financial statements include the accounts of the Plan which include all programs, activities and functions relating to the accumulation and investment of the assets and related income necessary to provide the service, disability and death benefits required under the terms of the Plan document.

Valuation of investments and investment income

Plan investments are carried at fair market value based on quoted market prices of the underlying investments. Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Valuation of investments and investment income, continued

The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Fiduciary Net Position. The Plan is collectively managed with other government's plans. Investment income is allocated to each plan as a net amount, as it is not feasible to specifically allocate appreciation (depreciation) by individual component.

Custody of assets

Custodial and investment services are provided to the Plan under a contract with the Florida Municipal Pension Trust Fund/Florida League of Cities, Inc. The Plan's investment policies are governed by Resolutions of the District and State of Florida Statutes.

Authorized plan investments

The Board recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized capital gains or losses commensurate with the Prudent Investor Rule and Chapter 175 of the Florida Statutes.

Permissible investments include obligations of the U.S. Treasury and U.S. agencies, annuities and life insurance contracts, time deposits insured by the FDIC, and large capitalization common or preferred stocks, pooled equity funds and high quality bonds, notes or fixed income funds administered by national or state banks.

Additionally, the Plan places the following restrictions on selected equity securities:

a. No more than five percent of the Plan's assets may be invested in the common or capital stock of any single corporation.

b. The Plan's investment in the common stock of any single corporation shall not exceed five percent of such corporation's outstanding common or capital stock.

c. The aggregate value of investments in common stock, capital stock and convertible securities at market value cannot exceed 70% of the Plan's assets.

Actuarial cost method

The Plan utilizes the Aggregate Cost Method for funding purposes. Under this cost method, a funding cost is developed for the plan as a level percentage of payroll. The level percentage is calculated as the excess of the total future benefit liability over accumulated assets and future employee contributions, with this excess spread over the expected future payroll for current active participants.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Actuarial cost method, continued

The normal cost is equal to the level funding percentage multiplied by the expected payroll for the year immediately following the valuation date. The actuarial accrued liability is equal to the accumulated assets. Under this cost method, no unfunded accrued liability is developed.

Reporting entity

The financial statements presented are only for the Plan and are not intended to present the basic financial statements of the Estero Fire Rescue District.

The Plan is included in the District's Annual Financial Statements for the year ended September 30, 2017 which is a separately issued document. Anyone wishing further information about the District is referred to the District's Financial Statements. The Plan is a pension trust fund (fiduciary fund type) of the District which accounts for the single employer defined benefit pension plan for all District Firefighters. The provisions of the Plan provide for retirement, disability, and survivor benefits.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk and uncertainties

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of fiduciary net position.

NOTE C - DEPOSITS AND INVESTMENTS

The Plan adheres to State Statutes and prudent business practices. By decision of the Board of Trustees, the Plan is affiliated with the Florida Municipal Pension Trust Fund ("FMPTF"). As a result, the Plan's assets are held with FMPTF, an agent multiple employer pension plan administered by the FMPTF Board of Trustees. The FMPTF issues a publicly available report that includes the combined financial statements of all plan members. Separate accounts are maintained for each employer group.

NOTE C - DEPOSITS AND INVESTMENTS, CONTINUED

The Florida Municipal Investment Trust (FMIT) was created under the laws of the State of Florida to provide eligible units of local government with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust. The FMIT is a Local Government Investment Pool and is considered an external investment pool for GASB reporting purposes. The City reports its investment in the FMIT at fair value in accordance with the GASB Statement 72, *Fair Value Measurement and Application* fair value hierarchy. GASB 72 requires governments to disclose the fair value hierarchy for each type of asset or liability measured at fair value in the notes to the financial statements. The standard also requires governments to disclose a description of the valuation techniques used in the fair value measurement and any significant changes in valuation techniques. GASB 72 establishes a three-tier fair value hierarchy. The hierarchy is based on valuation inputs used to measure the fair value as follows:

Level 1: Inputs are directly observable, quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are other than quoted prices included within Level 1 that are for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3: Inputs are unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

The level in which an asset is assigned is not indicative of its quality but an indication of the source of valuation inputs.

At September 30, 2017, the Plan reported the following investments:

	Fair Value Measurement Using:	
Investments by Fair Value Level	Balance	Level
FMIvT Broad Market High Quality Bond Fund	$ 3,787,584	2
FMIvT Core Plus Fixed Income Fund	5,572,814	3
FMIvT High Quality Growth Portfolio	1,929,979	2
FMIvT Large Cap Diversified Value Portfolio	1,905,854	2
FMIvT Russell 1000 Enhanced Index Portfolio	5,621,063	2
FMIvT Diversified Small to Mid Cap Equity Portfolio	2,653,721	2
FMIvT International Equity Portfolio	2,557,221	2
Total Investments at Fair Value	$ 24,028,236	

NOTE C - DEPOSITS AND INVESTMENTS, CONTINUED

Investment management and custodial fees are calculated quarterly as a percentage of the fair market value of the Plan's managed assets. The plan follows the investment policies of the FMPTF. The Master Trustees of the FMPTF have the exclusive authority and discretion to manage and control the assets of the FMPTF. The District has elected to participate in the FMPTF 60/40 Target Fund. The maximum target asset allocation for equities is 60%. The following was the adopted asset allocation policy as of September 30, 2017:

Asset Class	Target Allocation	
Equities	60%	
Large Cap		39%
Small Cap		11%
International		10%
Fixed Income	40%	
Core Bonds		16%
Core Plus		24%

All employee pension plans assets with the FMPTF are included in the trust's master Trust Fund. Employee pension plan assets of the defined benefit type are invested by the FMPTF through the Florida Municipal Investment Trust ("FMIvT") for the benefit of the Participating Employers, Participating Employees and Beneficiaries. The Fit is a Local Government Investment Pool (LGIP) and, therefore, considered an external investment pool. The plans have a beneficial interest in shares in the Fit portfolios listed below. The plan's investment is the beneficial interest in the FMIvT portfolio, not the individual securities held within each portfolio.

The Plan had no instrument that in whole, or in part, is accounted for as a derivative instrument under GASB Statement 53, *Accounting and Financial Reporting for Derivative Instruments* during the current Plan year.

As of September 30, 2017, the asset allocations for the various investment models were as follows:

Investment	Fair Market Value	Percentage of Portfolio
Cash	$ 96,500	0.40%
Pooled, common, comingled funds:		
Fixed income funds	9,360,397	38.80%
Equity funds	12,110,617	50.20%
International funds	2,557,222	10.60%
	$ 24,124,736	100.00%

NOTE C - DEPOSITS AND INVESTMENTS, CONTINUED

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk.

FMIvT Interest Rate Risk (Years)

Fixed Income Fund	Modified Duration	WAM*
FMIvT Broad Market High Quality Bond Fund	4.74	6.10
FMIvT Core Plus Fixed Income Fund	2.24	7.40

**weighted average maturity*

Credit risk

Credit risk is the risk that a debt issuer will not fulfill its obligations. Consistent with state law the Plan's investment guidelines limit its fixed income investments to a quality rating of A or equivalent as rated by Fitch bond rating services at the time of purchase. Fixed income investments which are downgraded below the minimum rating must be liquidated at the earliest beneficial opportunity.

The Plan's investments had the following credit structure at September 30, 2017:

Investment Type	Fair Value	Fitch Rating
FMIvT Broad Market High Quality Bond Fund	$ 3,787,584	AAf/S4
FMIvT Core Plus Fixed Income Fund	5,572,814	Not Rated
FMIvT High Quality Growth Portfolio	1,929,979	Not Rated
FMIvT Large Cap Diversified Value Portfolio	1,905,854	Not Rated
FMIvT Russell 1000 Enhanced Index Portfolio	5,621,063	Not Rated
FMIvT Diversified Small to Mid Cap Equity Portfolio	2,653,721	Not Rated
FMIvT International Equity Portfolio	2,557,221	Not Rated
Total Investments at Fair Value	$ 24,028,236	

Concentration risk

GASB Statement 40, *Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3, r* equires disclosure if 5% or more of the total fiduciary net position is invested with one issuer. However, investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other investments are excluded from the concentration of credit risk disclosure requirements. Since 100% of plan assets are in an investment pool, disclosure is not required.

NOTE C - DEPOSITS AND INVESTMENTS, CONTINUED

Custodial Credit Risk

Pursuant to GASB 40, Deposit and Investment Risk Disclosures , disclosure is only required if investments are uninsured, unregistered and held by either the counterparty or the counterparty's trust department or agent but not in the government's name.

Participating Employers' investments through the FMPTF in the FMIvT are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

Foreign Currency Risk

This category applies only if a government’s deposits or investments are exposed to foreign currency risk. If subject to such exposure, the government should disclose the dollar balances subject to such risks, organized by currency denomination and investment type. Participating Employers’ investments in the FMIvT are not subject to foreign currency risk.

Rate of return

For the year ended September 30, 2017, the annual money weighted rate of return on the Firefighters' Retirement Pension Plan investments and Shared Account Plan investments, net of investment expense was 13.45% and 13.42%, respectively. The money weighted rate of return expresses investment performance, net of investment expense, and is adjusted for the changing amounts actually invested.

NOTE D - NET PENSION ASSET

The components of the net pension asset of the District as it pertains to this Plan at September 30, 2017 were as follows:

	Amount
Total pension liability	$ 22,790,774
Plan fiduciary net position	(23,287,125)
District's net pension asset	$ (496,351)
Plan fiduciary net position as a percentage of the total pension liability	102.18%

NOTE D - NET PENSION ASSET, CONTINUED

The fiduciary net position used by the actuary does not agree with the Plan's fiduciary net asset. The actuary does not include any data from the Shared Plan (Note E) in their calculations. And additionally, the actuary does not take into consideration the prepaid contributions. The following reconciliation summarizes these differences.

	Amount
Fiduciary net position - plan level	$ 23,537,565
Plus (minus):	
Fiduciary net position - shared account	(837,611)
Prepaid contributions	587,171
Fiduciary net position - actuarial value	$ 23,287,125

NOTE E - SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

The total pension liability was determined by an actuarial valuation as of October 1, 2016, updated to September 30, 2017 using the following actuarial assumptions applied to all measurement periods:

- Actuarial Cost Method: Aggregate Cost Method
- Asset Method: Actuarial value of assets is equal to the market value of assets, adjusted to reflect a five year phase in of the net investment gains and losses that occur after September 30, 2013
- Discount Rate: 7.00%, net of investment expenses and commissions, (2.92% per annum is attributable to long-term inflation); this rate was used to discount all future benefit payments
- Salary increase: 4.50%
- Cost of living increases: None assumed
- Mortality Basis: Sex-distinct rates set forth in the RP-2000 Combined Mortality Table, with full generational improvements in mortality Scale BB
- Disability and Termination Decrements: Age and gender based rates

NOTE E - SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS, CONTINUED

- Retirement Decrement

  For those participants whose normal retirement age is 53 or earlier, retirement is assumed to occur at the rate of 15% at age 50, 10% at each age of ages 51 and 52, and 100% at the earlier age of 53 or normal retirement age. For those participants whose normal retirement age is 54 or later, retirement is assumed to occur at the rate of 15% at each of ages 50 through 54 and 100% at age 55, except that 40% retirement is assumed to occur at a normal retirement age of 54

- Form of Payment

  Future retirees have been assumed to select the 10-year certain and life annuity, except that participants who terminate their serve with less than 10 years of service are assumed to receive a refund of their accumulated employee contributions

- Expenses

  The total projected benefit liability has been loaded by 1.75% to account for anticipated administrative expenses

- Future Contributions

  Contributions from the employer and employees are assumed to be made as legally required

- Changes

  Since the prior measurement date, the mortality basis was changed from a 2015 projection of the RP-2000 Mortality Table for annuitants to the RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale BB

NOTE F - DETERMINATION OF THE LONG-TERM EXPECTED RATE OF RETURN ON PLAN ASSETS

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. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Core bonds	16.00%	0.58%
Multi-sector	24.00%	1.08%
U.S. large cap equity	39.00%	6.08%
U.S. small cap equity	11.00%	6.83%
Non-U.S. equity	10.00%	6.83%

The discount rate used to measure the total pension liability was 7.00%. 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.

Sensitivity of the net pension asset to changes in the discount rate: The following presents the total pension liability calculated using the discount rate of 7.00%, as well as what the total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

	1% Decrease 6.00%	Current Rate 7.00%	1% Increase 8.00%
Total Pension Liability	$ 26,549,709	$ 22,790,774	$ 19,756,888
Less Fiduciary Net Position	(23,287,125)	(23,287,125)	(23,287,125)
Net Pension Liability/(Asset) of the District	$ 3,262,584	$ (496,351)	$ (3,530,237)

NOTE G - SHARED ACCOUNT

During the year ended September 30, 2011, the District adopted what is known as a Stop Start Plan. This plan provides a supplemental benefit to participants that is funded entirely by Chapter 175 premium tax revenues in excess of the frozen amount. Each participant's share of this supplemental benefit will be based on credited years of service. This shared plan is not included in the actuarial value of assets available to fund accumulated Plan benefits.

The following is a summary of the respective Plans' assets, liabilities, income and expenses.

	Firefighter's Retirement	Shared Account	Total
Cash and cash equivalents	$ 93,149	$ 3,351	$ 96,500
Investments	23,193,976	834,260	24,028,236
Contributions receivable	-	-	-
Prepaid contributions	(587,171)	-	(587,171)
Net fiduciary position	$ 22,699,954	$ 837,611	$ 23,537,565
Contributions	$ 1,189,161	$ 304,597	$ 1,493,758
Net Investment income	$ 2,648,059	$ 93,614	$ 2,741,673
Benefits and Refunds	$ (187,513)	$ -	$ (187,513)
Administrative expenses	$ (21,436)	$ -	$ 21,436

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NOTE H - ADMINISTRATIVE AND INVESTMENT EXPENSES

Administrative and investment expenses for the year ended September 30, 2017 are as follows:

		Amount
Actuary fees	$	8,888
Fiduciary liability insurance		2,688
Legal fees		5,186
Other		674
Administrative		4,000
Total administrative expenses		21,436
Third party investment and administrative expenses		32,139
Total administrative and investment expenses	$	53,575
Percentage of administrative and investment expenses to fiduciary net position		0.23%

NOTE I - PLAN TERMINATION

Although it has not expressed any intention to do so, the Plan may be terminated by the District at any time by a written resolution of the Board of Commissioners of Estero Fire Rescue District, duly certified by an official of the District. In the event that the Plan is terminated or contributions to the Plan are permanently discontinued, the benefits of each firefighter in the Plan at such termination date would be non-forfeitable and would be 100% vested.

NOTE J - SUBSEQUENT EVENTS

Management has assessed subsequent events through April 27, 2018. the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ESTERO FIRE RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS

Last Four Fiscal Years

September 30,	2017	2016	2015	2014
Total Pension Liability:				
Service cost	$ 455,634	$ 462,980	$ 236,813	$ 296,869
Interest	1,374,646	911,490	1,116,502	915,736
Difference between expected and actual experience	681,912	727,005	1,222,925	-
Changes of assumptions	1,087,356	4,790,497	(1,870,609)	-
Benefit payments, including refunds of employee contributions	(187,513)	(163,056)	(225,627)	(183,085)
Net change in Total Pension Liability	3,412,035	6,728,916	480,004	1,029,520
Total Pension Liability - Beginning of Year	19,378,742	12,649,826	12,169,822	11,140,302
Total Pension Liability - End of Year (a)	$ 22,790,777	$ 19,378,742	$ 12,649,826	$ 12,169,822
Plan Fiduciary Net Position				
Contributions - employer	$ 1,032,000	$ 754,447	$ 1,139,300	$ 981,425
Contributions - state	267,811	267,811	-	393,429
Contributions - employee	156,888	148,229	146,502	134,012
Net investment income	2,679,023	1,428,448	(40,658)	1,125,520
Benefit payments, including refunds of employee contributions	(187,513)	(163,056)	(93,875)	(102,421)
Administrative expenses	(52,390)	(64,972)	(62,772)	(52,454)
Net change in Plan Fiduciary Net Position	3,895,819	2,370,907	1,088,497	2,479,511
Plan Fiduciary Net Position - Beginning of Year	19,391,306	17,020,399	15,931,902	13,452,391
Plan Fiduciary Net Position - End of Year (b)	$ 23,287,125	$ 19,391,306	$ 17,020,399	$ 15,931,902
Net Pension Asset - End of Year (a) - (b)	$ (496,348)	$ (12,564)	$ (4,370,573)	$ (3,762,080)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	102.18%	100.06%	134.55%	130.91%
Covered Employee Payroll	$ 4,674,731	$ 4,718,212	$ 4,288,910	$ 4,234,095
Net Position Liability as a Percentage of Covered Employee Payroll	NA	NA	NA	NA

ESTERO FIRE RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS

Last Four Fiscal Years

September 30,	2017	2016	2015	2014
Actuarially determined contributions	$ 1,300,081	$ 1,092,921	$ 1,012,328	$ 1,113,639
Contributions in relation to the actuarially determined contributions	1,299,811	1,022,258	1,139,300	1,374,854
Contribution deficiency (excess)	$ 270	$ 70,663	$ (126,972)	$ (261,215)
Covered Employee Payroll	$ 4,674,731	$ 4,718,212	$ 4,288,910	$ 4,234,095
Contributions as a Percentage of Covered Employee Payroll	27.81%	21.67%	26.56%	32.47%
Notes to Schedule				
Valuation date	10/01/2016	10/01/2015	10/01/2014	10/01/2013

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.

ESTERO FIRE RESCUE DISTRICT
FIREFIGHTER'S RETIREMENT PLAN
SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)
Last Four Fiscal Years

The table below summarizes the annual money-weighted rate of return, net of investment expenses.

September 30,	Rate of Return
2017	13.45%
2016	8.06%
2015	-0.28%
2014	9.12%