

**LEHIGH ACRES FIRE CONTROL  
AND RESCUE DISTRICT**

**BASIC FINANCIAL STATEMENTS  
TOGETHER WITH REPORTS OF  
INDEPENDENT AUDITOR**

**YEAR ENDED  
SEPTEMBER 30, 2020**

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**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
 Lehigh Acres Fire Control and Rescue District  
 636 Thomas Sherwin Avenue South  
 Lehigh Acres, FL 33974

***Report on the Financial Statements***

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

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

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

***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit

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procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating 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 opinion.

***Opinion***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lehigh Acres Fire Control and Rescue District as of September 30, 2020, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Matter of Emphasis***

During the year ended September 30, 2020, the District's unrestricted net position balance remained a deficit, due substantially to recording the District's current year actuarially determined net OPEB liability of \$2,722,897 and in its proportionate share of its pension liability of \$26,907,957. The pension liability is a non cash actuarially determined liability for the District's participation in the State's FRS defined benefit retirement system. The District's fund balance remains approximately equal to eight (8) months budgeted expenditures. See Note R for further discussion. Our opinion was not modified for this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - viii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Notes to the Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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 - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension

Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Notes to the Schedule, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Notes to the Schedule, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Required Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Lehigh Acres Fire Control and Rescue District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

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

statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Section 218.415, Florida Statutes***

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 11, 2021 on our consideration of Lehigh Acres Fire Control & Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 11, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lehigh Acres Fire Control and Rescue District's internal control over financial reporting and compliance.

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

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
February 11, 2021

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

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2020

As management of the Lehigh Acres Fire Control and Rescue District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2020.

### INTRODUCTION

The District responded to approximately 12,985 calls, with approximately 25% being fire service related and 75% being rescue related. This was an increase in total call volume of 7% over the previous fiscal year (2018/2019). The District transported 6,543 patients to area hospitals in Lee County. This is a decrease of 5% from the previous fiscal year. Lehigh Regional Medical Center received 40% of the patients transported. The busiest zone of Lehigh Acres continues to be Station 102 at 11 South Homestead Road.

In fiscal year 2019/2020, the District for the fifth consecutive year did use the Non Ad Valorem Assessment (Fire Assessment) based form of taxation as a revenue source which was approved through voter referendum in November 2014. The District is still facing various challenges as call volume and growth continue to increase. The District continues to focus on providing the highest level of service while maintaining fiscal responsibility and exploring other areas of obtaining revenue and reducing expenditures.

### Performance Measures

Fiscal Year	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Total Alarms	10,143	10,416	11,381	11,682	13,259	12,013	12,081	13,362
Response Times	7.00	6.29	6.80	6.65	7.05	8.06	9.28	8.51
Fire Related Incidents								
	3,147	2,713	3,005	2,890	3,549	2,986	2,951	3246
EMS % Incidents	69.00%	74.00%	73.60%	75.00%	73.00%	75.00%	76.00%	75.00%

### Forward-Looking Statements

This Management's Discussion and Analysis of Financial Condition and Results of Operations for the Lehigh Acres Fire Control and Rescue District contains forward-looking statements regarding future events and our future results that are based on current expectations, estimates, forecasts, and projections about the District in which we operate and the beliefs and assumptions of our management. This discussion and analysis is intended to serve as an introduction to the District's basic financial statements.



# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2020

### FINANCIAL HIGHLIGHTS

At the close of fiscal year 2020:

- The District's net position was \$5,194,506.
- The District's total net position decreased \$2,246,835.
- The District had \$20,384,675 of total fund balance. Of this amount \$3,951,322 is restricted for construction and \$598,774 is non-spendable. The District has an unassigned fund balance total of \$2,280,650 or approximately 10% of the total. The District also has an assigned fund balance total of \$13,553,929 or approximately 60% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$22,646,457 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$2,213,258 from EMS transports.
- Total governmental revenues increased \$687,139, in comparison to prior year.
- Total governmental expenses increased \$2,566,225, in comparison to prior year.

At the close of fiscal year 2019:

- The District's net position was \$7,441,341.
- The District's total net position decreased \$367,749.
- The District had \$24,224,025 of fund balance. Of this amount \$8,398,119 is restricted for construction and \$1,093,679 is non-spendable. The District has an unassigned fund balance total of \$1,822,059 or approximately 7% of the total. The District also has an assigned fund balance total of \$12,910,168 or approximately 53% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$26,485,807 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$2,195,859 from EMS transports.
- Total governmental revenues increased \$1,730,696, in comparison to prior year.
- Total governmental expenses increased \$2,300,062, in comparison to prior year.
- Effective September 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75 "*Accounting and Financial Reporting of Post Employment Benefits Other than Pensions (OPEB)*" (Statement No. 75). This accounting standard requires the District to annually report its actuarially determined net OPEB liability in the government-wide financial statements of the District.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the Lehigh Acres Fire Control and Rescue District financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2020. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes to the financial statements. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2020

### Government-wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities found on pages 5 and 6) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The *Statement of Net Position* (Page 5) presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between the two reported as *net assets*. The District's capital assets (property, plant and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (Page 6) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

### Governmental Fund Financial Statements

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

Governmental fund financial statements (found on pages 7 and 9) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

### Notes to the Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 11. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements were designed so that the user could determine if the District is in a better or worse financial condition from the prior year.

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2020

The following is a condensed summary of net position for the primary government as of September 30:

Assets:	2019	2020
Current and other assets	\$ 26,389,807	\$ 23,083,932
Capital Assets	11,255,512	15,797,895
Total Assets	<u>37,645,319</u>	<u>38,881,827</u>
Deferred outflows of resources	<u>7,940,083</u>	<u>9,280,398</u>
Liabilities:		
Current liabilities	2,891,690	3,472,838
Non-current liabilities	33,483,564	39,039,356
Total liabilities	<u>36,375,254</u>	<u>42,512,194</u>
Deferred inflows of resources	<u>1,768,807</u>	<u>455,525</u>
Net position:		
Net investment in capital assets	10,874,807	11,416,192
Unrestricted (deficit)	(3,433,466)	(6,221,686)
Total net position	<u>\$ 7,441,341</u>	<u>\$ 5,194,506</u>

Current and other assets represent 59% and 70% of total assets for the years 2020 and 2019, respectively. For 2019 current assets were comprised of unrestricted cash and cash equivalents of \$4,129,965, restricted cash of \$10,115,882 and investments of \$10,378,180, due from other governments of \$232,433, net receivables from ambulance transports and inspection fees of \$439,668, and deposits of \$1,093,679. For 2020 current assets were comprised of cash and cash equivalents of \$11,308,694 and investments of \$10,531,650, due from other governments of \$420,870, net receivables from ambulance transports and inspection fees of \$223,944, and deposits of \$598,774.

The net investment in capital assets represent the portion of net position for the years ended 2020 and 2019 and are comprised of capital assets net of accumulated depreciation and long term debt related to those capital assets. Unrestricted net position (deficit) was \$(6,221,686) in 2020 as a result of recording the net pension liability and OPEB liability. The unrestricted net position was a deficit of \$(3,433,466) at September 30, 2019 as a result of recording the District's net pension liability and OPEB liability.

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2020

The following schedule reports the revenues, expenses, and changes in net position for the District for fiscal years ended September 30:

Revenues:	<u>2019</u>	<u>2020</u>
General Revenues		
Non Ad Valorem Assessment	\$ 15,596,922	\$ 17,149,965
Miscellaneous		
Interest	425,121	285,992
Impact Fees	63,455	28,112
Other	764,861	335,772
Program Revenues		
Charges for services		
Ambulance	2,195,859	2,213,258
Inspection Fees	43,861	53,123
Operating and capital grants	990,864	701,860
Total Revenues	<u>20,080,943</u>	<u>20,768,082</u>
Expenses:		
Public Safety - Fire and Rescue Services	<u>20,448,692</u>	<u>23,014,917</u>
Increase (Decrease) in net position	(367,749)	(2,246,835)
Net Position – Beginning	<u>7,809,090</u>	<u>7,441,341</u>
Net Position - Ending	<u>\$ 7,441,341</u>	<u>\$ 5,194,506</u>

Total revenues increased \$1,730,696 and \$687,139 or 9% and 3% for the fiscal years ended 2019 and 2020, respectively. Total expenses increased \$2,300,062 and \$2,566,225 or 13% and 13% for fiscal years ended 2019 and 2020, respectively.

The unearned revenue balances for impact fees at September 30, 2019 and 2020 were \$806,905 and \$1,513,154, respectively. This balance consists of impact fees collected by the District but not yet spent for capital improvements.

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2020

## BUDGETARY HIGHLIGHTS

The following is a brief review of the FY20 budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 54-58). The final budget had a total overall increase due to: the increase in the cash brought forward balance and an increase in the assigned Capital balance. Budget changes can be briefly summarized as follows:

- The (General Fund) budgeted cash brought forward increased by \$4,079,216.
- Budgeted capital outlay for construction was increased by \$1,542,423.
- Budgeted operating expenses were increased by \$2,970,768.

General Fund budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 54-58. No major variances from budgeted amounts were noted.

## CAPITAL ASSETS

Non-depreciable capital assets include land and construction in progress. Depreciable assets include buildings, improvements other than buildings, vehicles, equipment, furniture and fixtures.

The following is a schedule of the District's capital assets as of September 30:

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2020

Capital Assets	2019	2020
Land	\$ 807,173	\$ 870,173
Construction in progress	1,523,374	359,740
Buildings	8,619,771	13,897,486
Improvements other than buildings	195,696	195,696
Equipment	2,951,532	2,735,890
Vehicles	8,479,028	9,373,992
Total Capital Assets	<u>22,603,574</u>	<u>27,432,977</u>
Accumulated Depreciation		
Buildings	(2,565,276)	(2,847,336)
Improvements other than buildings	(155,965)	(159,689)
Equipment	(1,779,017)	(1,627,786)
Vehicles	(6,847,804)	(7,000,271)
Total accumulated depreciation	<u>(11,348,062)</u>	<u>(11,635,082)</u>
Capital Assets, Net	<u>\$ 11,255,512</u>	<u>\$ 15,797,895</u>

The District's major purchases consisted of beginning construction/rehab of 3 stations damaged by Hurricane Irma during the year ended September 30, 2019. In addition, a deposit of \$1,084,000 was made for two pumper trucks.

During the year ended September 30, 2020, the District completed re-construction of stations 101 and 103. Initial site work and pre-construction activities are occurring on station 103, the admin/logistics center and new station 106.

Additional information on the District's capital assets can be found in Note I.

## LONG TERM LIABILITIES

The following is a schedule of the District's outstanding long term liabilities as of September 30:

	2019	2020
Net Pension Liability - FRS	\$ 18,155,407	\$ 23,728,849
Net Pension Liability - HIS	2,870,505	3,179,108
Compensated Absences	670,699	850,658
Net OPEB Obligation	2,455,132	2,722,897
Loans Payable	10,057,729	9,331,425
	<u>\$ 34,209,472</u>	<u>\$ 39,812,937</u>

# **LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**

Management's Discussion and Analysis

September 30, 2020

The net pension liability related to the District's participation in the State's Retirement Plan (FRS) and (HIS) increased by \$5,882,045.

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

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

- The District held a successful referendum on August 8, 2020 to amend its method of non-ad valorem assessment which will allow the District to better plan for growth. The new simplified fire assessment method is expected to generate Fire Assessments (Non-Ad Valorem Assessment) budget at \$24,585,788.
- The District intends to take delivery of the two rescue units ordered in FY 20.
- The District intends to acquire land for future stations.
- The District expects to complete construction of stations 106 and 102 as well as the admin/logistics center.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances for its residents and creditors. Questions concerning this report or requests for additional financial information should be directed to:

Robert DiLallo, Fire Chief  
636 Thomas Sherwin Ave. S  
Lehigh Acres, FL 33974  
(239) 303-5300

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF NET POSITION**  
**September 30, 2020**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 5,075,767
Cash and cash equivalents - restricted	6,232,927
Investments	10,531,650
Receivables, net	223,944
Due from other governments	420,870
Deposits	<u>598,774</u>
Total current assets	<u>23,083,932</u>
Noncurrent assets:	
Capital assets:	
Land	870,173
Construction in progress	359,740
Depreciable buildings, vehicles, and equipment (net of \$11,635,082 accumulated depreciation)	<u>14,567,982</u>
Total noncurrent assets	<u>15,797,895</u>
<b>TOTAL ASSETS</b>	<u><b>38,881,827</b></u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>9,280,398</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	629,283
Accrued expenses	556,820
Retainage payable	-
Unearned revenue - impact fees	1,513,154
Current portion of long-term obligations	<u>773,581</u>
Total current liabilities	3,472,838
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>39,039,356</u>
<b>TOTAL LIABILITIES</b>	<u><b>42,512,194</b></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>455,525</u>
 <b>NET POSITION</b>	
Net investment in capital assets	11,416,192
Unrestricted (deficit)	<u>(6,221,686)</u>
<b>TOTAL NET POSITION</b>	<u><b>\$ 5,194,506</b></u>

The accompanying notes are an integral part of this statement.



**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2020**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 18,467,261
Operating expenses	3,023,891
Depreciation	1,174,142
Interest and fiscal charges	349,623
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>23,014,917</u>
 <b>PROGRAM REVENUES</b>	
Charges for services	
Ambulance	2,213,258
Inspection fees	53,123
Fire prevention fees	-
Operating grants	580,070
Capital grants	10,000
TOTAL PROGRAM REVENUES	<u>2,856,451</u>
NET PROGRAM EXPENSES	<u>20,158,466</u>
 <b>GENERAL REVENUES</b>	
Non ad valorem assessment	17,149,965
Impact fees	28,112
Interest	285,992
Other financial assistance - CARES Act	111,790
Gain on disposition of capital assets	1,936
Other	333,836
TOTAL GENERAL REVENUES	<u>17,911,631</u>
INCREASE (DECREASE) IN NET POSITION	(2,246,835)
<b>NET POSITION - Beginning of the year</b>	<u>7,441,341</u>
<b>NET POSITION - End of the year</b>	<u>\$ 5,194,506</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**September 30, 2020**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,075,767	\$ -	\$ 5,075,767
Cash and cash equivalents - restricted	4,949,722	1,283,205	6,232,927
Investments	10,531,650	-	10,531,650
Receivables, net	223,944	-	223,944
Due from other governments	185,984	234,886	420,870
Due from other funds	2,261,782	-	2,261,782
Deposits	<u>598,774</u>	<u>-</u>	<u>598,774</u>
TOTAL ASSETS	<u>\$ 23,827,623</u>	<u>\$ 1,518,091</u>	<u>\$ 25,345,714</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 624,346	\$ 4,937	\$ 629,283
Accrued expenses	556,820	-	556,820
Retainage payable	-	-	-
Due to other funds	-	2,261,782	2,261,782
Unearned revenue	<u>-</u>	<u>1,513,154</u>	<u>1,513,154</u>
TOTAL LIABILITIES	<u>1,181,166</u>	<u>3,779,873</u>	<u>4,961,039</u>
 <b>FUND BALANCE (DEFICIT)</b>			
Nonspendable	2,860,556	(2,261,782)	598,774
Restricted	3,951,322	-	3,951,322
Assigned	13,553,929	-	13,553,929
Unassigned	<u>2,280,650</u>	<u>-</u>	<u>2,280,650</u>
TOTAL FUND BALANCE (DEFICIT)	<u>22,646,457</u>	<u>(2,261,782)</u>	<u>20,384,675</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 23,827,623</u>	<u>\$ 1,518,091</u>	<u>\$ 25,345,714</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL**  
**FUNDS TO THE STATEMENT OF NET POSITION**  
**September 30, 2020**

	<u>Amount</u>	
Total fund balance for governmental funds	\$ 20,384,675	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated		
Land		870,173
Construction in progress (CIP)		359,740
Capital assets being depreciated:		
Building, vehicles, and equipment	26,203,064	
Less accumulated depreciation	<u>(11,635,082)</u>	
		14,567,982
Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	9,049,965	
Deferred outflows related to OPEB	<u>230,433</u>	
		9,280,398
Deferred inflows related to pensions	(279,781)	
Deferred inflows related to OPEB	<u>(175,744)</u>	
		(455,525)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability - FRS	(23,728,849)	
Net pension liability - HIS	(3,179,108)	
Compensated absences	(850,658)	
Loan payable (5 vehicles)	(261,137)	
Loan payable (2 pumpers)	(946,383)	
Loan payable (construction)	(8,123,905)	
Net OPEB obligation	<u>(2,722,897)</u>	
		(39,812,937)
Elimination of interfund amounts:		
Due to other funds	(2,261,782)	
Due from other funds	<u>2,261,782</u>	
		-
Total net position of governmental activities		<u><u>\$ 5,194,506</u></u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2020**

	General Fund	Impact Fee Fund	Total Governmental Funds
<b>REVENUES</b>			
Non ad valorem assessment	\$ 17,149,965	\$ -	\$ 17,149,965
Impact fees	-	28,112	28,112
Intergovernmental revenue:			
Grants	10,000	-	10,000
F/F supplemental income	30,542	-	30,542
Other government revenue	549,528	-	549,528
Charges for services - ambulance	2,213,258	-	2,213,258
Inspection fees	53,123	-	53,123
Fire prevention fees	-	-	-
Interest income	280,378	5,614	285,992
Other income:			
Insurance proceeds	3,767	-	3,767
Donations	-	-	-
Miscellaneous	330,069	-	330,069
TOTAL REVENUES	<u>20,620,630</u>	<u>33,726</u>	<u>20,654,356</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	14,791,089	-	14,791,089
Operating expenditures	3,023,891	-	3,023,891
Capital outlay	5,684,438	33,726	5,718,164
Debt service			
Principal reduction	726,304	-	726,304
Interest and fiscal charges	349,623	-	349,623
TOTAL EXPENDITURES	<u>24,575,345</u>	<u>33,726</u>	<u>24,609,071</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(3,954,715)	-	(3,954,715)
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from disposition of capital assets	3,575	-	3,575
Other financial assistance - CARES Act	111,790	-	111,790
TOTAL OTHER FINANCING SOURCES	<u>115,365</u>	<u>-</u>	<u>115,365</u>
NET CHANGE IN FUND BALANCE	(3,839,350)	-	(3,839,350)
FUND BALANCE (DEFICIT) - Beginning of the year	<u>26,485,807</u>	<u>(2,261,782)</u>	<u>24,224,025</u>
FUND BALANCE (DEFICIT) - End of the year	<u>\$ 22,646,457</u>	<u>\$ (2,261,782)</u>	<u>\$ 20,384,675</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES**

**Year Ended September 30, 2020**

	<u>Amount</u>
Net change (excess of revenues and other financing sources over (under) expenditures and other financing uses) in fund balance - total governmental funds	\$ (3,839,350)

The increase in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, the gain/loss on the sale of capital assets is recorded on the Statement of Activities but not in the governmental funds.

Plus: expenditures for capital assets	5,718,164	
Less: proceeds from disposition of capital assets	(3,575)	
Less: current year depreciation	(1,174,142)	
Plus: gain on disposition of capital assets	<u>1,936</u>	
		4,542,383

The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.

Repayments (principal retirement):		
Loan payable (5 vehicles)	119,568	
Loan payable (2 pumpers)	137,617	
Loan payable (construction)	<u>469,119</u>	
		726,304

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(Increase) decrease in net pension liability - FRS	(5,573,442)	
(Increase) decrease in net pension liability - HIS	(308,603)	
Increase (decrease) in deferred outflows - Pensions	1,157,714	
(Increase) decrease in deferred inflows - Pensions	1,296,779	
Net (increase) decrease in compensated absences	(179,959)	
(Increase) decrease in net OPEB liability	(267,765)	
Increase (decrease) in deferred outflows - OPEB	182,601	
(Increase) decrease in deferred inflows - OPEB	<u>16,503</u>	
		<u>(3,676,172)</u>
Increase (decrease) in net position of governmental activities		<u>\$ (2,246,835)</u>

The accompanying notes are an integral part of this statement.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Lehigh Acres Fire Control and Rescue District (the "District") is an independent special taxing district established May 23, 1963 by Laws of Florida, Chapter 63-1546. Laws of Florida, Chapter 2000-406 codified, reenacted, amended and repealed its prior enabling acts and was effective July 3, 2000. The District adopted Resolution 15-05-01 which provided for the District to convert its revenue generation from ad valorem based taxation to non-ad valorem assessment (fire assessment fee) based taxation (F.S. Chapter 197.3632) and set the assessment amounts. This change was initially effective for the year ended September 30, 2016. The District's codification was further amended by Laws of Florida, Chapter 2017-210 which released a small portion of the District's service area to another fire district in closer proximity to the specified area. The District has the general and special powers prescribed by Florida Statutes, Chapters 189, 191, 200 and 633.15, as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services, as well as crash and rescue services, for a certain unincorporated designated area in northeastern Lee County, Florida known as Lehigh Acres. The District also provides emergency medical and rescue services, including transport (ambulance) services. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District operates five (5) station houses.

**Summary of Significant Accounting Policies**

The following is a summary of the significant accounting policies used in the preparation of these basic financial statements.

**Reporting Entity**

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39) and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and 34" (GASB 61). These statements require the basic financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included or included in the District's basic financial statements.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Government-Wide Financial Statements**

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions" (GASB 33).

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

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

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Government-Wide Financial Statements, continued**

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspection, ambulance and fire prevention fees, as well as operating and capital grants.

**Fund Financial Statements**

The District adheres to GASB No. 54 , "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54).

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

Fund financial statements for the District's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds, in aggregate, for governmental funds.

**Governmental Funds**

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

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34). The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.



**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Governmental Funds, continued**

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns on the fund financial statements.

**Measurement Focus and Basis of Accounting**

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual are fire assessment fees, interest on investments, and intergovernmental revenues. Fire assessment fees are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Measurement Focus and Basis of Accounting, continued**

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

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

**Non-Current Government Assets/Liabilities**

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

**Major Funds**

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The Impact Fee Fund consists of fees imposed and collected by Lee County based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures associated with growth within the District.

**Budgetary Information**

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

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Cash and Investments**

According to Board Resolution 2002-01-01 (consistent with Florida Statute, Chapter 218.415(17)), the District may invest in the following instruments:

- a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act, as provided in Section 163.01, Florida Statutes.
- b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- c) Interest-bearing time deposits or savings accounts (money market accounts noted as "public") in qualified public depositories, as defined in Section 280.02, Florida Statutes.
- d) Direct obligations of the U.S. Treasury.

The District adheres to the requirements of Governmental Accounting Standards Board Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB 31), in which all investments are reported at fair value.

**Capital Assets**

Capital assets, which include land, construction in progress, buildings, improvements, vehicles, equipment and furniture are reported in the government-wide financial statements in the Statement of Net Position.

The District follows a capitalization policy which calls for capitalization of all tangible assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

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

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Capital Assets, continued**

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

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

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

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

<u>Asset</u>	<u>Years</u>
Buildings	10-50
Improvements other than buildings	10-50
Equipment and furniture	3-20
Vehicles	6-15

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Budgets and Budgetary Accounting**

The District adopted an annual budget for the General Fund and the Impact Fee Fund.

The District follows these procedures in establishing budgetary data for the General and Impact Fee Funds:

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

General Fund budget amendments were approved during the fiscal year ended September 30, 2020. Budget amendments increased the total budgeted revenues and expenditures in the General Fund by \$4,513,191. No budget amendments were approved for the Impact Fee Fund.

**Impact Fees/Unearned Revenue**

Through an inter-local agreement, the District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by Lee County and remitted to the District. The fee is refundable if not expended by the District within twenty (20) years from the date of collection. The District, therefore, records this fee as restricted cash and as unearned revenue until the date of expenditure, at which time it is recognized as revenue and charged to capital outlay

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Impact Fees/Unearned Revenue, continued**

or debt service in the fund financial statements and capital assets or liability reduction and interest charges in the government-wide financial statements. During the year ended September 30, 2008, the Impact Fee Fund borrowed \$2,659,280 (net) from the General Fund to extinguish long term debt. The District's Impact Fee Fund has been paying the General Fund as such fees are collected and as directed by the Board. At September 30, 2020, the Impact Fee Fund reflects a deficit fund balance of \$2,261,782 including an amount due the General Fund of \$2,261,782. It is the District's intent to collect and retain impact fees to repay the loan.

**Due To/From Other Funds**

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

**Due From Other Governments**

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

**Compensated Absences**

The District's employees accumulate annual leave based on the number of years of continuous service. Upon termination of employment, employees can receive payment of accumulated annual leave if certain criteria are met. The costs of vacation and sick leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued vacation and personal leave benefits is recorded in the government-wide Statement of Net Position.

**Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District because at present, it is not necessary in order to assure effective budgetary control or to facilitate effective cash planning and control.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Management Estimates**

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

**Net Position**

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

**Fund Balances**

The governmental fund financial statements of the District include nonspendable, assigned and unassigned fund balances. Nonspendable fund balances are those that cannot be spent because they are either (a) not in spendable form such as the loan receivable from the impact fee fund (not expected to be repaid in the near term) or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses.

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2020, fund balance is also assigned for a variety of specific items by District Board action. Any use or change of the assigned fund balance requires the District's Board approval.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES, CONTINUED**

**Interfund Transactions**

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

**Pensions**

In the government-wide Statement of Net Position, liabilities are recognized for the District's proportionate share of each pension plan's net pension liability as required by GASB 68. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments, (including refunds of employees contributions) are recognized when due and payable in accordance with the benefit terms.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred amount on pensions and OPEB is reported only in the government-wide Statement of Net Position. The deferred outflows of resources related to pensions and OPEB are discussed in subsequent notes.



**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Deferred Outflows/Inflows of Resources, continued**

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amount on pension and OPEB is reported only in the government-wide Statement of Net Position. A deferred amount on pension and OPEB results from the difference in the expected and actual amounts of experience, earnings, and contributions. This amount is deferred and amortized over the service life of all employees that are provided with benefits through these plans, except earnings which are amortized over five to seven years.

**Subsequent Events**

Subsequent events have been evaluated through February 11, 2021, which is the date the financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

At September 30, 2020, cash and cash equivalents were \$11,308,694, which included restricted cash of \$6,232,927 comprised of \$1,283,205 impact fees (Impact Fee Fund), which are restricted for capital asset acquisition and/or improvement due to growth within the District and repayment of a loan from the General Fund and \$4,949,722 in the General Fund. The General Fund restricted cash consists of proceeds of \$3,951,322 in the General Fund from a construction loan which are restricted for construction related costs (restricted fund balance) and a debt reserve of \$998,400 for the construction and engine loans.

**Deposits**

At September 30, 2020, the carrying amount of the District's deposits were \$10,025,489 in the General Fund and the bank balance was \$10,032,063. The bank balance consists of \$9,139,547 in demand deposits and \$892,516 in certificates of deposit. At September 30, 2020, the carrying amount and the bank balance of the District's deposits were \$1,283,205 in the Impact Fee Fund. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE C - INVESTMENTS**

Florida Statutes and the District's investment policy authorize investments in the Florida Fixed Income Trust (FL FIT). Specifically, the District's investment policy is consistent with Florida Statutes, Chapter 218.415(17). At September 30, 2020, the District's investments in the FL FIT-Cash Pool (CP) consist of the following:

	Cost Basis	Fair Value (NAV)/ Carrying Amount
	<u>          </u>	<u>          </u>
<u>General Fund</u>		
Florida Fixed Income Trust		
FL FIT - Cash Pool (CP)	\$ 10,531,650	\$ 10,531,650
Total investments - General Fund	<u>\$ 10,531,650</u>	<u>\$ 10,531,650</u>

The Florida Fixed Income Trust (FL FIT) Cash Pool (CP) was established in accordance with Florida Statute 163.01 to provide local and state government entities access to diversified, high credit quality strategies for their cash reserves. The Florida Fixed Income Trust (FL FIT) Cash Pool is a floating net asset value (NAV) pool, managed to dollar-in/dollar-out and provides same day liquidity for participants.

The Florida Fixed Income Trust (FL FIT) Cash Pool (CP) is an external 2a7-like investment pool, which is self administered. The Florida Fixed Income Trust (FL FIT) Cash Pool (CP) is not categorized as it is not evidenced by securities that exist in physical or book entry form. The Florida Fixed Income Trust (FL FIT) Cash Pool are stated at a net asset value (NAV) which approximates fair value, NAV = \$1.00. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying an investment will decline and lose value.

FL FIT is not required to register (and has not registered) with the SEC; however, the fund is an external investment pool that has historically adopted operating procedures consistent with those required by Florida Statutes.

The District's investment in the Florida Fixed Income Trust (FL FIT) Cash Pool (CP) represented approximately 1.0% of the Fund's total investments.

At September 30, 2020, the Cash Pool's investments consisted of the following: 40% with commercial paper; 6% with institutional money market deposits and mutual funds; 54% with certificates of deposit.

**NOTE C - INVESTMENTS, CONTINUED**

These short-term investments are stated at fair value. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

The District adheres to GASB Statement No. 79 and where the Fund meets the criteria to make GASB Statement No. 31 which requires the following disclosures related to its FL FIT Cash Pool investment:

Limitation on Participant Contributions and Withdrawals: FL FIT-Cash Pool has no limitations or restrictions on participant withdrawals, does not charge liquidity fees, and has not put in place a redemption gate. Each participant has the ability to withdraw 100 percent of its account balance any business day that the Investment Advisor is open for trading. The Investment Advisor is open for trading, and the funds will settle on the trading date for trades placed prior to 2:00 PM Eastern Time, and trade date plus one business day (T+1) for trades placed after 2:00 PM Eastern Time.

Investment Income, Unrealized Gains/Losses, and Realized Gains/Losses: FL FIT-Cash Pool follows industry practice and records security transactions on a trade date basis. Dividend and interest income is recognized on an accrual basis. Net investment income is distributed to participants at least monthly. Unrealized and realized gains and losses, if any, are distributed to participants on a daily and monthly basis. Distributions to participants are recorded on the ex-dividend date.

Valuation: Fair value of the investments in the FL FIT-Cash Pool is determined on a daily basis. Fair value increases and decreases are included in the change in unrealized gains and losses during the period. Net realized gains and losses on sales of securities are computed based on specific identification. Mutual fund securities are recorded at fair value as determined by using net position value as furnished by a pricing service and the number of shares owned.

Redemption Gates: Per the Administrator there are no redemption gates.

Liquidity Fees: Per the Administrator there are no liquidity fees.

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

Fair Value: The carrying value of the investments held by the District approximate fair value. However, it is the opinion of the management of Florida Fixed Income Trust (FL FIT) it is exempt from GASB Statement No.72 financial hierarchy disclosures.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE C - INVESTMENTS, CONTINUED**

Foreign Currency Risk: Florida Fixed Income Trust (FL FIT) Cash Pool was not exposed to foreign currency risk during the year ended September 30, 2020.

Securities Lending: Florida Fixed Income Trust (FL FIT) Cash Pool did not participate in securities lending program during the period October 1, 2019 through September 30, 2020.

Florida Fixed Income Trust (FL FIT) Cash Pool does provide separate audited financial statements for the year ended June 30, 2020.

At September 30, 2020, the District reported Florida Fixed Income Trust (FL FIT) Cash Pool investments of \$10,531,650. The Florida Fixed Income Trust (FL FIT) Cash Pool carried a credit rating of AAAs/S1 by Fitch Rating and had a dollar weighted average days to maturity (WAM) of 127 days at September 30, 2020. The Cash Pool's duration is as follows: expected target duration 0-.5 years; effective duration of .25 years. Rule 2a7 allows funds to use a constant of \$1.00 per share.

**NOTE D - RECEIVABLES**

Receivables consist of the following at September 30, 2020:

	Ambulance User Fees	Inspection Fees	Totals
Accounts receivable	\$ 4,915,287	\$ 9,932	\$ 4,925,219
Less: allowance for doubtful accounts	<u>(4,701,275)</u>	<u>-</u>	<u>(4,701,275)</u>
Receivables - net	<u>\$ 214,012</u>	<u>\$ 9,932</u>	<u>\$ 223,944</u>

The allowance for doubtful accounts on ambulance billings is computed by management based on historical experience rates. The aforementioned allowance total at September 30, 2020, includes estimated uncollectible balances and Medicare and Medicaid adjustments.

**NOTE E - DEPOSITS**

Deposits as of September 30, 2020, in the amount of \$598,774, represents the deposit payment for two (2) ambulances to be delivered upon acceptance in the subsequent fiscal year. The deposits balance is also reflected as nonspendable fund balance in the General Fund.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE F - DUE TO/FROM OTHER FUNDS**

Interfund receivables and payables at September 30, 2020, are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund:		
Impact Fee Fund	\$ 2,261,782	\$ -
Total General Fund	<u>2,261,782</u>	<u>-</u>
Impact Fee Fund:		
General Fund	-	2,261,782
Total Impact Fee Fund	<u>-</u>	<u>2,261,782</u>
Totals	<u>\$ 2,261,782</u>	<u>\$ 2,261,782</u>

**NOTE G - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments consist of the following at September 30, 2020:

	<u>Amount</u>
General Fund:	
Annual fire assessment fees including excess fees	\$ 63,007
Annual fire assessment interest	11,187
Grant Revenue	111,790
	<u>185,984</u>
Impact Fee Fund:	
Impact fees	234,886
Totals	<u>\$ 420,870</u>

**NOTE H - IMPACT FEE FUND ACTIVITY**

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

	<u>Amount</u>
Unearned revenue, October 1, 2019	\$ 806,905
Impact fee receipts	499,475
Due from other governments	234,886
Interest receipts	5,614
Capital outlay	(33,726)
Reduction (repayment) of due to general fund	-
Unearned revenue, September 30, 2020	<u>\$ 1,513,154</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE I - CAPITAL ASSETS ACTIVITY**

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

	Balance October 1 2019	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2020
Capital Assets Not Being Depreciated:					
Land	\$ 870,173	\$ -	\$ -	\$ -	\$ 870,173
Construction in progress	<u>1,523,374</u>	<u>125,302</u>	<u>-</u>	<u>(1,288,936)</u>	<u>359,740</u>
Total Capital Assets Not Being Depreciated	<u>2,393,547</u>	<u>125,302</u>	<u>-</u>	<u>(1,288,936)</u>	<u>1,229,913</u>
Capital Assets Being Depreciated:					
Buildings	8,619,771	3,988,779	-	1,288,936	13,897,486
Improvements other than buildings	195,696	-	-	-	195,696
Equipment and furniture	2,915,532	184,573	(364,215)	-	2,735,890
Vehicles	<u>8,479,028</u>	<u>1,419,510</u>	<u>(524,546)</u>	<u>-</u>	<u>9,373,992</u>
Total Capital Assets Being Depreciated	<u>20,210,027</u>	<u>5,592,862</u>	<u>(888,761)</u>	<u>1,288,936</u>	<u>26,203,064</u>
Less Accumulated Depreciation:					
Buildings	(2,565,276)	(282,060)	-	-	(2,847,336)
Improvements other than buildings	(155,965)	(3,724)	-	-	(159,689)
Equipment and furniture	(1,779,017)	(211,394)	362,625	-	(1,627,786)
Vehicles	<u>(6,847,804)</u>	<u>(676,964)</u>	<u>524,497</u>	<u>-</u>	<u>(7,000,271)</u>
Total Accumulated Depreciation	<u>(11,348,062)</u>	<u>(1,174,142)</u>	<u>887,122</u>	<u>-</u>	<u>(11,635,082)</u>
Total Capital Assets Being Depreciated, Net	<u>8,861,965</u>	<u>4,418,720</u>	<u>(1,639)</u>	<u>1,288,936</u>	<u>14,567,982</u>
Capital Assets, Net	<u>\$11,255,512</u>	<u>\$ 4,544,022</u>	<u>\$ (1,639)</u>	<u>\$ -</u>	<u>15,797,895</u>
				Related debt	<u>(4,381,703)</u>
				Net investment in capital assets	<u>\$ 11,416,192</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE I - CAPITAL ASSETS ACTIVITY, CONTINUED**

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

	<u>Amount</u>
General Government	
Total Depreciation Expense	<u>\$ 1,174,142</u>

**NOTE J - LONG-TERM LIABILITIES**

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

	Balance October 1 2019	Additions	Retirements / Adjustments	Balance September 30 2020	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 18,155,407	\$ 5,573,442	\$ -	\$ 23,728,849	\$ -
Net Pension Liability - HIS	2,870,505	308,603	-	3,179,108	-
Compensated Absences	670,699	179,959	-	850,658	-
Loan payable (5 vehicles)	380,705	-	(119,568)	261,137	123,285
Loan payable (2 pumpers)	1,084,000	-	(137,617)	946,383	165,354
Loan payable (construction)	8,593,024	-	(469,119)	8,123,905	484,942
Net OPEB liability	2,455,132	267,765	-	2,722,897	-
	<u>\$ 34,209,472</u>	<u>\$ 6,329,769</u>	<u>\$ (726,304)</u>	<u>\$ 39,812,937</u>	<u>\$ 773,581</u>

Long-term liabilities is comprised of the following at September 30, 2020:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 23,728,849
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	3,179,108
Compensated absences, employees of the District are entitled to paid leave (sick and vacation) based on length of service and job classification.	850,658
\$600,000 loan payable monthly, for 60 months to a financial institution in the amount of \$10,793 including fixed interest at 3% to finance the purchase of five (5) vehicles and equipment. Final payment is due October 30, 2022. The note is collateralized by ambulance fees of the District.	261,137

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE J - LONG-TERM LIABILITIES, CONTINUED**

\$1,084,000 loan payable monthly, for 76 months to a financial institution in the amount of \$16,111 including fixed interest at 3.21% to finance the purchase of two (2) pumpers. The loan is collateralized by all ambulance revenue. Final payment is due January 1, 2026.	946,383
\$8,900,000 loan payable semi-annually, for 15 years to a financial institution in the amount of \$376,545 including fixed interest at 3.35% to finance construction and rehab costs for stations. This loan is collateralized by all ambulance revenue. Final payment is due December 1, 2033.	8,123,905
Net OPEB liability - GASB #75 actuarially determined.	<u>2,722,897</u>
Total Long-Term Liabilities	39,812,937
Current Portion	<u>(773,581)</u>
Noncurrent Portion	<u>\$ 39,039,356</u>

The loan agreements contain certain provisions and restrictive covenants including debt service reserve account. The District was in compliance with these covenants at September 30, 2020.

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

Years Ending September 30	Total Principal	Total Interest	Total
2021	\$ 773,581	\$ 302,347	\$ 1,075,928
2022	799,153	276,775	1,075,928
2023	705,326	251,881	957,207
2024	717,813	228,603	946,416
2025	741,843	204,573	946,416
2026-2030	3,126,896	702,942	3,829,838
2031-2034	<u>2,466,813</u>	<u>168,057</u>	<u>2,634,870</u>
Total notes payable	9,331,425	2,135,178	11,466,603
Net Pension Obligation - FRS	23,728,849	-	23,728,849
Net Pension Obligation - HIS	3,179,108	-	3,179,108
Compensated Absences	850,658	-	850,658
Net OPEB Liability	<u>2,722,897</u>	-	<u>2,722,897</u>
	<u>\$ 39,812,937</u>	<u>\$ 2,135,178</u>	<u>\$ 41,948,115</u>

Interest expense related to the notes payable for the year ended September 30, 2020 was \$349,623.



**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN**

**General Information about the Florida Retirement System**

The Florida Retirement System ("FRS") was created in Chapter 121, Florida Statutes. The FRS was created to provide a defined benefit pension plan ("Pension Plan") for participating public employees. All District employees are participants in the Statewide Florida Retirement System (FRS) under authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide an integrated defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a separate cost-sharing, multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance.

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2020, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's total pension expense, \$5,652,976 for the year ended September 30, 2020, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$2,225,424, \$2,041,826 and \$1,828,684 for the years ended September 30, 2020, 2019 and 2018, respectively. The District contributed 100% of the required contributions.

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN**

**FRS Pension Plan**

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

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

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

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for those members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans (Pension and HIS) may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

The following chart shows the percentage value of each year of service credit earned:

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

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

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

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

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

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/19 - 6/30/20.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/20 - 6/30/21.

\* As defined by the Plan.

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan.** At

September 30, 2020, the District reported an FRS pension liability of \$23,728,849 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net pension liability was based on the District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At September 30, 2020, the District's proportionate share was .054748598 percent, which was an increase of .002030419 percent from its proportionate share measure as of September 30, 2019.

For the year ended September 30, 2020, the District recognized pension expense of \$5,257,268. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 908,151	\$ -
Change of assumptions	4,295,677	-
Net difference between projected and actual earnings on pension plan investments	1,412,838	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,220,833	35,389
District contributions subsequent to the measurement date	488,948	-
Total	<u>\$ 8,326,447</u>	<u>\$ 35,389</u>

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

The deferred outflows of resources related to the pensions, totaling \$488,948, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 5.9 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2021	\$ 1,657,144
2022	1,657,144
2023	1,657,144
2024	1,657,142
2025	1,303,934
Thereafter	<u>(130,398)</u>
Total	<u>\$ 7,802,110</u>

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

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

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

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

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	<u>4.4%</u>	5.5%	5.3%	6.9%
Total	<u>100%</u>			
Assumed inflation - Mean		2.4%		1.7%

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

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

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

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS Pension Plan, continued**

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability	<u>\$ 37,890,984</u>	<u>\$ 23,728,849</u>	<u>\$ 11,900,572</u>

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

The FRS CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
 Division of Retirement  
 Bureau of Research and Member Communications  
 P.O. Box 9000  
 Tallahassee, FL 32315-9000

850-488-5706 or toll free at 877-377-1737

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2020, the District reported a payable of \$219,524 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2020.



**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan**

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

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

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

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan.** At September 30, 2020, the District reported a HIS liability of \$3,179,108 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net HIS liability was based on the

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan, continued**

District's 2019-20 fiscal year contributions relative to the total 2019-20 fiscal year contributions of all participating members. At September 30, 2020, the District's proportionate share was .026037268 percent, which was an increase of .000382559 percent from its proportionate share measured as of September 30, 2019.

For the fiscal year ended September 30, 2020, the District recognized HIS expense of \$395,708. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 130,045	\$ 2,452
Change of assumptions	341,844	184,853
Net difference between projected and actual earnings on HIS pension plan investments	2,538	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	206,786	57,087
District contributions subsequent to the measurement date	<u>42,305</u>	<u>-</u>
Total	<u>\$ 723,518</u>	<u>\$ 244,392</u>

The deferred outflows of resources related to HIS, totaling \$42,305, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 7.2 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2021	\$ 70,681
2022	70,681
2023	70,681
2024	70,679
2025	70,046
Thereafter	<u>84,053</u>
Total	<u>\$ 436,821</u>

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan, continued**

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

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

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

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

**Discount Rate.** The discount rate used to measure the total HIS liability was 2.21 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
District's proportionate share of the net HIS liability	<u>\$ 3,674,907</u>	<u>\$ 3,179,108</u>	<u>\$ 2,773,298</u>

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**HIS Plan, continued**

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

The FRS CAFR and actuarial reports may also be obtained by contacting the Division of Retirement at:

Department of Management Services  
Division of Retirement  
Bureau of Research and Member Communications  
P.O. Box 9000  
Tallahassee, FL 32315-9000

850-488-5706 or toll free at 877-377-1737

[http://www.dms.myflorida.com/workforce\\_operations/retirement/publications](http://www.dms.myflorida.com/workforce_operations/retirement/publications)

**Payables to the Pension Plan.** At September 30, 2020, the District reported a payable of \$16,523 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2020.

**FRS - Defined Contribution Pension Plan**

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

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

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS - Defined Contribution Pension Plan, continued**

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

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

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/19 - 6/30/20.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/20 - 6/30/21.

\* As defined by the Plan.

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

**NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED**

**FRS - Defined Contribution Pension Plan, continued**

forfeit the accumulated account balance. For the fiscal year ended September 30, 2020, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$484,597 for the fiscal year ended September 30, 2020.

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

**NOTE L - NON AD VALOREM ASSESSMENTS (FIRE ASSESSMENTS)**

Non ad valorem fire assessments are levied under Florida Statute 197.3631 after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on fire assessments are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid fire assessments and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all fire assessments is performed for the District by the Lee County Tax Collector. No accrual for the fire assessments becoming due in November 2020, is included in the accompanying basic financial statements, since such assessments are collected to finance expenditures of the subsequent period.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE L - NON AD VALOREM ASSESSMENTS (FIRE ASSESSMENTS), CONTINUED**

Procedures for collecting delinquent fire assessments, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after fire assessments become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2020, \$63,007 was due from the Lee County Tax Collector to the District for fire assessments.

Important dates in the property tax cycle are as follows:

Assessment roll certified	July 1
Fire Assessment resolution approved	No later than 93 days following certification of assessment roll
Assessments due and payable (Levy date)	November, with various discount provisions through March 31
Fire assessments payable - maximum discount (4 percent)	30 days after levy date
Beginning of fiscal year for which fees have been levied	October 1
Due date	March 31
Assessments become delinquent (lien date)	April 1
Tax certificates sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2020, the Board of Commissioners of the District levied an annual non ad valorem fire assessment (F.S.197.3631) at the following rates:

	<u>Amount</u>
Residential per dwelling	\$335.79
Industrial/warehouse	\$.06 per square foot
Institutional	\$.60 per square foot
Commercial	\$.39 per square foot
Vacant land	\$24.15 per acre

Landowners are also charged a \$1.45 fee for cost recovery for the tax collection fees as well as a \$5 fee to cover administrative fees.

The voter approved non ad valorem assessments (fire assessments) rather than ad valorem tax levy initially began for the year ended September 30, 2016.

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS  
(OPEB)**

Pursuant to the provisions of Section 112.08, Florida Statutes, the District's defined benefit single employer OPEB Plan provides the opportunity to obtain insurance (health, dental, life and vision) benefits to its retired employees. The District administers the OPEB Plan. The year ended September 30, 2018 was the District's transition year and as such, the District implemented GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB No. 75 requires the District annually record its actuarially determined total OPEB liability.

All retired full-time employees, with at least 20 years of credited service with the District, are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2020, there were twenty-eight (28) retirees eligible to receive benefits and twenty-one (21) retirees receiving these benefits. The benefits are provided both with contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays the retiree \$5 per month for each year of service except bargaining unit district #6 which is capped at \$125 per month. Certain limited exceptions to this general policy are permitted. Functionally, the District pays 100% of the participating retiree District health insurance premium coverage (single) and absorbs (explicit subsidy) the cost of the OPEB benefit noted above. The retiree reimburses the District for the balance of the health insurance premium. The retiree may purchase dependent coverage through the District. At age 65 the retiree then must move to Medicare but may continue to purchase life, dental and vision coverage through the District. Surviving spouses and beneficiaries are not eligible for the OPEB benefits. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. There is no separate trust for these benefits.

The District does provide a \$10,000 life insurance policy to all retirees without cost to the retiree. Retired Chiefs are provided a \$100,000 policy at 50% of its cost.

The retiree's premiums for these benefits totaled \$214,180 during the year ended September 30, 2020, of which the District paid \$40,134.



**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS  
(OPEB), CONTINUED**

**Funding Policy**

The District's OPEB benefits are unfunded. The District has not determined if a separate trust fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Therefore, no separate financial statement is issued. All required disclosures are presented herein.

The District obtained an actuarial valuation for its OPEB Plan to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years.

The District subsidizes the premium rates paid by retirees by allowing them to participate at blended premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, retiree claims are expected to result in higher costs to the plan on average than those of active employees.

**Actuarial Methods and Assumptions**

At September 30, 2020, the District's net OPEB liability of \$2,722,897 was measured as of September 30, 2019, and was determined by an actuarial valuation as of September 30, 2019. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Salary Increases	2.20%
Discount Rate	2.75% (2019) 3.83% (2018) (3.50% 2017)
Inflation Rate	2.40%
Health Care Trend	4.10%

Annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with an initial rate of 5.5% per year trending to 5.20% by 2050.

The discount rate was based on the 20 Year Municipal Bond Rate with AA/Aa or higher. (3.10 for 2017)

Entry age normal cost method was used.

The FRS salary scale was used.

Mortality rates were based on the RP-2000 Generational Healthy Mortality Table with scale MP-2017.

The actuarial assumptions used in the September 30, 2019 valuation were based on results of an actuarial experience study performed for the FRS Retirement Plan.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**  
**(OPEB), CONTINUED**

**Actuarial Methods and Assumptions, continued**

Measurement Date: September 30, 2019  
 Actuarial Valuation Date: September 30, 2019

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

**Changes in the Net OPEB Liability**

	<u>Amount</u>
Balance at September 30, 2019	\$ 2,455,132
Changes for the year:	
Service Cost	104,557
Interest	91,533
Change in benefit terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	202,136
Contributions from Employer	<u>(130,461)</u>
Net Changes	267,765
Balance at September 30, 2020	<u>\$ 2,722,897</u>

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	1.75%	2.75%	3.75%
Net OPEB Liability	\$ 2,912,945	\$ 2,722,897	\$ 2,541,522

**NOTE M - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), CONTINUED**

**Changes in the Net OPEB Liability, continued**

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	3.10%	4.10%	5.10%
Net OPEB Liability	\$ 2,446,134	\$ 2,722,897	\$ 3,031,308

For the year ended September 30, 2020, the District recognized OPEB expense credit of \$199,122. At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences Between Expected and Actual Experience	\$ 43,846	\$ -
Changes in Assumptions	186,587	175,744
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>\$ 230,433</u>	<u>\$ 175,744</u>

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

Year Ended September 30:	<u>Amount</u>
2021	\$ 3,032
2022	3,032
2023	3,032
2024	3,032
2025	3,032
Total Thereafter	<u>39,529</u>
	<u>\$ 54,689</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2020**

**NOTE N - FUND BALANCE**

Fund balance, in the General Fund, was categorized as follows at September 30, 2020:

Nonspendable fund balance	Amount	
Impact Fee Fund receivable	\$ 2,261,782	
Deposits	598,774	
Total Nonspendable Fund Balance	<u>\$ 2,860,556</u>	**
Restricted fund balance		
Construction related restricted cash	\$ 3,951,322	
	<u>\$ 3,951,322</u>	
Assigned fund balance	Amount	
Capital reserves	\$ 3,000,000	
Debt service	4,589,953	
Ninety (90) day carryforward	3,965,576	
Disaster reserves (30 day all-out)	1,000,000	
Loan payable - construction related debt reserve - restricted cash	890,000	
Loan payable - 2 engines related debt reserve - restricted cash	108,400	
Total Assigned Fund Balance	<u>\$ 13,553,929</u>	

\*\* Nonspendable fund balance includes deposits and monies previously expended by the General Fund on behalf of the Impact Fee Fund. The receivable amount of \$2,261,782 is owed to the General Fund at September 30, 2020 and is reflected in the Due To/From Other Funds. Since management does not anticipate any significant repayment of the balance due in the foreseeable future, this receivable serves to reduce the balance in the General Fund unassigned fund balance to reflect the reduction in General Fund cash and equivalents that is available and spendable for future years.

**NOTE O - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of a public entity risk pool which is a cooperative group of governmental entities joining together to finance an exposure, liability, or risk. The pool provides coverage for property, public officials liability, workers' compensation, automobile physical damage, general liability, and automotive liability subject to various annual deductible amounts.

There were no settled claims which exceeded insurance coverage during the past three (3) fiscal years. In addition, there were no significant reductions in insurance coverage from the prior year.

The District carries limits of general liability of \$1,000,000 per occurrence and \$3,000,000 in the aggregate.

The District is covered by Florida Statutes under Doctrine of Sovereign Immunity, which effectively limits the liability of individual claims to \$200,000/\$300,000 for all claims relating to the same incident.

In accordance with Governmental Accounting Standards Board Statement No. 10, (GASB 10) which recognizes the funding of outstanding liabilities at full value, the pool retained Insurance Industry Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2020. The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2020.

Major uninsurable risks include damages to infrastructure assets and damages or governmental fines due to seepage, pollution, or contamination of any kind.

**NOTE P - CONTINGENCIES**

**Litigation/Administrative Hearing**

The District, from time to time, is involved as a defendant in certain litigation, assertions and/or claims arising in the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities, if estimable, will not materially affect the financial position of the District. At September 30, 2020, it appears any potential unfavorable outcome from asserted claims may be paid, in full or in part through insurance coverage. At September 30, 2020, no liability has been accrued for such losses, if any. The District intends to vigorously pursue all potential claims.

**NOTE Q - DEFICIT FUND BALANCE - IMPACT FEE FUND**

During the year ended September 30, 2008, the District's Impact Fee Fund borrowed \$2,659,280 (net) from the General Fund to early pay off an outstanding balance of a \$8,000,000 note payable. The District resolved to early pay off the Note Payable to save the District future interest costs. The District intends to repay the General Fund through future collections of impact fees.

During the year ended September 30, 2020, the General Fund was repaid \$0 from the Impact Fee Fund to reduce the liability owed to the General Fund. Therefore, the "Due to General Fund" liability balance at September 30, 2020 was \$2,261,782 and the Impact Fee Fund continued to reflect a deficit fund balance of \$2,261,782. This deficit will be reduced as future impact fee collections are used to repay the General Fund.

**NOTE R - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)**

During the year ended September 30, 2020 the District's unrestricted net position (net assets) decreased to a deficit balance of (\$6,221,686), due substantially to the recording the current year actuarially determined net pension liability of \$26,907,957 and its net OPEB liability of \$2,722,897. The District's total available fund balance less restricted and non-spendable fund balance remains approximately equal to eight (8) months of actual expenditures. However, the Board has assigned \$13,553,929 of the \$15,834,579 for specific purposes.

**NOTE S - COMMITMENT**

As a result of Hurricane Irma, the District's fire stations received severe damage as follows:

Admin/Logistics: The remodel is budgeted for the 20/21 fiscal year with preconstruction costs of \$12,986 as of September 30, 2020. The GMP anticipated in March or April 2021.

Station 101: Station has been rebuilt and was operational in April 2020.

Station 102: Land clearing for the new station site is underway with an anticipated completion date in 2021. This project has a GMP of \$4,977,781 with \$310,670 paid in preconstruction costs as of September 30, 2020.

Station 103: Station has been rebuilt and was operational in April 2020.

Station 106: Land clearing for the new station site is underway with an anticipated completion date in 2021. This project has \$36,084 paid in preconstruction costs as of September 30, 2020. The GMP is \$920,715.

During the prior year, the District entered into an agreement with a construction company with the intent of performing long term construction projects on the District's stations. Per the agreement, the District may terminate the agreement, after giving the contractor seven (7) days written notice, if the contractor fails to meet specific requirements stated in the agreement. This agreement expires on September 20, 2023 and may be renewed or extended for additional terms upon the mutual written agreement of the parties.

**NOTE T - SUBSEQUENT EVENTS**

Subsequent to September 30, 2020 the District:

- Approved the use of bonds as a potential method of funding future construction costs.
- Approved the purchase of land for a future station 107 or 108 for \$87,500.
- Approved the purchase of several vehicles for Station 106.

**NOTE U - COVID 19**

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

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



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

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - SUMMARY STATEMENT**  
**Year Ended September 30, 2020**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Fire assessment fees	\$ 17,254,037	\$ 17,098,196	\$ 17,149,965	\$ 51,769
Intergovernmental revenue:				
Grants	-	10,000	10,000	-
F/F supplemental income	23,160	23,160	30,542	7,382
Other government revenue	-	429,916	549,528	119,612
Charges for services - ambulance	2,200,000	2,200,000	2,213,258	13,258
Inspection fees	32,700	50,000	53,123	3,123
Fire prevention fees	-	-	-	-
Interest income	250,000	270,000	280,378	10,378
Other income:				
Insurance proceeds	-	-	3,767	3,767
Donations	-	-	-	-
Miscellaneous	195,000	307,600	330,069	22,469
Insurance and salary concessions	-	-	-	-
Cash brought forward	22,406,591	26,485,807	-	(26,485,807)
<b>TOTAL REVENUES</b>	<b>42,361,488</b>	<b>46,874,679</b>	<b>20,620,630</b>	<b>(26,254,049)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	16,135,719	16,135,719	14,791,089	1,344,630
Operating expenditures	13,644,792	15,297,509	3,023,891	12,273,618
Capital outlay	11,505,049	14,365,523	5,684,438	8,681,085
Debt service				
Principal reduction	726,177	726,177	726,304	(127)
Interest and fiscal charges	349,751	349,751	349,623	128
<b>TOTAL EXPENDITURES</b>	<b>42,361,488</b>	<b>46,874,679</b>	<b>24,575,345</b>	<b>22,299,334</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(3,954,715)</b>	<b>(3,954,715)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from disposition of capital assets	-	-	3,575	3,575
Other Financial Assistance - CARES Act	-	-	111,790	111,790
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>115,365</b>	<b>115,365</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,839,350)</b>	<b>\$ (3,839,350)</b>
FUND BALANCE, October 1, 2019			26,485,807	
FUND BALANCE, September 30, 2020			\$ 22,646,457	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - DETAILED STATEMENT**  
**Year Ended September 30, 2020**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Fire assessment fees	\$ 17,254,037	\$ 17,098,196	\$ 17,149,965	\$ 51,769
Intergovernmental revenue:				
Grants	-	10,000	10,000	-
F/F supplemental income	23,160	23,160	30,542	7,382
Other government revenue	-	429,916	549,528	119,612
Charges for services - ambulance (net)	2,200,000	2,200,000	2,213,258	13,258
Inspection fees	32,700	50,000	53,123	3,123
Fire prevention fees	-	-	-	-
Interest income	250,000	270,000	280,378	10,378
Other income:				
Insurance proceeds	-	-	3,767	3,767
Donations	-	-	-	-
Miscellaneous	195,000	307,600	330,069	22,469
Insurance and salary concessions	-	-	-	-
Cash brought forward	22,406,591	26,485,807	-	(26,485,807)
<b>TOTAL REVENUES</b>	<b>42,361,488</b>	<b>46,874,679</b>	<b>20,620,630</b>	<b>(26,254,049)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
<b>PERSONNEL SERVICES</b>				
Salaries				
Elected officials	30,000	30,000	30,000	-
Administrative	1,208,039	1,208,039	1,190,939	17,100
Regular	8,254,710	8,254,710	7,683,618	571,092
Holidays	263,125	263,125	240,270	22,855
Overtime	260,000	260,000	208,588	51,412
Sick time liability	-	-	-	-
Annual sick time pay	100,000	100,000	72,065	27,935
Subtotal - Salaries	<u>10,115,874</u>	<u>10,115,874</u>	<u>9,425,480</u>	<u>690,394</u>
Benefits				
Payroll taxes	773,864	773,864	716,310	57,554
Retirement	2,284,146	2,284,146	2,225,424	58,722
Retirement liability	13,050	13,050	12,186	864
Group insurance	2,468,285	2,468,285	1,986,683	481,602
Workers compensation	475,000	475,000	425,006	49,994
Unemployment compensation	5,500	5,500	-	5,500
Subtotal - Benefits	<u>6,019,845</u>	<u>6,019,845</u>	<u>5,365,609</u>	<u>654,236</u>
Personnel reserve contingencies				
Personnel reserves	-	-	-	-
<b>SUBTOTAL - PERSONNEL SERVICES</b>	<u>16,135,719</u>	<u>16,135,719</u>	<u>14,791,089</u>	<u>1,344,630</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT, CONTINUED  
Year Ended September 30, 2020**

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b>OPERATING</b>				
Professional services				
Property appraiser	-	-	-	-
Legal fees	250,000	250,000	284,412	(34,412)
Medical director	48,000	48,000	48,000	-
Physicals	70,575	70,575	62,697	7,878
Land taxes	1,400	1,400	1,160	240
Tax collector fees	186,460	186,460	181,601	4,859
Actuarial study	7,000	7,000	-	7,000
Miscellaneous	10,000	10,000	134	9,866
Audit and accounting	31,500	31,500	35,500	(4,000)
Professional services	486,000	486,000	291,069	194,931
Contract services				
Ambulance billing	125,000	125,000	106,746	18,254
5 year plan	-	-	-	-
Communications	167,280	187,280	183,896	3,384
Utilities				
Electricity	79,500	79,500	67,040	12,460
Water and garbage	31,000	31,000	27,502	3,498
Rentals and leases	7,600	7,600	8,562	(962)
Insurance (general)	258,000	258,000	230,553	27,447
Maintenance				
Buildings	81,000	126,000	126,059	(59)
Equipment	41,000	41,000	19,791	21,209
Vehicles	330,000	330,000	255,044	74,956
Maintenance contracts	154,809	154,809	149,304	5,505
IT computer support	10,000	10,000	146	9,854
Promotional	8,000	8,000	4,142	3,858
Fire assessment study fee	115,500	115,500	58,410	57,090
Other current charges and obligations				
Training (motel, per diem)	29,839	29,839	8,767	21,072
Training (instruction, etc)	51,295	51,295	33,450	17,845
Administrative (commission)	5,270	5,270	4,601	669
Administrative (election)	-	-	-	-
Administrative (office)	27,660	27,660	16,783	10,877
Office				
Office supplies	10,000	10,000	8,937	1,063
Postage/freight	8,000	8,000	7,199	801
Operating supplies				
Department	97,000	97,000	63,601	33,399
Paramedic	175,000	175,000	183,785	(8,785)
Gas and oil	200,000	200,000	138,303	61,697
Uniforms	68,375	68,375	68,781	(406)
Propane	7,500	7,500	6,520	980
Computer supplies	48,700	48,700	41,382	7,318
Janitorial supplies	20,000	20,000	18,541	1,459
Training supplies	21,935	21,935	19,706	2,229

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT, CONTINUED  
Year Ended September 30, 2020**

	General Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
<b>OPERATING (continued)</b>				
Shop supplies	15,000	15,000	13,997	1,003
Protective clothing ensembles	90,000	90,000	55,570	34,430
Collection fees	40,000	40,000	37,144	2,856
Equipment < \$1,000	-	-	2,547	(2,547)
Bad debt expense	-	-	152,509	(152,509)
Operating reserve contingencies:				
Debt service	3,002,236	4,589,953	-	4,589,953
90-Day carryforward	3,965,576	3,965,576	-	3,965,576
Emergency disaster	1,000,000	1,000,000	-	1,000,000
OPEB reserve	-	-	-	-
Impact fee fund reserve	2,261,782	2,261,782	-	2,261,782
<b>SUBTOTAL - OPERATING</b>	<b>13,644,792</b>	<b>15,297,509</b>	<b>3,023,891</b>	<b>12,273,618</b>
<b>CAPITAL OUTLAY</b>				
Buildings	175,000	175,000	57,245	117,755
Improvements other than buildings	-	5,000	-	5,000
Machinery and equipment	151,100	161,081	164,282	(3,201)
Capital impact fees	74,000	74,000	-	74,000
Computers	23,000	23,000	20,291	2,709
Vehicles	500,000	2,027,442	1,419,510	607,932
Construction in progress	8,900,000	8,900,000	4,023,110	4,876,890
Capital reserve contingencies				
Capital reserves	1,681,949	3,000,000	-	3,000,000
<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>11,505,049</b>	<b>14,365,523</b>	<b>5,684,438</b>	<b>8,681,085</b>
<b>DEBT SERVICE</b>				
Principal retirement	726,177	726,177	726,304	(127)
Interest charges and fiscal	349,751	349,751	349,623	128
<b>SUBTOTAL - DEBT SERVICE</b>	<b>1,075,928</b>	<b>1,075,928</b>	<b>1,075,927</b>	<b>1</b>
<b>TOTAL EXPENDITURES</b>	<b>42,361,488</b>	<b>46,874,679</b>	<b>24,575,345</b>	<b>22,299,334</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(3,954,715)</b>	<b>(3,954,715)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from disposition of capital assets	-	-	3,575	3,575
Other financial assistance - CARES Act	-	-	111,790	111,790
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>115,365</b>	<b>115,365</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(3,839,350)</b>	<b>\$ (3,839,350)</b>
FUND BALANCE, October 1, 2019			26,485,807	
FUND BALANCE, September 30, 2020			<u>\$ 22,646,457</u>	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND**  
**Year Ended September 30, 2020**

	Impact Fee Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Fees				
Impact fees	\$ -	\$ -	\$ 28,112	\$ 28,112
Miscellaneous				
Interest	-	-	5,614	5,614
Cash brought forward	2,261,782	2,261,782	-	(2,261,782)
<b>TOTAL REVENUES</b>	<u>2,261,782</u>	<u>2,261,782</u>	<u>33,726</u>	<u>(2,228,056)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Operating				
Impact fee refunds	-	-	-	-
Impact fee reserve contingencies	2,261,782	2,261,782	-	2,261,782
Subtotal - operating	<u>2,261,782</u>	<u>2,261,782</u>	<u>-</u>	<u>2,261,782</u>
Capital outlay	-	-	33,726	(33,726)
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Subtotal - debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>2,261,782</u>	<u>2,261,782</u>	<u>33,726</u>	<u>2,228,056</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE (DEFICIT) - Beginning</b>			<u>(2,261,782)</u>	
<b>FUND BALANCE (DEFICIT) - Ending</b>			<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM (FRS) PENSION  
PLAN (1)**

	2020	2019	2018	2017
District's proportion of the net pension liability	0.054748598%	0.052718180%	0.050872063%	0.047571277%
District's proportionate share of the net pension liability	\$ 23,728,849	\$ 18,155,407	\$ 15,322,929	\$ 14,100,844
District's covered-employee payroll	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	251.75%	209.09%	184.45%	179.99%
Plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%

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

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

	2020	2019	2018	2017
Contractually required contribution	\$ 2,069,644	\$ 1,898,899	\$ 1,700,676	\$ 1,521,721
Contributions in relation to the contractually required contribution	<u>2,069,644</u>	<u>1,898,899</u>	<u>1,700,676</u>	<u>1,521,721</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353
Contributions as a percentage of covered-employee payroll	21.96%	21.87%	20.47%	19.42%

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

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

2016	2015	2014
0.045159677%	0.042356887%	0.047120657%
\$ 11,402,854	\$ 5,470,960	\$ 2,875,053
\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
152.67%	82.66%	38.30%
84.88%	92.00%	96.09%

2016	2015	2014
\$ 1,364,166	\$ 1,190,238	\$ 1,275,659
<u>1,364,166</u>	<u>1,190,238</u>	<u>1,275,659</u>
\$ -	\$ -	\$ -
\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
18.26%	17.98%	16.99%



**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION  
PLAN (1)**

	2020	2019	2018	2017
District's proportion of the net pension liability	0.026037268%	0.025654709%	0.025494487%	0.023601549%
District's proportionate share of the net pension liability	\$ 3,179,108	\$ 2,870,505	\$ 2,698,365	\$ 2,523,586
District's covered-employee payroll	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.73%	33.06%	32.48%	32.21%
Plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%

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

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

	2020	2019	2018	2017
Contractually required contribution	\$ 155,780	\$ 142,927	\$ 128,008	\$ 114,538
Contributions in relation to the contractually required contribution	<u>155,780</u>	<u>142,927</u>	<u>128,008</u>	<u>114,538</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353
Contributions as a percentage of covered-employee payroll	1.65%	1.65%	1.54%	1.46%

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

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

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.022510608%	0.023502870%	0.025255234%
\$ 2,623,518	\$ 2,396,923	\$ 2,361,426
\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
35.13%	36.22%	31.46%
0.97%	0.50%	0.99%

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 108,298	\$ 96,948	\$ 86,602
<u>108,298</u>	<u>96,948</u>	<u>86,602</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
1.45%	1.46%	1.15%

**Changes of Assumptions**

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

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

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.21% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational PUB-2010 with Projection Scale MP-2018.

**Florida Retirement System Pension Plan**

There were no changes in actuarial assumptions. As of June 30, 2020, the inflation rate assumption remained at 2.4 percent, the real payroll growth assumption was increased to 0.85 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 6.90 percent to 6.80 percent.

**Health Insurance Subsidy Pension Plan**

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

**Pension Expense and Deferred Outflows/Inflows of Resources**

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

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

Contributions to the pension plans from employers are not included in collective pension expense. However, employee contributions are used to reduce pension expense.

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

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND  
RELATED RATIOS GASB 75 AND NOTES TO THE SCHEDULE**

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

	2018	2019	2020
Net OPEB Liability			
Service Cost	\$ 131,159	\$ 123,365	\$ 104,557
Interest Cost	74,371	83,660	91,533
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	51,818	-
Changes in Assumptions	(75,296)	(139,246)	202,136
Benefit Payments	(139,000)	(124,249)	(130,461)
Net Change in net OPEB Liability	(8,766)	(4,652)	267,765
Net OPEB Liability - Beginning of Year	2,468,550	2,459,784	2,455,132
Net OPEB Liability - End of Year	<u>\$ 2,459,784</u>	<u>\$ 2,455,132</u>	<u>\$ 2,722,897</u>

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

**Plan Fiduciary Net Position as of September 30:**

	2018	2019	2020
Contributions - Employer	\$ 139,000	\$ 124,249	\$ 130,461
Net Investment Income	-	-	-
Benefit Payments	(139,000)	(124,249)	(130,461)
Administrative Expense	-	-	-
Net Change in Fiduciary Net Position	-	-	-
Fiduciary Net Position - Beginning of Year	-	-	-
Fiduciary Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability	\$ 2,459,784	\$ 2,455,132	\$ 2,722,897
Fiduciary Net Position as a % of Net OPEB Liability	0.00%	0.00%	0.00%
Covered-Employee Payroll *			
Net OPEB Liability as a % of Payroll *			
Measurement date	9/30/17	9/30/18	9/30/19
Expected Average Remaining Service Years of All Participants	13	13	13

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

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

**Notes to the Schedule:**

Benefit Changes	None
Changes of Assumptions	The discount rate was changed as follows:
9/30/17	3.50%
9/30/18	3.83%
9/30/19	2.75%

Plan has no specific trust established. No assets assigned for OPEB.

## **ADDITIONAL REPORTS**



**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

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

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

Board of Commissioners  
 Lehigh Acres Fire Control and Rescue District  
 636 Thomas Sherwin Avenue South  
 Lehigh Acres, FL 33974

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 11, 2021.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.

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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 Lehigh Acres Fire Control and Rescue District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

February 11, 2021





**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

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

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

Board of Commissioners  
 Lehigh Acres Fire Control and Rescue District  
 636 Thomas Sherwin Avenue South  
 Lehigh Acres, Florida 33974

We have examined Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2020. Management is responsible for Lehigh Acres Fire Control and Rescue District's compliance with those requirements. Our responsibility is to express an opinion on Lehigh Acres Fire Control and Rescue 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 Lehigh Acres Fire Control and Rescue District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Lehigh Acres Fire Control and Rescue District's compliance with specified requirements.

In our opinion, Lehigh Acres Fire Control and Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.  
 Fort Myers, Florida  
 February 11, 2021

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 & Company, PA

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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Commissioners  
 Lehigh Acres Fire Control and Rescue District  
 636 Thomas Sherwin Avenue South  
 Lehigh Acres, Florida 33974

We have audited the accompanying basic financial statements of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2020 and have issued our report thereon dated February 11, 2021.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated February 11, 2021, should be considered in conjunction with this report to management.

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

- 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. The prior year comment appears to have been corrected.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

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- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)5.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Pursuant to Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, we have applied financial condition assessment procedures pursuant to Rule 10.556(8). It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. In connection with our audit, we determined that the District did not meet any of the criteria of a deteriorating financial condition described in Auditor General Rule Section 10.554(1)(i)(6).c.
- Pursuant to Section 10.554(1)(i)5.b.2, Rules of the Auditor General, if a deteriorating financial condition(s) is noted then a statement is so required along with the conditions causing the auditor to make such a conclusion. No such conditions were noted.
- Pursuant to Section 10.554(1)(i)5.c., Rules of the Auditor General, requires a statement indicating a failure, if any, of a component unit Special District to provide financial information necessary to a proper reporting of the component unit within the audited financial statements of this entity (F.S. Section 218.39(3)(b)). There are no known component units required to report within these financial statements.

- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated February 11, 2021, included herein.
- Section 10.557(3)(m), Rules of the Auditor General, requires a notarized affidavit regarding impact fees signed and sworn to be the Chief Financial officer be included in the audit report. Such affidavit is included as Exhibit 2.

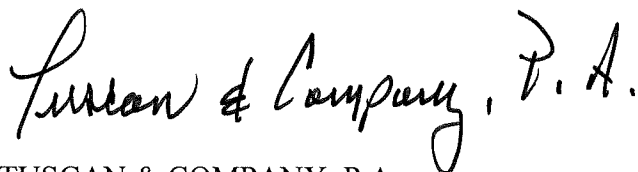
**PRIOR YEAR COMMENT:**

The prior year comment appears to have been resolved.

**CURRENT YEAR COMMENTS:**

No financially significant comments noted.

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



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

February 11, 2021

**EXHIBIT 1**



# Lehigh Acres Fire Control & Rescue District

636 Thomas Sherwin Avenue S. Lehigh Acres, Florida 33974  
Phone: 239-303-5300 Fax: 239-369-2436

March 24, 2021

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

Dear Mr. Tuscan,

This letter is in response to the Management letter provided to Board of Commissioners, Lehigh Acres Fire Control and Rescue District, for the 2019/2020 fiscal year ended September 30, 2020, by Tuscan & Company, P.A. Responses to the individual comments are addressed in the same order as presented in the Management letter dated February 11, 2021.

**PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY (AS REVISED OR AMENDED):**

(There were no financially significant prior year comments noted).

**CURRENT YEAR COMMENTS:**

(There were no financially significant comments noted).

We continue to strive to maintain and sustain financial controls and internal controls in a timely and prudent manner. Any further inquiries, please advise.

Sincerely,

A handwritten signature in blue ink that reads "Robert A. DiLallo".

Robert A. DiLallo  
Fire Chief

**EXHIBIT 2**

## IMPACT FEE AFFIDAVIT

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

1. I am the Fire Chief / Chief Financial Officer of Lehigh Acres Fire Control and Rescue District (District) which is a local governmental entity of the State of Florida;
2. Lee County Board of County Commissioners adopted Ordinance 89-15 (as amended through Ordinance **18-07**) imposing impact fees for fire and emergency services; and
3. The District, through an interlocal agreement made on June 7, 1989 with an effective date of October 1, 1989 with Lee County receives and expends the proceeds of such impact fees; and
4. To the best of my knowledge, the District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

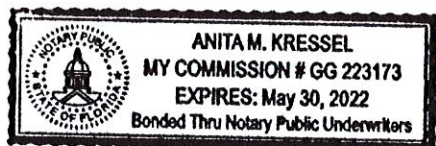
FURTHER AFFIANT SAYETH NAUGHT.

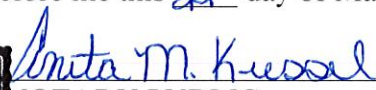


\_\_\_\_\_  
Robert DiLallo  
Fire Chief / Chief Financial Officer

STATE OF FLORIDA  
COUNTY OF LEE

SWORN TO AND SUBSCRIBED before me this 22<sup>nd</sup> day of March, 2021.



  
\_\_\_\_\_  
NOTARY PUBLIC  
Print Name Anita M. Kressel

Personally known X or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

May 30, 2022