

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH ADDITIONAL REPORTS
YEAR ENDED
SEPTEMBER 30, 2020**

TABLE OF CONTENTS

	<u>Page(s)</u>	
INDEPENDENT AUDITOR'S REPORT	1-4	
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	i-vii	
 <u>BASIC FINANCIAL STATEMENTS</u>		
GOVERNMENT-WIDE FINANCIAL STATEMENTS:		
Statement of Net Position.....	5	
Statement of Activities.....	6	
 FUND FINANCIAL STATEMENTS:		
Governmental Funds:		
Balance Sheet.....	7	
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	8	
Statement of Revenues, Expenditures and Changes in Fund Balance.....	9	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	10	
 NOTES TO THE FINANCIAL STATEMENTS.....	 11-50	
 <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u>		
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds)		
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	51	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	52-55	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	56	
OTHER REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS).....	57	
Schedule of District Contributions - Florida Retirement System Pension Plan (FRS).....	57	
Schedule of District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS).....	58	
Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS).....	58	
Notes to the Required Supplementary Information.....	59-60	
Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Related Notes to the Schedule.....	61	
 <u>ADDITIONAL REPORTS</u>		
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 <u>Government Auditing Standards</u>		62-63
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	64	
Independent Auditor's Report to Management.....	65-67	
Management's Response to Independent Auditor's Report to Management.....	EXHIBIT 1	
Impact Fee Affidavit.....	EXHIBIT 2	



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

Board of Commissioners
North Fort Myers Fire Control and Rescue Service District
P.O. Box 3507
North Fort Myers, Florida 33918

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of North Fort Myers Fire Control and Rescue Service 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 Systems 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 North Fort Myers Fire Control and Rescue Service District's government-wide financial statements, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INTEGRITY SERVICE EXPERIENCE

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

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 North Fort Myers Fire Control and Rescue Service 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.

Matters of Emphasis

During the year ended September 30, 2020, the District's unrestricted net asset balance remained a deficit, due substantially to recording the current year actuarially determined OPEB liability and the District's proportionate share of its pension liability. This is a non-cash actuarially determined liability related to the future cost of allowing retirees to remain on the District's health care policy and for paying a portion of retiree coverage. 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 one (1) years budgeted expenditures. 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 - vii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), 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 North Fort Myers Fire Control and Rescue Service District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The EXHIBIT 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 March 4, 2021, on our consideration of North Fort Myers Fire Control and Rescue Service District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering North Fort Myers Fire Control and Rescue Service District's compliance with Section 218.415, Florida Statutes.

Board of Commissioners
North Fort Myers Fire Control and Rescue Service District
Page 4

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 4, 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 North Fort Myers Fire Control and Rescue Service 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
March 4, 2021

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

Management's Discussion and Analysis

This discussion and analysis of the North Fort Myers Fire Control and Rescue Service District (the "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 footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2020, the District's net position was a deficit of \$(966,074) due to recording the District's OPEB liability and net pension liability.
- The District's total net position increased \$840,172, or 47%, in comparison to the prior fiscal year.
- The District had a deficit of \$(2,826,791) of unrestricted net assets.
- Total revenues increased \$775,867 or 8%, in comparison to the prior fiscal year.
- Total expenses increased \$1,231,434, or 15%, in comparison to the prior fiscal year substantially due to implementation of GASB #68.

Government-wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities found on pages 5 & 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/inflows and liabilities, with the difference between the two reported as net position. The District's capital assets (land, construction in progress, buildings and improvements, vehicles 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, regardless of the timing of related cash flows).

Governmental Fund Financial Statements

The accounts of the District are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues 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. Expenditures are generally recognized when the related fund liability is incurred.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding basic financial 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 Analysis

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.

The following is a summary statement of net position for the District at September 30, 2019 and 2020:

	2019	2020
Assets:		
Current assets	\$ 7,935,712	\$ 10,437,367
Capital assets, net	<u>2,096,703</u>	<u>2,016,384</u>
Total Assets	<u>10,032,415</u>	<u>12,453,751</u>
Deferred outflows of resources - Pensions	<u>3,636,053</u>	<u>4,702,190</u>
Liabilities:		
Current liabilities	356,753	260,148
Non-current liabilities	<u>14,217,539</u>	<u>17,415,975</u>
Total Liabilities	<u>14,574,292</u>	<u>17,676,123</u>
Deferred inflows of resources - Pensions	<u>900,422</u>	<u>455,892</u>
Net Position:		
Net Investment in capital assets	1,839,792	1,860,717
Unrestricted (deficit)	<u>(3,646,038)</u>	<u>(2,826,791)</u>
Total Net Position (deficit)	<u>\$ (1,806,246)</u>	<u>\$ (966,074)</u>

Current assets represent 84% of total assets at September 30, 2020. Current assets are comprised of unrestricted cash balances of \$9,476,454, unrestricted investments of \$408,529, restricted investments of \$100,938, due from other governments of \$451,446. The balances of unrestricted cash and investments represent amounts that are available for spending at the District's discretion. Restricted investments balances are comprised of impact fees funds restricted for certain capital asset acquisition.

The net investment in capital assets represents a component of net position and is comprised of land, construction in progress, buildings and improvements, equipment, furniture and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The balance of net investment in capital assets at September 30, 2020 was \$1,860,717.

The unrestricted fund balance of \$1,381,892 represents resources available for spending.

The following schedule reports the revenues, expenses, and changes in net assets for the District for the years ended September 30, 2019 and 2020:

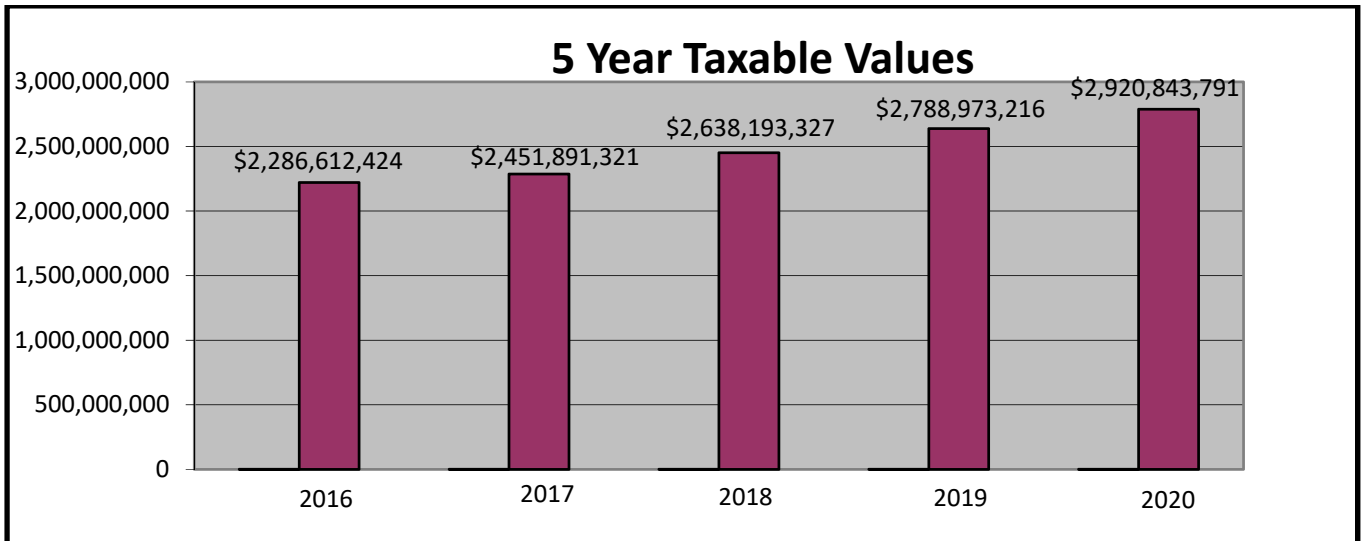
**Summary of Revenues, Expenses and Changes in Net Position
For the years ended September 30**

Revenues:	2019	2020
General/Program Revenues		
Property Taxes	\$ 9,474,090	\$ 9,922,436
Charges for Services	23,886	23,140
Operating & Capital Grants	11,130	12,875
Capital Grants & Contributions	-	-
Other financial Assistance - CARES Act	-	362,516
Miscellaneous		
Impact Fees	23,850	-
Investment Earnings	17,277	11,663
Gain (Loss) on Disposition of Capital Assets	(56)	1,657
Rent	-	4,600
Other	96,777	83,934
Total Revenues	9,646,954	10,422,821
Expenses:		
Public Safety-		
Fire & Rescue Services	8,351,215	9,582,649
Increase (Decrease) in Net Position	1,295,739	840,172
Net Position (Deficit) - Beginning	(3,101,985)	(1,806,246)
Net Position (Deficit) - Ending	\$ (1,806,246)	\$ (966,074)

Total revenues increased \$775,867, or 8%, in comparison to the prior fiscal year. Total expenses increased \$1,231,434, or 15%, in comparison to the prior fiscal year.

The assessed property value increased 5%. This is the fifth year in the past five years, we have seen a slight increase in property taxes. The District had to increase the millage rate to 3.5 mills from 2.5 mills in 2018, while providing a small amount of funds for the cost of growth and reserve requirements. The following schedule compares the change in property value and millage rates for the past five years. The millage rate had remained at 2.5 mills the first two years, and the millage rate has been to 3.5 mills for the past three years.

Property Values Assessed



Budgetary Highlights

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 51 through 56. The Board of Commissioners approved several budget amendments in the General Fund during the fiscal year ended September 30, 2020. The budget amendments transferred budgeted amounts between line items and changed the total budgeted revenue over (under) expenditures. The budget amendments did increase total budgeted revenues and expenditures by \$1,171,653 as a result of the increase in the fund balance carryforward.

Capital Assets

Non-depreciable capital assets include land and construction in progress. Depreciable capital assets include: building and improvements, equipment and vehicles.

The following is a schedule of the District's capital assets at September 30, 2019 and 2020:

Capital Assets September 30

CAPITAL ASSETS	2019	2020
Land	\$ 96,868	\$ 96,868
Construction in progress	-	-
Total Capital Assets not depreciated	<u>96,868</u>	<u>96,868</u>
Buildings and Improvements	1,271,486	1,295,649
Vehicles	2,135,905	2,196,274
Equipment	<u>1,141,995</u>	<u>936,171</u>
Total Capital Assets being depreciated	<u>4,549,386</u>	<u>4,428,094</u>
ACCUMULATED DEPRECIATION		
Buildings and Improvements	(829,202)	(872,259)
Vehicles	(1,445,860)	(1,531,454)
Equipment	<u>(274,489)</u>	<u>(104,865)</u>
Total Accumulated Depreciation	<u>(2,549,551)</u>	<u>(2,508,578)</u>
CAPITAL ASSETS, NET	<u>\$ 2,096,703</u>	<u>\$ 2,016,384</u>

Noteworthy capital asset purchases/projects that took place in fiscal year 2020 were as follows:

- Replaced two Staff Vehicles (Fire Inspectors)
- Installation of A/C Unit in Brush truck
- Replaced 7 sets of Bunker Gear
- Remodeled dormitory bathroom at Trail Dairy to accommodate more personnel
- Purchased computer tablets for new computer system for Personnel
- Purchased additional Gear Extractor (machine that cleans Bunker Gear)
- Repaired front apron (concrete) at Slater Road
- Purchased a Drone to assist on fire scenes
- Purchased a Fire Extinguisher Simulator to effectively reach more people with the fire safety message

Debt Administration

At September 30, 2020, the District had \$17,520,006 of outstanding long term obligations. Long term liabilities are not due and payable in the current period. The following is a schedule of the District’s outstanding debt at September 30, 2019 and 2020:

**Outstanding Debt
September 30**

	<u>2019</u>	<u>2020</u>
Compensated Absences - Vacation Time	\$ 230,152	\$ 361,769
Compensated Absences - Comp Time	75,023	95,750
Capital Lease Payable	256,911	155,667
Net OPEB Obligation	3,703,321	3,832,976
Net Pension Liability	<u>10,053,376</u>	<u>13,073,844</u>
Total Outstanding Debt	<u>\$ 14,318,783</u>	<u>\$ 17,520,006</u>

Current Year Budget Variances

There were no significant unexpected current year budget variances except for the extra cost of labor and related expenses incurred due to COVID. Also the District received \$362,516 from the CARES Act to help pay for those COVID related costs.

Economic Factors and Next Year’s Budget Rates

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

- Property values did increase by \$163,697,036, or 6%, to \$3,084,540,827 in tax year 2020 (FY2021); however, this was offset by an increase in the amount of allowable tangible tax exemptions. The District expects property values to level off, and not continue the increase that we have been seeing; but, we are not sure about the long-term future of assessed values.
- The District maintained the millage rate of 3.5 mills for the fiscal year ending September 30, 2021.
- The District has been able to increase the reserve accounts.
- The District is looking at ways to utilize Impact Fees to help with the demands of the District.
- The District is closely monitoring a major construction development in our District; as well as, current legislation.
- The District will replace 3 Rescue trucks and an Engine.
- The District re-instated the Training Chief Position.
- The District is needing to do some costly repairs at Trail Dairy.
- The District has upgraded the reporting software for incidents, which will require additional computer tablets.
- The District should be completing the radio upgrade project.

Request for Information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to:

Ronald Beecroft, Fire Chief

North Fort Myers Fire Control and Rescue Service District

P.O. Box 3507, North Fort Myers, FL 33918-3507

(239) 997-8654 * www.northfortmyersfire.com

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF NET POSITION
September 30, 2020**

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 9,476,454
Cash and cash equivalents - restricted	-
Investments - unrestricted	408,529
Investments - restricted	100,938
Due from other governments	451,446
Other receivables	-
Prepaid expenses	-
Total current assets	<u>10,437,367</u>
Noncurrent assets:	
Capital assets:	
Land	96,868
Construction in progress	-
Depreciable buildings, vehicles and equipment (net of \$2,508,578 accumulated depreciation)	<u>1,919,516</u>
Total noncurrent assets	<u>2,016,384</u>
TOTAL ASSETS	<u>12,453,751</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>4,702,190</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	44,521
Unearned revenue - impact fees	111,596
Current portion of long-term obligations	<u>104,031</u>
Total current liabilities	260,148
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>17,415,975</u>
TOTAL LIABILITIES	<u>17,676,123</u>
DEFERRED INFLOWS ON RESOURCES	<u>445,892</u>
NET POSITION	
Net investment in capital assets	1,860,717
Unrestricted (deficit)	<u>(2,826,791)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (966,074)</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2020**

	<u>Governmental Activities</u>
EXPENSES	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 8,373,161
Operating expenses	963,789
Interest and fiscal charges	7,192
Depreciation	<u>238,507</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	9,582,649
 PROGRAM REVENUES	
Charges for services - inspection fees	23,140
Operating grants and contributions	12,875
Capital grants and contributions	<u>-</u>
NET PROGRAM EXPENSES	<u>9,546,634</u>
 GENERAL REVENUES	
Ad valorem taxes	9,922,436
Impact fees	-
Interest	11,663
Gain (loss) on disposition of capital assets	1,657
Other financial assistance - CARES Act	362,516
Rent	4,600
Other	<u>83,934</u>
TOTAL GENERAL REVENUES	<u>10,386,806</u>
 INCREASE (DECREASE) IN NET POSITION	 840,172
 NET POSITION (DEFICIT)- Beginning of the year	 <u>(1,806,246)</u>
NET POSITION (DEFICIT)- End of the year	<u>\$ (966,074)</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2020**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 9,476,454	\$ -	\$ 9,476,454
Investments	408,529	100,938	509,467
Due from other governments	440,788	10,658	451,446
Due from other funds	-	-	-
Other receivables	-	-	-
Prepaid expenses	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 10,325,771</u>	<u>\$ 111,596</u>	<u>\$10,437,367</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 44,521	\$ -	\$ 44,521
Due to other funds	-	-	-
Unearned revenue	-	111,596	111,596
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>44,521</u>	<u>111,596</u>	<u>156,117</u>
 FUND BALANCE			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	8,899,358	-	8,899,358
Unassigned	1,381,892	-	1,381,892
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>10,281,250</u>	<u>-</u>	<u>10,281,250</u>
TOTAL LIABILITIES AND			
FUND BALANCE	<u>\$ 10,325,771</u>	<u>\$ 111,596</u>	<u>\$10,437,367</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE 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	\$ 10,281,250
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	96,868
Construction in progress	<u>-</u>
	96,868
Governmental capital assets being depreciated:	
Buildings, equipment and vehicles	4,428,094
Less accumulated depreciation	<u>(2,508,578)</u>
	1,919,516
Deferred outflows and deferred inflows related to pensions are applied to future periods and, therefore, are not reported in the governmental funds.	
Deferred outflows related to pensions	4,418,220
Deferred outflows related to OPEB	<u>283,970</u>
	4,702,190
Deferred inflows related to pensions	(119,536)
Deferred inflows related to OPEB	<u>(326,356)</u>
	(445,892)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Compensated absences-vacation time	(361,769)
Compensated absences-comp. time	(95,750)
Capital lease payable - Engine #2	(53,658)
Capital lease payable - Engine #3	(102,009)
Net OPEB liability	(3,832,976)
Net pension liability - FRS	(11,566,778)
Net pension liability - HIS	<u>(1,507,066)</u>
	(17,520,006)
Elimination of interfund amounts:	
Due to other funds	-
Due from other funds	<u>-</u>
	-
Total net position (deficit) of governmental activities	<u><u>\$ (966,074)</u></u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE 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
REVENUES			
Ad valorem taxes	\$ 9,922,436	\$ -	\$ 9,922,436
Intergovernmental revenue:			
State supplemental education	12,875	-	12,875
Fees:			
Impact fees	-	-	-
Inspection fees	23,140	-	23,140
Miscellaneous:			
Interest	11,663	-	11,663
Lee County EMS - rent	4,600	-	4,600
Other	83,934	-	83,934
TOTAL REVENUES	<u>10,058,648</u>	<u>-</u>	<u>10,058,648</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	6,591,361	-	6,591,361
Operating expenditures	963,789	-	963,789
Capital outlay	162,172	-	162,172
Debt Service			
Principal retirement	101,244	-	101,244
Interest	7,192	-	7,192
TOTAL EXPENDITURES	<u>7,825,758</u>	<u>-</u>	<u>7,825,758</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,232,890	-	2,232,890
OTHER FINANCING SOURCES (USES)			
Proceeds from disposition of capital assets	5,641	-	5,641
Other financial assistance - CARES Act	362,516	-	362,516
NET CHANGE IN FUND BALANCE	2,601,047	-	2,601,047
FUND BALANCE - Beginning of the year	<u>7,680,203</u>	<u>-</u>	<u>7,680,203</u>
FUND BALANCE - End of the year	<u>\$ 10,281,250</u>	<u>\$ -</u>	<u>\$ 10,281,250</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES
Year Ended September 30, 2020**

	<u>Amount</u>
Net change (revenues and other financing sources in excess of expenditures) in fund balance - total governmental funds	\$ 2,601,047
The increase (decrease) 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.	
Plus: expenditures for capital assets	162,172
Less: current year depreciation	(238,507)
Less: proceeds from disposition of capital assets	(5,641)
Plus: gain on disposition of capital assets	<u>1,657</u>
	(80,319)
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):	
Pumper Capital - Engine #2	52,324
Pumper Capital - Engine #3	<u>48,920</u>
	101,244
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.	
Net (increase) decrease in compensated absences - vacation	(131,617)
Net (increase) decrease in compensated absences - comp. time	(20,727)
(Increase) decrease in net pension liability - FRS	(2,812,046)
(Increase) decrease in net pension liability - HIS	(208,422)
Increase (decrease) in deferred outflows - pensions	782,167
(Increase) decrease in deferred inflows - pensions	561,991
(Increase) decrease in net OPEB obligation	(129,655)
(Increase) decrease in deferred outflows - OPEB	(107,461)
(Increase) decrease in deferred inflows - OPEB	<u>283,970</u>
	<u>(1,781,800)</u>
Increase in net position of governmental activities	<u>\$ 840,172</u>

The accompanying notes are an integral part of this statement.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Organization

The North Fort Myers Fire Control and Rescue Service District (the "District") is an independent special taxing district located in northern unincorporated Lee County, Florida. The District was established on June 15, 1953 by Laws of Florida, Chapter 29240. The District has the general and special powers prescribed by Florida Statutes Chapters 189, 191, 200, 218 and 633.15, as well as Laws of Florida, Chapter 97-340. The District's governing legislation was recreated, reenacted and codified by Laws of Florida, Chapter 2000-385 on July 3, 2000. The District is governed by a five-member (5) at-large elected Board of Commissioners. Commissioners serve on a staggered four-year (4) term basis.

The District provides fire control and protection services, fire safety inspections, and crash and fire rescue services as well as EMS medical response. In providing these services, the District operates and maintains three (3) station houses and the related equipment and employs approximately 60 full-time professional firefighters, support staff and commissioners.

Summary of Significant Accounting Policies

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

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements
- Required supplementary information other than MD&A

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

Page 12 of 67

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

Reporting Entity

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

Government-wide Financial Statements

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

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

Page 13 of 67

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

Government-wide Financial Statements, continued

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. Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspector fees.

Fund Financial Statements

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or 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.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Fund Financial Statements, continued

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 non-major funds, in aggregate, for governmental funds.

Governmental Funds

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

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

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

Page 15 of 67

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

Measurement Focus and Basis of Accounting, continued

period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on long-term debt, if any, which is recognized when due; and (2) expenditures 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.

Separate financial statements are provided for governmental funds.

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.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

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 the Impact Fee fund.

The Impact Fee Fund consists of fees 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).

Investments

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," in which all investments are reported at amortized cost which approximates fair value.

Investments, including restricted investments, consist of funds held in The Local Government Surplus Trust Fund (SBA) administered by the State Board of Administration.

Capital Assets

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

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Capital Assets, continued

All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) capital assets consisting of certain improvements other than buildings, 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.

Maintenance, repairs and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are 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 and Improvements	5-30
Equipment	5-15
Vehicles	5-15

Subsequent Events

Subsequent events have been evaluated through March 4, 2021, which is the date the basic financial statements were available to be issued.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund. The District also adopted a budget for the Special Revenue Fund - Impact Fee.

The District follows these procedures in establishing budgetary data for the General Fund and the Special Revenue Fund:

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 the required supplementary information other than MD&A, 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.

The Board of Commissioners approved a budget amendment in the General Fund during the year ended September 30, 2020. The budget amendments increased budgeted expenditures by \$1,171,653. There were no budget amendments in the Special Revenue Fund.

Impact Fees/Unearned Revenue

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 in the Special Revenue Fund.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

Page 19 of 67

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

Due To/From Other Funds

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

Due From Other Governments

No allowance for losses on uncollectible accounts has been recorded since the District considers all 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 personal leave (comp time) 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.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and 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.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Fund Balances

The governmental fund financial statements the District maintains 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 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 also 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) and a portion of the OPEB liability. 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.

Interfund Transactions

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

Page 21 of 67

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

Pensions

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

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

Deferred Outflows/Inflows of Resources

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

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 pensions and OPEB is reported only in the government-wide Statement of Net Position. A deferred amount on pensions 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 the plans except earnings which are amortized over five to seven years.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE B - CASH

At September 30, 2020, cash was \$9,476,454, in the General Fund which included cash on hand of \$100.

Deposits

The District's deposit policy allows deposits to be held in demand deposit and money market accounts. All District depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2020.

At September 30, 2020, the District's deposits consisted of cash held in depository accounts. At September 30, 2020, the carrying amount of these deposits was \$9,476,354 and the bank balance was \$9,667,967.

These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute Chapter 280) of the State of Florida. Bank balances approximate market value. Depository accounts were either fully insured or collateralized in accordance with Florida Statute Chapter 280.

NOTE C - INVESTMENTS

Florida Statutes and the District's investment policy authorize investments in the Local Government Surplus Funds Trust Fund (SBA) administered by the State Board of Administration. 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 Local Government Surplus Funds Trust Fund consist of the following:

	<u>Cost Basis</u>	<u>Fair Value (NAV)/ Carrying Amount</u>
<u>General Fund</u>		
Local Government Surplus Trust Fund (SBA)		
PRIME (Fund "A") (LGIP)		
Total investments - General Fund	\$ 408,529	\$ 408,529
<u>Impact Fee Fund</u>		
Local Government Surplus Trust Fund (SBA)		
PRIME (Fund "A") (LGIP)		
Total investments - Impact Fee Fund	100,938	100,938
Total investments	<u>\$ 509,467</u>	<u>\$ 509,467</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

The Local Government Surplus Funds Trust Fund (Florida PRIME) is an external 2a7-like investment pool, administered by the Florida State Board of Administration ("SBA"). The Local Government Surplus Funds Investment Pool Trust Fund is not categorized as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's shares are stated at amortized cost (NAV), which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreements, will decline.

The District's investment in the Fund represented less than 1% of the Fund's total investments. Investments held in the Fund include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at cost, which approximates market 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 which requires the following disclosures related to its Florida PRIME investment:

Redemption Gates: Chapter 218.409(8)(a), Florida Statutes, states that "The principal, and any part thereof, of each account constituting the trust fund is subject to a payment at any time from the moneys in the trust fund. However, the Executive Director of the fund may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Executive Director has instituted such measures to review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on the contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

Liquidity Fees: Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosures in the enrollment materials of the amount and purpose of such fees. At September 30, 2020, no such disclosure has been made.

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 cash, cash equivalents, and investments held by the District is amortized cost which approximates fair value. However, it is the opinion of the management of PRIME it is exempt from GASB 72 financial hierarchy disclosures.

Foreign Currency Risk: Florida PRIME is not exposed to foreign currency risk during the period October 1, 2019 through September 30, 2020.

Securities Lending: Florida PRIME did not participate in securities lending program during the period October 1, 2019 through September 30, 2020.

Florida PRIME provides separate audited financial statements for the year ended June 30, 2020.

At September 30, 2020, the District reported SBA investments of \$509,467 fair value/cost for amounts held in Florida PRIME. The Florida PRIME carried a credit rating of AAAM by Standard and Poors and had a dollar weighted average days to maturity (WAM) of 48 days at September 30, 2020. The Weighted Average Life (WAL) of PRIME at September 30, 2020 is 63 days. Rule 2a7 allows funds to use amortized cost to maintain a constant NAV of \$1.00 per share. Accordingly, the District's investment in Florida PRIME is reported at the account balance (pooled shares) using amortized cost, which is considered fair value.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE C - INVESTMENTS, CONTINUED

Restricted Investments

The District has one restricted investment account: Impact Fees. The Impact Fees account is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisition. Impact fees are collected by Lee County for the District pursuant to County ordinance and District resolution.

NOTE D - DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2020 totaled \$451,446 including \$362,516 in CARES Act funding from the Lee County BOCC, \$10,658 in fourth quarter Impact Fees (Impact Fee Fund) and \$78,272 in Ad Valorem taxes, excess fees and supplemental education reimbursement (General Fund).

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE E - 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	\$ 96,868	\$ -	\$ -	\$ -	\$ 96,868
Construction in progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	96,868	-	-	-	96,868
Capital Assets Being Depreciated:					
Buildings and improvements	1,271,486	26,241	(2,078)	-	1,295,649
Vehicles	2,135,905	77,304	(16,935)	-	2,196,274
Equipment	1,141,995	58,627	(264,451)	-	936,171
Total Capital Assets Being Depreciated	4,549,386	162,172	(283,464)	-	4,428,094
Less Accumulated Depreciation:					
Buildings and improvements	(829,202)	(45,135)	2,078	-	(872,259)
Vehicles	(1,445,860)	(102,529)	16,935	-	(1,531,454)
Equipment	(274,489)	(90,843)	260,467	-	(104,865)
Total Accumulated Depreciation	(2,549,551)	(238,507)	279,480	-	(2,508,578)
Total Capital Assets Being Depreciated, Net	1,999,835	(76,335)	(3,984)	-	1,919,516
Capital Assets, Net	\$ 2,096,703	\$ (76,335)	\$ (3,984)	\$ -	2,016,384
				Related debt	(155,667)
				Net investment in capital assets	\$ 1,860,717

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

	Amount
General Government	\$ 238,507
Total Depreciation Expense	\$ 238,507

The District has capital assets held under capital leases with a total cost of \$909,641 at September 30, 2020. The capital assets held under capital lease had accumulated depreciation of \$181,873 and depreciation expense of \$60,643 as of and for the year ended September 30, 2020.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - 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
Comp. Absences - Vacation	\$ 230,152	\$ 131,617	\$ -	\$ 361,769	\$ -
Comp. Absences - Comp. Time	75,023	20,727	-	95,750	-
Capital Lease - Engine #2	105,982	-	(52,324)	53,658	53,658
Capital Lease - Engine #3	150,929	-	(48,920)	102,009	50,373
Net OPEB Liability	3,703,321	129,655	-	3,832,976	-
Net Pension Liability - FRS	8,754,732	2,812,046	-	11,566,778	-
Net Pension Liability - HIS	<u>1,298,644</u>	<u>208,422</u>	<u>-</u>	<u>1,507,066</u>	<u>-</u>
	<u>\$ 14,318,783</u>	<u>\$ 3,302,467</u>	<u>\$ (101,244)</u>	<u>\$ 17,520,006</u>	<u>\$ 104,031</u>

The following is a summary of long-term obligations at September 30, 2020:

	Amount
Non-current portion of compensated absences - vacation time. Employees of the District are entitled to annual personal leave time, based on length of service and job classification.	\$ 361,769
Non-current portion of compensated absences - comp. time. Employees of the District are entitled to annual comp. time at their separation from the District based on hours accrued during their employment.	95,750
\$449,891 capital lease payable to a financial institution for the purchase of Engine #2 was entered into on October 21, 2016. The first payment of \$189,498 was due October 21, 2016. The lease is collateralized by the respective Engine #2. The lease requires payments of \$55,026 including interest are due annually over five (5) years and has a fixed interest rate of 2.55%. Final payment due January 29, 2021.	53,658
\$459,750 capital lease payable to a financial institution for the purchase of Engine #3 was entered into on November 17, 2017. The first payment of \$209,886 was due on November 17, 2017. The lease is collateralized by the respective Engine #3. The lease requires payments of \$53,409 including interest are due annually over five (5) years and has a fixed interest rate of 2.97%. Final payment due February 16, 2022.	102,009
Net OPEB liability - GASB 75 - actuarially determined.	3,832,976
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	11,566,778
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	<u>1,507,066</u>
Total Long-Term Liabilities	17,520,006
Current Portion	<u>104,031</u>
Noncurrent Portion	<u>\$ 17,415,975</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE F - LONG-TERM LIABILITIES, CONTINUED

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

<u>Years Ending September 30</u>	<u>Total Principal</u>	<u>Total Interest</u>	<u>Total</u>
2021	\$ 104,031	\$ 4,404	\$ 108,435
2022	51,636	1,540	53,176
Total capital leases	155,667	5,944	161,611
Accrued compensated absences - vacation	361,769	-	361,769
Accrued compensated absences - comp time	95,750	-	95,750
Net OPEB obligation	3,832,976	-	3,832,976
Net pension liability - FRS	11,566,778	-	11,566,778
Net pension liability - HIS	1,507,066	-	1,507,066
Total long-term debt	<u>\$ 17,520,006</u>	<u>\$ 5,944</u>	<u>\$ 17,525,950</u>

Interest expense related to the capital lease payable was \$7,192 for the year ended September 30, 2020.

NOTE G - 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 (DROP) 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).

The District's total pension expense, \$2,710,681 for the year ended September 30, 2020, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$1,034,371, \$932,885 and \$840,591 for the years ended September 30, 2020, 2019 and 2018, respectively. The District contributed 100% of the required contributions.

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

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

FRS Pension Plan, continued

may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE G - 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.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

FRS Pension Plan, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan. At September 30, 2020, the District reported an FRS pension liability of \$11,566,778 for its proportionate share of the net pension liability. The net pension liability was measured as of June 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 .026687550 percent, which was an increase of .001266278 percent from its proportionate share measure as of September 30, 2019.

For the year ended September 30, 2020, the District recognized pension expense of \$2,520,945. 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	\$ 442,684	\$ -
Change of assumptions	2,093,955	-
Net difference between projected and actual earnings on pension plan investments	688,697	-
Changes in proportion and differences between District contributions and proportionate share of contributions	591,421	6,298
District contributions subsequent to the measurement date	<u>238,348</u>	<u>-</u>
Total	<u>\$ 4,055,105</u>	<u>\$ 6,298</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

FRS Pension Plan, continued

The deferred outflows of resources related to the FRS pension, totaling \$238,348, 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 September 30	Amount
2021	\$ 809,269
2022	809,269
2023	809,269
2024	809,270
2025	637,095
Thereafter	<u>(63,713)</u>
Total	<u>\$ 3,810,459</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:

Valuation 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 date

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 G - 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:

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
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	4.4%	5.5%	5.3%	6.9%
Total	100%			
Assumed inflation - Mean		2.40%		1.70%

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

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

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 G - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 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 FRS pension liability	<u>\$ 18,470,200</u>	<u>\$ 11,566,778</u>	<u>\$ 5,801,009</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

Payables to the Pension Plan. At September 30, 2020, the District reported an FRS payable of \$2,514 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2020.

NOTE G - 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 1,507,066 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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

HIS Plan, continued

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 .012343048 percent, which was an increase of .000736610 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 \$189,736. 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	\$ 61,648	\$ 1,163
Change of assumptions	162,053	87,630
Net difference between projected and actual earnings on HIS pension plan investments	1,203	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	118,490	24,445
District contributions subsequent to the measurement date	<u>19,721</u>	<u>-</u>
Total	<u>\$ 363,115</u>	<u>\$ 113,238</u>

The deferred outflows of resources related to HIS, totaling \$19,721, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2021. 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	\$ 37,228
2022	37,228
2023	37,228
2024	37,227
2025	36,927
Thereafter	<u>44,318</u>
Total	<u>\$ 230,156</u>

NOTE G - 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>\$ 1,742,101</u>	<u>\$ 1,507,066</u>	<u>\$ 1,314,691</u>

NOTE G - 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

Payables to the Pension Plan. At September 30, 2020, the District reported a payable of \$189 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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE G - 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 the plan, including FRS Financial Guidance Program, are funded through an employer contribution of .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 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.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

FRS - Defined Contribution Pension Plan, continued

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

The District's Investment Plan pension expense totaled \$130,077 which is included in FRS employer contributions 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 H - PROPERTY TAXES

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

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two (2) years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2020, \$78,272 was recorded in the General Fund as due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE H - PROPERTY TAXES, CONTINUED

Important dates in the property tax cycle are as follows:

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

The Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$3.50 per \$1,000 (3.5 mills) of the 2019 net taxable value of real property located within the District. In August 2016, the voters of the District approved a referendum to increase the District's millage cap to 3.5 mills from its previous cap of 2.5 mills. The change was effective for the year ended September 30, 2018 and the ad valorem tax levied in November 2017.

NOTE I - ASSIGNED FUND BALANCE

Assigned fund balance in the General Fund consisted of the following at September 30, 2020:

<u>Assigned fund balance</u>	<u>Amount</u>
Operations	\$ 5,999,358
Disaster preparedness	100,000
Buildings	1,300,000
Vehicles	700,000
Capital equipment	400,000
Contingency	100,000
Post Retirement Medical Reserve (OPEB)	300,000
Total assigned fund balance	<u>\$ 8,899,358</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE J - 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	\$ 73,769
Impact fee receipts	26,189
Due from other governments	10,658
Interest income	980
Capital outlay	-
Fiscal charges	-
Unearned revenue, September 30, 2020	<u>\$ 111,596</u>

NOTE K - COMMITMENTS AND CONTINGENCIES

The District is involved from time to time in certain routine litigation, the substance of which either as liabilities or recoveries, would not materially affect the financial position of the District. Although the final outcome of the lawsuits, assertions and claims or the exact amount of costs and/or potential recovery is not presently determinable, in the opinion of the District's legal counsel, the resolution of these matters will not have a materially adverse affect on the financial condition of the District. As a general policy, the District plans to contest any such matter.

On July 29, 2020, the District ordered three (3) rescue trucks in the amount of \$167,874 to be paid upon receipt and acceptance of the vehicles. The vehicles were received subsequent to year end in January and February 2020. Impact fees in the amount of \$10,000 were authorized to be utilized for this purchase.

NOTE L - 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.

Insurance programs for general liability, crime and fidelity, automobile and property are covered by commercial insurance. The District retains the risk of loss up to a deductible amount with the risk of loss in excess of this amount transferred to the insurance carrier with limits of general liability of \$1,000,000 per occurrence and \$3,000,000 in the aggregate. The District is third party insured for employee health, dental and vision, as well as workers' compensation.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Pursuant to the provisions of Section 112.08, Florida Statutes, the District provides the opportunity to participate in health insurance benefits to its retired employees through a single employer defined benefit plan. All retired full-time employees are eligible for benefits if actively employed by the District immediately before retirement and retired through the FRS system. As of September 30, 2020, there were thirty-nine (39) retirees receiving benefits, twenty-eight (28) of which are on the District's health insurance plan. The remaining eleven (11) retirees are of Medicare age and received a stipend from the District. The opportunity to obtain coverage is available to all retired District employees which have completed 20 years of service or 15 years of service and attainment of age 62 or 55 if special risk. The benefits require contributions from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays 4% of the premium cost per month for each year of service towards the employees' cost of insurance premiums up to 100% of the premium cost upon completion of 25 years of service. The District closed the subsidy Plan to new hires effective for anyone hired after October 1, 2014. Retirees retiring after October 1, 2014 must have 25 years of service to claim subsidy benefits. Retirees hired after this date can elect to participate in the health care coverage but must fund 100% of the related cost. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. Dependents can participate but must contribute 100% of the related costs. There are no special provisions for disabled participants.

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 required the District to annually record its actuarially determined total OPEB liability.

The retiree's premiums for these benefits totaled \$195,147 during the year ended September 30, 2020, of which the District paid \$139,573 in explicit subsidies.

Funding Policy

The District's OPEB benefits plan is unfunded and operated on a pay-as-you-go basis. No formal trust for the Plan has been established. 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.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

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

Funding Policy, continued

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 also 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 \$3,832,976 was measured as of October 1, 2019, and was determined by an actuarial valuation as of July 2, 2020. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Salary Increases	2.20%
Discount Rate	2.75%
Inflation Rate	2.50%

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.

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, 2020 valuation were based on results of an actuarial experience study performed for the FRS Retirement Plan.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE 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

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.

Demographic Assumptions

100% of participants are assumed to retire between age 55-65. Termination assumptions mirror the Florida Retirement System's special risk employees' termination assumptions as reported in the FRS 2017 actuarial valuation report. No disability assumption was made.

Changes in the Net OPEB Liability

	<u>Amount</u>
Balance at September 30, 2018	\$ 3,703,321
Changes for the year:	
Service Cost	65,378
Interest	137,031
Change in benefit terms	-
Difference Between Expected and Actual Experience	(157,514)
Changes in Assumptions	315,522
Contributions from Employer	<u>(230,762)</u>
Net Changes	<u>129,655</u>
Balance at September 30, 2019	<u>\$ 3,832,976</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.

	1% Decrease <u>1.75%</u>	Current Rate <u>2.75%</u>	1% Increase <u>3.75%</u>
Net OPEB Liability	\$ 4,224,660	\$ 3,832,976	\$ 3,497,482

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

**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.

	1% Decrease 3.0%	Trend Rate 4.0%	1% Increase 5.0%
Net OPEB Liability	\$ 3,709,493	\$ 3,832,976	\$ 3,973,710

For the year ended September 30, 2020, the District recognized OPEB expense credit of \$183,908. At September 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 141,763
Changes in Assumptions	283,970	184,593
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>\$ 283,970</u>	<u>\$ 326,356</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:	Amount
2021	\$ (18,501)
2022	(18,501)
2023	(18,501)
2024	(18,501)
2025	(18,502)
Thereafter	<u>50,120</u>
Total	<u>\$ (42,386)</u>

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

NOTE N - DEFICIT NET POSITION (NET ASSETS)

During the year ended September 30, 2020, the District's net position (net assets) balance of \$(966,074) was again a deficit, due substantially to recording the actuarially determined OPEB liability of \$3,832,976 and the recording of the current year net pension liability of \$13,073,844.

During the year ended September 30, 2019, the District's net position (net assets) deficit balance of \$1,806,246 was again a deficit, due substantially to recording the actuarially determined OPEB liability of \$3,703,321 and the recording of the current year net pension liability of \$10,053,376.

The District's fund balance remains approximately equal to one (1) year's budgeted expenditures.

NOTE O - SUBSEQUENT EVENTS

Subsequent to year end, the District's Board deemed the real property of a former fire station located on Brooks Rd. to be surplus and initiated the sale of the property under a sealed bid process. The bids are due on April 14th and will be reviewed by the Board on April 19th.

On October 28, 2020, the District ordered and paid for a new engine in the amount of \$493,030. Delivery is expected within twenty (20) to twenty four (24) months. The engine will be put in service upon delivery and acceptance. Impact fees in the amount of \$36,561 were authorized to be utilized for this purchase.

NOTE P - 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 severely limited.

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2020**

Page 50 of 67

NOTE P - COVID 19, CONTINUED

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**

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE 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)
REVENUES				
Ad valorem taxes	\$ 9,730,805	\$ 9,707,055	\$ 9,922,436	\$ 215,381
Intergovernmental revenue:				
State supplemental education	14,250	14,250	12,875	(1,375)
Fees:				
Inspection fees	23,750	23,750	23,140	(610)
Miscellaneous:				
Interest	7,790	7,790	11,663	3,873
Lee County EMS - Rent	2,185	2,185	4,600	2,415
Other	86,925	96,425	83,934	(12,491)
Cash brought forward	<u>6,500,000</u>	<u>7,680,203</u>	<u>-</u>	<u>(7,680,203)</u>
TOTAL REVENUES	<u>16,365,705</u>	<u>17,531,658</u>	<u>10,058,648</u>	<u>(7,473,010)</u>
EXPENDITURES				
Current				
Public safety				
Personnel services	6,536,000	7,006,000	6,591,361	414,639
Operating expenditures	7,057,705	7,669,358	963,789	6,705,569
Capital outlay	2,652,000	2,742,000	162,172	2,579,828
Debt Service				
Principal retirement	101,244	101,244	101,244	-
Interest	<u>18,756</u>	<u>18,756</u>	<u>7,192</u>	<u>11,564</u>
TOTAL EXPENDITURES	<u>16,365,705</u>	<u>17,537,358</u>	<u>7,825,758</u>	<u>9,711,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(5,700)	2,232,890	2,238,590
OTHER FINANCING SOURCES				
Proceeds from disposition of Capital Assets	-	5,700	5,641	(59)
Other financial assistance - CARES Act	<u>-</u>	<u>-</u>	<u>362,516</u>	<u>362,516</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2,601,047</u>	<u>\$ 2,601,047</u>
FUND BALANCE - Beginning			<u>7,680,203</u>	
FUND BALANCE - Ending			<u>\$ 10,281,250</u>	

The accompanying notes are an integral part of this statement.

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

REVENUES	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Ad valorem taxes:				
Current	\$ 9,711,805	\$ 9,688,055	\$ 9,848,089	\$ 160,034
Delinquent	19,000	19,000	6,235	(12,765)
Excess fees	-	-	68,112	68,112
Subtotal - Ad Valorem Taxes	<u>9,730,805</u>	<u>9,707,055</u>	<u>9,922,436</u>	<u>215,381</u>
Intergovernmental revenue:				
State supplemental education	14,250	14,250	12,875	(1,375)
Fees:				
Inspection fees	23,750	23,750	23,140	(610)
Interest:				
Ad valorem interest	-	-	6,733	6,733
Bank interest	190	190	141	(49)
SBA interest	<u>7,600</u>	<u>7,600</u>	<u>4,789</u>	<u>(2,811)</u>
Subtotal - Interest	<u>7,790</u>	<u>7,790</u>	<u>11,663</u>	<u>3,873</u>
Lee County EMS - Rent	2,185	2,185	4,600	2,415
Other:				
Donations-CERT	-	-	-	-
Donations	1,425	1,425	830	(595)
Lock boxes	4,750	4,750	1,425	(3,325)
Increase (Decrease) in fair value investment	-	-	-	-
Retiree health insurance	61,750	61,750	55,574	(6,176)
Miscellaneous	<u>19,000</u>	<u>28,500</u>	<u>26,105</u>	<u>(2,395)</u>
Subtotal - Other	<u>86,925</u>	<u>96,425</u>	<u>83,934</u>	<u>(12,491)</u>
Cash brought forward	<u>6,500,000</u>	<u>7,680,203</u>	<u>-</u>	<u>(7,680,203)</u>
TOTAL REVENUES	<u>16,365,705</u>	<u>17,531,658</u>	<u>10,058,648</u>	<u>(7,473,010)</u>

The accompanying notes are an integral part of this statement.

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

	General Fund			Variance Favorable/ (Unfavorable)
	Original Budget	Final Budget	Actual	
EXPENDITURES				
Current - Public safety				
Personnel services:				
Salaries				
Firefighters & administrative	4,000,000	4,410,000	4,098,594	311,406
Overtime	300,000	370,000	368,459	1,541
Incentives and holiday pay	15,000	15,000	13,415	1,585
Payroll taxes				
Social Security	325,000	345,000	331,833	13,167
Unemployment	6,000	6,000	1,043	4,957
Benefits				
Retirement	1,100,000	1,070,000	1,034,371	35,629
Group insurance - health/life	650,000	650,000	639,953	10,047
Workers compensation	140,000	140,000	103,693	36,307
Subtotal - Personnel services	<u>6,536,000</u>	<u>7,006,000</u>	<u>6,591,361</u>	<u>414,639</u>
Operating expenditures:				
Uniforms	40,000	40,000	29,106	10,894
Communications	60,000	60,000	51,367	8,633
Commercial Pkg Insurance	65,000	65,000	51,651	13,349
Utilities	30,000	30,000	27,959	2,041
Maintenance				
Vehicle	75,000	110,000	106,172	3,828
Equipment	40,000	60,000	55,955	4,045
Office	20,000	20,000	15,000	5,000
Communications	10,000	10,000	7,450	2,550
Hydrant	1,000	1,000	953	47
Building	25,000	35,000	29,034	5,966
Bunker gear	2,000	2,000	-	2,000
Supplies				
Office	12,000	17,000	14,878	2,122
Inter-departmental	5,000	6,000	5,833	167
Communications	6,000	6,000	2,330	3,670
Firefighter & rescue	80,000	90,000	81,645	8,355
Station	26,000	40,000	27,154	12,846
Training	-	-	-	-
Fire prevention	-	1,000	-	1,000

The accompanying notes are an integral part of this statement.

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Operating expenditures (continued):				
CERT	5,000	5,000	4,739	261
Public education	9,000	9,000	8,795	205
Professional and other fees				
Legal	10,000	40,000	31,108	8,892
Legal advertising	2,000	2,000	1,779	221
Property Appraiser fees	70,000	70,000	60,399	9,601
Tax Collector fees	240,000	240,000	199,404	40,596
Election fees	-	-	-	-
Accounting and audit	35,000	35,000	29,150	5,850
Miscellaneous				
Education and travel	40,000	30,000	25,394	4,606
Postage	2,000	2,000	577	1,423
Gas and oil	60,000	55,000	43,821	11,179
Employment expenses	60,000	36,000	13,473	22,527
Computer software/training	25,000	30,000	21,314	8,686
Lock boxes	5,000	5,000	3,759	1,241
Miscellaneous	10,000	9,000	4,942	4,058
Books and dues	9,000	9,000	8,648	352
Operational reserves				
Contingency	100,000	100,000	-	100,000
Operating reserve	5,478,705	5,999,358	-	5,999,358
Disaster preparedness reserve	100,000	100,000	-	100,000
Post retirement medical reserve	300,000	300,000	-	300,000
Subtotal - Operating expenditures	<u>7,057,705</u>	<u>7,669,358</u>	<u>963,789</u>	<u>6,705,569</u>
Capital outlay:				
Vehicles	165,000	165,000	77,304	87,696
Firefighter & rescue equipment	10,000	20,000	13,472	6,528
Bunker gear	20,000	20,000	13,883	6,117
Training equipment	-	-	-	-
Communications equipment	5,000	5,000	-	5,000
Furniture & office	12,000	12,000	5,262	6,738
Station equipment	10,000	10,000	8,450	1,550

The accompanying notes are an integral part of this statement.

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable/ (Unfavorable)
Capital outlay (continued):				
Rescue equipment	-	-	-	-
Bunker gear	-	-	-	-
Public education equipment	15,000	20,000	17,560	2,440
Station #1 improvements	25,000	25,000	19,251	5,749
Station #2 improvements	70,000	45,000	-	45,000
Station #3 improvements	20,000	20,000	6,990	13,010
Capital Reserves				
Building reserve	1,300,000	1,300,000	-	1,300,000
Vehicle reserve	650,000	700,000	-	700,000
Capital equipment reserve	<u>350,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>
Subtotal - Capital outlay	<u>2,652,000</u>	<u>2,742,000</u>	<u>162,172</u>	<u>2,579,828</u>
DEBT SERVICE				
Principal reduction	101,244	101,244	101,244	-
Interest and fiscal charges	<u>18,756</u>	<u>18,756</u>	<u>7,192</u>	<u>11,564</u>
Subtotal - Debt Service	<u>120,000</u>	<u>120,000</u>	<u>108,436</u>	<u>11,564</u>
TOTAL EXPENDITURES	<u>16,365,705</u>	<u>17,537,358</u>	<u>7,825,758</u>	<u>9,711,600</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>(5,700)</u>	<u>2,232,890</u>	<u>2,238,590</u>
OTHER FINANCING SOURCES				
Proceeds from disposition of capital asset	-	5,700	5,641	11,341
Other financial assistance - CARES Act	<u>-</u>	<u>-</u>	<u>362,516</u>	<u>362,516</u>
SUBTOTAL - OTHER FINANCING SOURCES	<u>-</u>	<u>5,700</u>	<u>368,157</u>	<u>362,457</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>2,601,047</u>	<u>\$ 2,601,047</u>
FUND BALANCE, October 1, 2019			<u>7,680,203</u>	
FUND BALANCE, September 30, 2020			<u>\$ 10,281,250</u>	

The accompanying notes are an integral part of this statement.

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

	Impact Fee Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
REVENUES				
Fees:				
Impact fees	\$ 12,000	\$ 12,000	\$ -	\$ (12,000)
Miscellaneous:				
Interest	2,000	2,000	-	(2,000)
Cash brought forward	75,000	75,000	-	(75,000)
TOTAL REVENUES	<u>89,000</u>	<u>89,000</u>	<u>-</u>	<u>(89,000)</u>
EXPENDITURES				
Current				
Public safety				
Operating				
Refunds	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay				
Contingency	89,000	89,000	-	89,000
Vehicles	-	-	-	-
Equipment - firefighter/rescue	-	-	-	-
Equipment - Communications	-	-	-	-
Buildings	-	-	-	-
TOTAL EXPENDITURES	<u>89,000</u>	<u>89,000</u>	<u>-</u>	<u>89,000</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - Beginning			<u>-</u>	
FUND BALANCE - Ending			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.026687550%	0.025421272%	0.024596426%	0.022709709%
District's proportionate share of the net pension liability	\$ 11,566,778	\$ 8,754,732	\$ 7,408,571	\$ 6,717,360
District's covered-employee payroll	\$ 4,480,468	\$ 3,970,948	\$ 3,826,921	\$ 3,495,050
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	258.16%	220.47%	193.59%	192.20%
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)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 961,965	\$ 867,583	\$ 781,750	\$ 658,074
Contributions in relation to the contractually required contribution	<u>961,965</u>	<u>867,583</u>	<u>781,750</u>	<u>658,074</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,480,468	\$ 3,970,948	\$ 3,826,921	\$ 3,495,050
Contributions as a percentage of covered-employee payroll	21.47%	21.85%	20.43%	18.83%

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>
0.022818081%	0.021852527%	0.021748347%
\$ 5,761,583	\$ 2,822,547	\$ 1,326,969
\$ 3,342,649	\$ 3,371,304	\$ 3,421,304
172.37%	83.72%	38.79%
84.88%	92.00%	96.09%

<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 612,210	\$ 568,090	\$ 551,857
<u>612,210</u>	<u>568,090</u>	<u>551,857</u>
\$ -	\$ -	\$ -
\$ 3,342,649	\$ 3,371,304	\$ 3,421,304
18.32%	16.85%	16.13%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.012343048%	0.011640644%	0.011570500%	0.010811470%
District's proportionate share of the net pension liability	\$ 1,507,066	\$ 1,298,644	\$ 1,224,635	\$ 1,156,012
District's covered-employee payroll	\$ 4,480,468	\$ 3,970,948	\$ 3,826,921	\$ 3,495,050
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.64%	32.70%	32.00%	33.08%
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)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 72,406	\$ 65,302	\$ 58,841	\$ 49,532
Contributions in relation to the contractually required contribution	<u>72,406</u>	<u>65,302</u>	<u>58,841</u>	<u>49,532</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,480,468	\$ 3,970,948	\$ 3,826,921	\$ 3,495,050
Contributions as a percentage of covered-employee payroll	1.62%	1.64%	1.54%	1.42%

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
0.0107790666%	0.011594876%	0.011475690%
\$ 1,256,255	\$ 1,182,495	\$ 1,073,005
\$ 3,342,649	\$ 3,371,304	\$ 3,421,304
37.58%	35.08%	31.36%
0.97%	0.50%	0.99%

2016	2015	2014
\$ 48,924	\$ 46,272	\$ 37,464
<u>48,924</u>	<u>46,272</u>	<u>37,464</u>
\$ -	\$ -	\$ -
\$ 3,342,649	\$ 3,371,304	\$ 3,421,304
1.46%	1.37%	1.10%

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 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 changes in actuarial assumptions. As of June 30, 2019, the inflation rate assumption decreased to 2.4 percent from 2.60%, the real payroll growth assumption increased to 0.85 percent from 0.65 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was reduced from 6.90% to 6.80%.

Health Insurance Subsidy Pension Plan

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

**NORTH FORT MYERS FIRE CONTROL
AND RESCUE SERVICE DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
September 30, 2020**

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at September 30, 2020, was 5.9 (6.4 for FY 19) for FRS and 7.2 years (7.2 for FY 19) for HIS.

**NORTH FORT MYERS FIRE CONTROL
RESCUE SERVICE DISTRICT**

**SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
RELATED RATIOS GASB 75 AND RELATED 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	\$ 71,485	\$ 66,635	\$ 65,378
Interest Cost	121,507	130,319	137,031
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	-	-	(157,514)
Changes in Assumptions	(169,777)	(104,642)	315,522
Benefit Payments	(214,000)	(224,773)	(230,762)
Net Change in net OPEB Liability	(190,785)	(132,461)	129,655
Net OPEB Liability - Beginning of Year	4,026,567	3,835,782	3,703,321
Net OPEB Liability - End of Year	<u>\$ 3,835,782</u>	<u>\$ 3,703,321</u>	<u>\$ 3,832,976</u>

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

Plan Fiduciary Net Position as of September 30:

	2018	2019	2020
Contributions - Employer	\$ 214,000	\$ 224,773	\$ 230,762
Net Investment Income	-	-	-
Benefit Payments	(214,000)	(224,773)	(230,762)
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	3,835,782	3,703,321	3,832,976
Fiduciary Net Position as a % of Net OPEB Liability	0.00%	0.00%	0.00%
Measurement Date	9/30/2017	9/30/2018	9/30/2019
Covered-Employee Payroll *			
Net OPEB Liability as a % of Payroll *			
Expected Average Remaining Service Years	8	8	10

* Because this OPEB plan does not depend of 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:
9/30/18	3.50%
9/30/19	3.83%
9/30/20	2.75%

Population covered by Plan: 60 active 39 retired

Plan has no specific trust established. \$300,000 assigned for OPEB for FY 20.

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
 North Fort Myers Fire Control and Rescue Service District
 P.O. Box 3507
 North Fort Myers, Florida 33918

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 North Fort Myers Fire Control and Rescue Service 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 March 4, 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. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and

INTEGRITY SERVICE EXPERIENCE

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

Purpose of This Report

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

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

March 4, 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
 North Fort Myers Fire Control and Rescue Service District
 P.O. Box 3507
 North Fort Myers, Florida 33918

We have examined North Fort Myers Fire Control and Rescue Service 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 North Fort Myers Fire Control and Rescue Service District's compliance with those requirements. Our responsibility is to express an opinion on North Fort Myers Fire Control and Rescue Service District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about North Fort Myers Fire Control and Rescue Service District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on North Fort Myers Fire Control and Rescue Service District's compliance with specified requirements.

In our opinion, North Fort Myers Fire Control and Rescue Service 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 North Fort Myers Fire Control and Rescue Service District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
 Fort Myers, Florida
 March 4, 2021

INTEGRITY SERVICE EXPERIENCE



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

Page 65 of 67

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
North Fort Myers Fire Control and Rescue Service District
P.O. Box 3507
North Fort Myers, Florida 33918

We have audited the accompanying basic financial statements of North Fort Myers Fire Control and Rescue Service District (the "District") as of and for the year ended September 30, 2020 and have issued our report thereon dated March 4, 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 are dated March 4, 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 includes the following information, which is not included in the aforementioned auditor's reports:

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

INTEGRITY SERVICE EXPERIENCE

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

- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we 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. 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. 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 District (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 District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated March 4, 2021, included herein.

- Section 10.557(3)(m), Rules of the Auditor General, requires a notarized affidavit related to 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 COMMENTS:

There were no financially significant comments noted.

CURRENT YEAR COMMENTS:

There were no financially significant comments noted.

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

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

March 4, 2021

EXHIBIT 1



NORTH FT. MYERS FIRE DIST.

P.O. Box 3507 * 2900 Trail Dairy Circle
N. Ft. Myers, FL 33918-3507
(239) 997-8654 (239) 995-3757 fax

April 1, 2021

Response to Management Letter – Fiscal Year 2019/2020

In response to the management letter contained in the independent audit by Tuscan and Company, we provide the following:

We are happy to report that we had no financially significant comments the previous year, as well as for the current year.

Sincerely,

Ronald A. Beecroft
Fire Chief

EXHIBIT 2

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Ronald A. Beecroft, who being duly sworn, deposes and says on oath that:

- 1. I am the Chief Financial Officer of North Fort Myers Fire Control & Rescue Service District which is a local governmental entity of the State of Florida;
- 2. North Fort Myers Fire Control & Rescue Service District adopted Lee County Ordinance No. 89-15 implementing an impact fee; and
- 3. North Fort Myers Fire Control & Rescue Service District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



Ronald A. Beecroft, Chief Financial Officer

STATE OF FLORIDA
COUNTY OF LEE

SWORN TO AND SUBSCRIBED before me this 12 day of March, 2021.



NOTARY PUBLIC

Print Name S. Monique Brooks

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:

8-2-2024

