SAN CARLOS PARK FIRE PROTECTION
AND RESCUE SERVICE DISTRICT
FORT MYERS, FLORIDA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
San Carlos Park Fire Protection and Rescue Service District
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida (the "District") as of and for the fiscal 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the remaining fund information of the District as of September 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, schedules for the single employer and cost share pension plans, and other post-employment benefit schedules be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 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, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

[illegible] & Associates

April 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of San Carlos Park Fire Protection & Rescue Service District, Fort Myers, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year ended September 30, 2020 resulting in a net position balance of $7,989,438. Of this amount, $1,056,617 is unrestricted net position, which may be used to meet the District's ongoing obligations.

- The District's total net position increased by $1,704,398 in comparison to the prior year.

- At September 30, 2020, the District's governmental funds reported combined ending fund balances of $15,599,426, an increase of $4,817,107, in comparison with the prior year. Of the total fund balance, $2,575,537 is restricted for Impact Fee expenditures, $3,177,239 is restricted for Station 54 construction related expenditures, $9,690,004 is assigned fund balance, and $156,646 is unassigned fund balance which is available for spending at the District's discretion.

- Total revenues in the government-wide statements increased ($14,488,499 - $13,596,546) $891,953, in comparison to the prior year.

- Total expenses in the government-wide statements increased ($12,784,101 - $12,180,558) $603,543, in comparison to the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

The statement of net position presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include all governmental activities that are principally supported by ad-valorem taxes. The District does not have any business-type activities. The governmental activities of the District include the public safety and interest functions.

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special revenue fund, and capital projects fund. The general, special revenue, and capital projects funds are considered major funds.

The District adopts an annual appropriated budget for each fund. Budgetary comparison schedules have been provided for both funds to demonstrate compliance with the budget.

Fiduciary Fund

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District.

Notes to the Financial Statements

The notes provide additional information that is 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a condensed summary of net position for the primary government for the year ended September 30, 2020, compared to September 30, 2019:

	September 30,		
Assets:	2020	2019	Change
Current and other assets	$ 16,997,681	$ 11,395,417	$ 5,602,264
Capital assets	7,059,056	5,020,778	2,038,278
Total assets	24,056,737	16,416,195	7,640,542
Deferred outflows of resources	3,239,393	3,348,514	(109,121)
Liabilities:			
Current liabilities	1,463,748	613,098	850,650
Non-current liabilities	14,385,826	10,398,893	3,986,933
Total liabilities	15,849,574	11,011,991	4,837,583
Deferred inflows of resources	3,457,118	2,467,678	989,440
Net position:			
Net investment in capital assets	1,180,045	3,193,423	(2,013,378)
Restricted	5,752,776	1,636,811	4,115,965
Unrestricted	1,056,617	1,454,806	(398,189)
Total net position	$ 7,989,438	$ 6,285,040	$ 1,704,398

The net investment in capital assets represents 15% of net position and is comprised of land, fire and rescue equipment, buildings, fire and rescue vehicles and furniture, fixtures and equipment, net of accumulated depreciation and capital leases and loans payable. These assets are used to provide services to residents; consequently, these assets are not available for future spending.

An additional portion of the District's net position, $5,752,776, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $1,056,617 represents net resources available to meet the District's obligations.

The District's net position increased during the most recent fiscal year. The majority of the increase is a result of higher ad valorem taxes resulting from property value increases.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following schedule reports the revenues, expenses, and changes in net position for the District for the fiscal year ended September 30, 2020 compared to September 30, 2019:

	Fiscal Year Ended September 30, 2020	2019	Change
Revenues:			
General revenues			
Property taxes	$ 13,013,880	$ 12,092,795	$ 921,085
Impact fees	938,726	558,131	380,595
Investment earnings	68,697	69,246	(549)
Other	294,737	401,089	(106,352)
Program revenues			
Charges for services	172,300	229,966	(57,666)
Operating grants and contributions	-	245,319	(245,319)
Capital grants and contributions	159	-	159
Total revenues	14,488,499	13,596,546	891,953
Expenses:			
Public safety-fire protection	12,644,943	12,180,558	464,385
Interest on long-term debt	139,158	-	139,158
Total expenses	12,784,101	12,180,558	603,543
Increase (decrease) in net position	1,704,398	1,415,988	288,410
Net position - beginning	6,285,040	4,869,052	1,415,988
Net position - ending	$ 7,989,438	$ 6,285,040	$ 1,704,398

Property tax receipts increased by $921,085 during the current fiscal year. The millage rate was decreased from 2.9000 mills to 2.8000 mils; however, total assessed property value increased $464,278,740 to $4,614,889,405 resulting in higher ad valorem tax revenues.

Impact fee revenues increased by $380,595 as a result of an increase in new construction within the District's boundaries.

Charges for services decreased $57,666 mainly as a result of a decrease in inspection and repeater installation fees. Operating grants and contributions decreased by $245,319 mainly as a result of Federal Emergency Management Administration (FEMA) grant revenues being recognized in the prior fiscal year for Hurricane Irma costs.

In total expenses increased by approximately $604,000. The majority of the increase is the result of higher personnel costs. In addition, as a result of the loan issued in the current year, interest expense also increased.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of unreserved resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As noted earlier, combined fund balances increased by $4,817,107 in comparison with the prior year. The restricted portion of the District's fund balance represents resources that are subject to external restrictions on how they may be used. The assigned fund balance is assigned for future use. The remaining fund balance is unassigned which is available for spending at the District's discretion.

The general fund is the operating fund of the District and includes all activities related to providing management and operating services.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. The Board of Commissioners must approve any budget amendments that increase the aggregate budgeted appropriations.

Budget versus actual comparisons for the General fund and Special Revenue fund are reported as required supplementary information. The District did not amend the budgets during the year ended September 30, 2020 and; therefore, there is no difference between the original budget and the final budget. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

The General Fund experienced certain variances between its final budget and actual results. Ad valorem tax revenue was higher than budget by $92,190 mainly resulting from excess fees being accrued in the current fiscal year which were not anticipated by the budget. Miscellaneous revenue was higher than budget by $69,816 mainly resulting from state excise contributions being recognized in the current fiscal year which were not anticipated by the budget. Inspection and repeater installation revenue was higher than budget by $68,714 mainly resulting from more of those services being performed than anticipated by the budget. Actual personnel services were less than the budget by $1,461,113, which is primarily attributed to not hiring for positions budgeted until late in the fiscal year and resignations. In addition, the District decided to prepay the Station lease in the current year, resulting in actual principal retirement being higher than budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2020, the District had $13,971,551 invested in construction in progress, land and improvements, building, fire and rescue equipment, fire and rescue vehicles and furniture and fixtures. Depreciation of $6,912,495 has been taken, which resulted in a net book value of $7,059,056.

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

	2020	2019
Land and improvements	$ 873,715	$ 873,715
Construction in process	1,812,732	-
Building	2,163,881	2,265,151
Furniture, Fixtures and Equipment	711,541	528,526
Vehicles	1,497,187	1,353,386
Total capital assets, net of depreciation	$ 7,059,056	$ 5,020,778

Additional information on the District's capital assets is found in the notes to the financial statements.

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Debt

At September 30, 2020, the District had $5,879,011 of outstanding debt, which relates to capital leases and loan payable. The District entered into a loan agreement for the Station 54 construction project in the amount of $4,777,578 during the current fiscal year. Additional information on the District's long-term liabilities is found in the notes to the financial statements.

Other Liabilities

At September 30, 2020 the District had $1,347,205 in compensated absence payable. This liability represents the total amount due and payable to District employees at year end.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District is expected to incur increased costs in subsequent years for the design and construction of the new station. It is anticipated that the general operations of the District will remain the same as the current budget year. In fiscal year 2021, total assessed property value increased $411,118,766 to $5,026,008,171.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. Questions regarding any information provided in this report should be directed to: Chief David Cambareri, San Carlos Park Fire Protection and Rescue Service District, 19591 Ben Hill Griffin Pkwy, Fort Myers, FL 33913, phone (239) 267-7525.

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 10,303,961
Due from other governments	89,287
Accounts receivable	9,343
Restricted assets:	
Cash and cash equivalents	2,331,786
Due from other governments	139,592
Investments	4,123,712
Capital assets:	
Nondepreciable	2,686,447
Depreciable assets, net	4,372,609
Total assets	24,056,737
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	3,239,393
LIABILITIES	
Current liabilities:	
Accounts payable	147,780
Contracts and retainage payable	946,473
Accrued expenses	304,002
Accrued interest payable	65,493
Noncurrent liabilities	
Due in one year	486,262
Due in more than one year:	
Loan payable - Station 54	4,604,960
Capital lease payable	787,789
Compensated absences	1,347,205
Net OPEB liability	5,282,129
Net pension liability	1,877,481
Total liabilities	15,849,574
DEFERRED INFLOWS OF RESOURCES	
Pensions	3,457,118
NET POSITION	
Net investment in capital assets	1,180,045
Restricted for interlocal agreements	2,575,537
Restricted for Station 54 construction	3,177,239
Unrestricted	1,056,617
Total net position	$ 7,989,438

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
Public safety	$ 12,644,943	$ 172,300	$ -	$ 159	$ (12,472,484)
Interest on long term debt	139,158	-	-	-	(139,158)
Total governmental activities	12,784,101	172,300	-	159	(12,611,642)

General revenues:	
Property taxes	13,013,880
Impact fees	938,726
Unrestricted investment earnings	68,697
Miscellaneous	294,737
Total general revenues	14,316,040
Change in net position	1,704,398
Net position - beginning	6,285,040
Net position - ending	$ 7,989,438

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	Major Funds			Total
	General	Impact Fee	Capital Projects	Governmental Funds
ASSETS				
Cash and cash equivalents	$ 10,303,961	$ 2,331,786	$ -	$ 12,635,747
Investments	-	-	4,123,712	4,123,712
Due from other governments	89,287	139,592	-	228,879
Accounts receivable	9,343	-	-	9,343
Due from other fund	-	104,159	-	104,159
Total assets	$ 10,402,591	$ 2,575,537	$ 4,123,712	$ 17,101,840
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 147,780	$ -	$ -	$ 147,780
Contracts and retainage payable	-	-	946,473	946,473
Accrued expenses	304,002	-	-	304,002
Due to other fund	104,159	-	-	104,159
Total liabilities	555,941	-	946,473	1,502,414
Fund balances:				
Restricted for:				
Capital projects	-	2,575,537	3,177,239	5,752,776
Assigned for:				
Compensated absences	1,032,755	-	-	1,032,755
Capital projects	970,098	-	-	970,098
Facility	1,649,222	-	-	1,649,222
Disaster	580,252	-	-	580,252
Wireless communication enhancement	116,716	-	-	116,716
Operating Reserve Fund	4,601,884	-	-	4,601,884
Subsequent year's expenditures	739,077	-	-	739,077
Unassigned	156,646	-	-	156,646
Total fund balances	9,846,650	2,575,537	3,177,239	15,599,426
Total liabilities and fund balances	$ 10,402,591	$ 2,575,537	$ 4,123,712	$ 17,101,840

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund balance - governmental funds		$ 15,599,426
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 as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.		
Cost of capital assets	13,971,551	
Accumulated depreciation	(6,912,495)	7,059,056
Deferred outflows of resources related to pensions are recorded in the statement of net position.		3,239,393
Deferred inflows of resources related to pensions are recorded in the statement of net position.		(3,457,118)
Long term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Leases payable		(1,101,433)
Loan Payable - Station 54		(4,777,578)
Net OPEB liability		(5,282,129)
Net pension liability		(1,877,481)
Accrued interest payable		(65,493)
Compensated absences		(1,347,205)
Net position of governmental activities		$ 7,989,438

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Major Funds			Total
	General	Impact Fee	Capital Projects	Governmental Funds
REVENUES				
Ad valorem taxes	$ 13,013,880	$ -	$ -	$ 13,013,880
Intergovernmental	16,586	-	-	16,586
Inspection and repeater install fees	155,714	-	-	155,714
Impact fees	-	929,080	-	929,080
Interest	68,697	9,646	159	78,502
Miscellaneous	294,737	-	-	294,737
Total revenues	13,549,614	938,726	159	14,488,499
EXPENDITURES				
Current:				
Public safety				
Personnel service	8,858,898	-	-	8,858,898
Operating expenditures	1,881,232	-	-	1,881,232
Capital outlay	1,308,755	-	1,600,498	2,909,253
Debt service:				
Principal retirement	725,922	-	-	725,922
Interest and fiscal charges	73,665	-	-	73,665
Total expenditures	12,848,472	-	1,600,498	14,448,970
Excess (deficiency) of revenues over (under) expenditures	701,142	938,726	(1,600,339)	39,529
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	-	4,777,578	4,777,578
Total other financing sources (uses)	-	-	4,777,578	4,777,578
Net change in fund balances	701,142	938,726	3,177,239	4,817,107
Fund balances - beginning	9,145,508	1,636,811	-	10,782,319
Fund balances - ending	$ 9,846,650	$ 2,575,537	$ 3,177,239	$ 15,599,426

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds	$ 4,817,107
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures, however, in the statement activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.	2,909,253
Depreciation on capital assets is not recognized in the governmental fund financial statements but is reported as an expense in the statement of activities.	(870,975)
Governmental funds report the face amount of debt issued as financial resources when debt is first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(4,777,578)
Repayment of certain long-term liabilities are reported as expenditures in the governmental fund financial statements but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	725,922
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 governmental funds. The details of the differences are as follows:	
Change in net OPEB liability	(975,114)
Change in net pension liability and related deferred outflows and inflows of resources	52,632
Change in accrued interest	(65,493)
Change in compensated absences	(111,356)
Change in net position of governmental activities	$ 1,704,398

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FUND
SEPTEMBER 30, 2020

	San Carlos Park Fire Protection and Rescue Service District Retirement Plan
ASSETS	
Cash	$ 124,960
Investments	24,867,091
Total assets	24,992,051
NET POSITION	
Net position held in trust for pension benefits	$ 24,992,051

See notes to the financial statements

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PENSION TRUST FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

	San Carlos Park Fire Protection and Rescue Service District Retirement Plan
Additions	
Contributions:	
Employer and employee	$ 1,144,026
State of Florida	213,824
Total contributions	1,357,850
Investment earnings:	
Net increase (decrease) in fair value	1,642,481
Net investment earnings	1,642,481
Total additions	3,000,331
Deductions:	
Benefits	222,752
Administrative expense	42,476
Total deductions	265,228
Net increase in plan net position	2,735,103
Net position held in trust for pension benefits:	
Beginning	22,256,948
Ending	$ 24,992,051

See notes to the financial statements

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The San Carlos Park Fire Protection and Rescue Service District (the “District”) is a local governmental unit created by the Florida State Legislature to provide fire and rescue services to a certain prescribed area in Lee County, Florida, and is an independent special district authorized and existing under the laws of the State of Florida and created by enabling Statute Chapter 98-464. An elected five-person Board of Commissioners operates the District.

The District is an instrumentality of the State of Florida and is exempt from federal income tax.

The District was established to provide fire control and protection services, fire safety inspections, and rescue services to the District’s incorporated land area. Pursuant to a long-term interlocal agreement, the District provides fire protection and rescue services to 52 square miles within unincorporated Lee County. In addition, the District provides contracted fire protection and rescue services to Florida Gulf Coast University.

The District operates and maintains three (3) station houses, a training facility and their related equipment and employs approximately 68 full-time employees and has 5 elected officials who receive a stipend.

The financial statements were prepared in accordance with Governmental Accounting Standards Board (“GASB”) Statements. Under the provisions of those standards, the financial reporting entity consists of the primary government, organizations for which the District is considered to be financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that, if excluded, the financial statements of the District would be considered incomplete or misleading. There are no entities considered to be component units of the District; therefore, the financial statements include only the operations of the District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide and fund 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 non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (Operating-type fees for maintenance are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and fiduciary fund 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 and received. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)
Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes are ad valorem and levied each November 1 on property as of the previous January 1. The fiscal year for which annual taxes are levied begins on October 1 with a maximum discount available for payments through November 30 and become delinquent on April 1. The taxes are billed and collected by the County Tax Assessor/Collector on behalf of the District. The amounts remitted to the District are net of applicable discounts or fees.

Property taxes, impact fees, intergovernmental revenues and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items reported in the governmental funds are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

General Fund
The general fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

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

Capital Projects Fund
This fund accounts for the financing proceeds to be used to finance the construction of the new Station #54.

The District also reports the following fiduciary fund:

The Firefighters' Pension Trust Fund
Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund of the District is a single employer pension trust fund and comprises the remaining fund information of the District.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

New Accounting Standards Adopted
During the fiscal year 2020, the District adopted the following new accounting standards:

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

Restricted Assets
These assets represent cash, cash equivalents and investments set aside pursuant to contractual restrictions.

Deposits and Investments
The District's cash and cash equivalents are considered to be cash on hand and demand deposits.

The District's adopted investment policy is that funds of the District may be invested in the following:

a) State Board of Administration Local Government Surplus Trust Funds:
b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency;
c) Savings accounts in state-certified qualified public depositories;
d) Certificates of Deposit in state-certified qualified public depositories;
e) Direct obligations of the U.S. Treasury;
f) Federal agencies and instrumentalities;
g) Repurchase agreements.

Investments in derivative products are prohibited by this investment policy. A "derivative" is defined as a financial instrument the value of which depends on, or is derived from, the value of one or more underlying assets or index or asset values. The use of reverse repurchase agreements or other forms of leverage is also prohibited by this investment policy.

The District records all interest revenue related to investment activities in the respective funds. Investments are measured at amortized cost or reported at fair value as required by generally accepted accounting principles.

Inventories and Prepaid Items
Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets
Capital assets, which include property, plant and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital Assets
Property, plant and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Buildings	39
Furniture, Fixtures, and Equipment	7 -10
Fire and Rescue Vehicles	5

In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures. Depreciation expense is not reported in the governmental fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences
The District's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. Upon termination of employment, employees will receive compensation at regular rates of pay for all accumulated paid personal leave. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Amounts not expected to be liquidated with expendable available resources are reported in the Statement of Net Position. Payments are generally paid out of the general fund.

Long-Term Obligations
In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, lease and loan proceeds are reported as other financing sources.

Impact Fees
Through an interlocal agreement with Lee County, the District levies an impact fee on new construction within the District via a City of Bonita Springs ordinance. In addition, the District has an interlocal agreement with the Village of Estero. 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/Village of Estero and remitted to the District quarterly. The Lee County fee is refundable if not expended by the District within (6) years from the date of collection. The District, therefore, records this fee as restricted cash. When the funds are expended they are charged to capital outlay in the fund financial statements and capital assets in the government-wide financial statements.

Unearned Revenue
Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of financial position will sometimes report 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Fund Equity/Net Position
In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The District can establish limitations on the use of fund balance as follows:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Commissioners. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Commissioners that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board can assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year’s appropriated budget. Assignments are generally temporary.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)
The District first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the District's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Other Disclosures

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

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements.

a) Each year, the District Fire Chief submits to the District Board a proposed operating budget for the fiscal year commencing the following October 1.
b) Public hearings are conducted to obtain comments.
c) Prior to October 1, the budget is legally adopted by the District Board.
d) All budget changes must be approved by the District Board.
e) The budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America, except as discussed in the Notes to Required Supplementary Information.
f) Unused appropriation for annually budgeted funds lapse at the end of the year.

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits
The District's cash balances were entirely covered by federal depository insurance ("FDIC") or by a collateral pool pledged to the State Treasurer. Florida Statutes Chapter 280, "Florida Security for Public Deposits Act", requires all qualified depositories to deposit with the Treasurer or another banking institution eligible collateral equal to various percentages of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held. The percentage of eligible collateral (generally, U.S. Governmental and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository's financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments for governmental activities were held as follows at September 30, 2020:

	Amortized Cost	Credit Risk	Maturities
			Weighted average maturity:
Federated Hermes Treasury Obligations Fund	$ 4,123,712	S&P AAAm	47 days
Total Investments	$ 4,123,712		

The District's fiduciary fund investments were held as follows at September 30, 2020:

	Fair Value
Florida Municipal Pension Trust Fund - Pension Fund B	$ 24,867,091
Total Investments	$ 24,867,091

The Florida Municipal Pension Trust Fund ("FMPTF") investments managed through the Florida Municipal Investment Trust ("FMIvT"), are a Local Government Investment Pool.

Credit risk – For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investment ratings by investment type are included in the table below for fiduciary funds and are included in the preceding summary of investments for the governmental activities.

The following risk information relates to the FMIvT:

Fixed Income Fund:	Fitch Rating
FMIvT Broad Market High Quality Bond Fund	AAf/S4
FMIvT Core Plus Fixed Income Fund	Not Rated
Equity Portfolios:	
FMIvT Diversified Large Cap Equity Portfolio	Not Rated
FMIvT Diversified Small to Mid Cap Equity Portfolio	Not Rated
FMIvT International Equity Portfolio	Not Rated
FMIvT Core Real Estate Portfolio	Not Rated

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – Interest rate risk exists when there is a possibility that changes in interest rate could adversely affect the fair value of the investments. The table below summarizes the District's interest rate risk for the FMIvT:

	Modified Duration (Years)	Weighted Average Maturity (Years)
Fixed Income Fund:		
FMIvT Broad Market High Quality Bond Fund	5.52	6.60
FMIvT Core Plus Fixed Income Fund	3.35	5.82

Fair Value Measurement – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques. These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the District has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

<u>Investments (Continued)</u>
The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investment in money markets have been reported at amortized cost above.

The table below summarizes the District's fair value measurement level of its investments in the fiduciary fund:

	Fair Value	Fair Value Measurement Level
Fixed Income Fund:		
FMIvT Broad Market High Quality Bond Fund	$ 2,249,285	2
FMIvT Core Plus Fixed Income Fund	2,374,245	3
Equity Portfolios:		
FMIvT Diversified Large Cap Equity Portfolio	10,221,749	2
FMIvT Diversified Small to Mid Cap Equity Portfolio	3,148,998	2
FMIvT International Equity Portfolio	4,723,498	2
FMIvT Core Real Estate Fund	2,149,316	3
	$ 24,867,091	

<u>FMIvT Broad Market High Quality Bond Fund</u> - This fund invests mainly in US government and agency securities, asset-backed securities and corporate bonds and notes. The underlying securities have observable level 1 quoted pricing inputs or observable level 2 significant other observable pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted prices or market-corroborated inputs, the net asset value of the portfolio is not publicly quoted.

<u>FMIvT Core Plus Income Fund</u> - This fund invests in two underlying funds, the Franklin Templeton Global Multi-Sector Plus Fund, LP and the Pioneer Institutional Multi-Sector Fixed Income Portfolio, LLC. Shares of these funds are not publicly quoted. These underlying funds invest in a variety of financial instruments, including equity investments, asset-backed securities, debt securities, swaps, forward exchange contracts, credit-linked notes, escrow accounts, litigation trusts for both U.S. and foreign companies and governments.

<u>FMIvT Diversified Large Cap Equity Portfolio</u> - This portfolio invests mainly in domestic stocks and in a single underlying fund, the Intech U.S. Broad Enhanced Plus Fund, LLC (Intech Fund), shares of which are not publicly quoted. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). The value of the portfolio's shares of the Intech Fund investment is determined based on the net asset value provided by the Intech Fund, which was calculated in accordance with generally accepted accounting principles. While most of the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

<u>FMIvT Diversified Small to Mid Cap Equity Portfolio</u> - This portfolio invests mainly in domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC). While the underlying asset values are based on quoted market prices, the net asset value of the portfolio is not publicly quoted.

<u>FMIvT International Equity Portfolio</u> - This portfolio invests in a single underlying fund, the Investec International Dynamic Equity Fund, LLC (Investec Fund) and the Wells Capital Management 525 Market Street Fund, LLC (Wells Fund), shares of which are not publicly quoted. Both Funds invest in stocks sold on U.S. and international exchanges, all of which have observable level 1 quoted pricing inputs. The value of the shares of the Investec Fund and the Wells Fund investment is determined based on the net asset value provided by the Funds, which was calculated in accordance with generally accepted accounting principles.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

FMIvT Core Real Estate Fund - This portfolio invests in a single underlying fund, the Morgan Stanley Prime Property Fund (Morgan Stanley Fund), shares of which are not publicly quoted. The Morgan Stanley Fund invests in core real estate in the U.S. The value of the Morgan Stanley Fund investments was determined based on quarterly real estate appraisals, which were calculated in accordance with generally accepted accounting principles.

NOTE 5 – INTERFUND RECEIVABLES AND PAYABLES

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

Fund	Receivable	Payable
General	$ -	$ 104,159
Impact Fee	104,159	-
Total	$ 104,159	$ 104,159

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. In the case of the District, the balances between the general fund and the Impact Fee fund relate to impact fees collected by general fund and not yet remitted to the impact fee fund.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land and land improvements	$ 873,715	$ -	$ -	$ 873,715
Construction in process	-	1,812,732	-	1,812,732
Total capital assets, not being depreciated	873,715	1,812,732	-	2,686,447
Capital assets, being depreciated				
Building	3,949,542	-	-	3,949,542
Furniture, fixtures and equipment	1,793,208	335,902	(72,685)	2,056,425
Fire and rescue vehicles	4,835,458	760,619	(316,940)	5,279,137
Total capital assets, being depreciated	10,578,208	1,096,521	(389,625)	11,285,104
Less accumulated depreciation for:				
Building	1,684,391	101,270	-	1,785,661
Furniture, fixtures and equipment	1,264,682	152,887	(72,685)	1,344,884
Fire and rescue vehicles	3,482,072	616,818	(316,940)	3,781,950
Total accumulated depreciation	6,431,145	870,975	(389,625)	6,912,495
Total capital assets, being depreciated, net	4,147,063	225,546	-	4,372,609
Governmental activities capital assets, net	$ 5,020,778	$ 2,038,278	$ -	$ 7,059,056

Depreciation expense was charged to the Public Safety function/program.

Commitments and Contingencies – Station 54 Project

As of September 30, 2020, the District had an open contract for the Station 54 construction project which is ongoing and reflected in construction in process in the above schedule. The contract totaled approximately $5.75 million, of which approximately $4.36 million was uncompleted at September 30, 2020. The District has obtained a loan for the majority of the project costs. See Note 7 below for additional details.

NOTE 7 – LONG-TERM LIABILITIES

Changes in long-term liability activity for the fiscal year ended September 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Leases payable:					
Capital Lease - Station	$ 877,456	$ -	$ 646,415	$ 231,041	$ 231,041
Capital Lease - Pierce Aerial	949,899	-	79,507	870,392	82,603
Loan Payable - Station 54	-	4,777,578	-	4,777,578	172,618
Compensated Absences	1,235,849	845,215	733,859	1,347,205	-
Total	$ 3,063,204	$ 5,622,793	$ 1,459,781	$ 7,226,216	$ 486,262

Capital Leases

The District previously entered into lease agreements for financing the acquisition of a third fire station and the acquisition of a fire vehicle. The lease agreements qualify as capital leases for accounting purposes. The assets acquired through the capital leases are as follows:

Asset:	
Building	$ 3,330,240
Pierce Aerial	949,899
Less accumulated depreciation	(1,764,002)
Net	$ 2,516,137

The future minimum lease payments as of September 30, 2020 are:

Year ending September 30:	Governmental Activities
2021	$ 349,904
2022	116,498
2023	116,498
2024	116,498
2025	116,498
2026-2029	465,994
Total minimum lease payments	1,281,890
Less: amount representing interest	(180,457)
Present value of minimum lease payments	$ 1,101,433
Current portion	$ 313,644
Long-term portion	787,789
Total	$ 1,101,433

Station 54 Loan

During the current fiscal year, the District entered into a loan agreement to fund the construction of Fire Station 54. Payments are to be made annually starting April 28, 2021 through April 28, 2040 with a fixed interest rate of 3.29%. The Station is to serve as collateral for repayment of the loan.

At September 30, 2020, the scheduled debt service requirement for the Station 54 loan were as follows:

	Governmental Activities		
Year ending September 30:	Principal	Interest	Total
2021	$ 172,618	$ 157,182	$ 329,800
2022	178,297	151,503	329,800
2023	184,163	145,637	329,800
2024	190,222	139,578	329,800
2025	196,480	133,320	329,800
2026-2030	1,083,722	565,277	1,648,999
2031-2035	1,274,117	374,883	1,649,000
2036-2040	1,497,959	151,039	1,648,998
Total	$ 4,777,578	$ 1,818,419	$ 6,595,997

NOTE 8 – FLORIDA RETIREMENT SYSTEM ("FRS")

General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a 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 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.

All regular employees of the District are eligible to enroll as members of the 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 FRS 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 the two cost-sharing, multiple-employer defined benefit 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, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense related to FRS totaled $615,367 for the fiscal year ended September 30, 2020.

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 classes of membership within the District are as follows:

- Regular Class – Members of the FRS who do not qualify for membership in another class.
- Special Risk Class– Members of the FRS who are firefighters (including fire prevention and/or training positions), emergency medical technicians and paramedics.

Plan Description – 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. 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 service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

Benefits Provided – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the AFC 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 the retirement 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.

NOTE 8 – FLORIDA RETIREMENT SYSTEM ("FRS") (Continued)

FRS Pension Plan (Continued)

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

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class 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 years of service	1.68
Regular Class 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 years of service	1.68
Special Risk Class	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00

Per 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% 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% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. 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 current fiscal year were as follows:

	Percent of Gross Salary October 1, 2019 to June 30, 2020		Percent of Gross Salary July 1, 2020 to September 30, 2020	
Class	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	8.47	3.00	10.00
FRS, Special Risk	3.00	25.48	3.00	24.45
FRS, DROP	0.00	14.60	0.00	16.98

(1) Employer rates include a postemployment HIS contribution rate of 1.66%. Also, employer rates include .06% for administrative costs of the Investment plan except for the DROP.

The District's contributions to the Plan totaled $252,799 for the fiscal year ended September 30, 2020. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the District reported a liability of $3,298,653 for its proportionate share of the Plan's 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 contributions for the year ended June 30, 2020 relative to the contributions made during the year ended June 30, 2019 of all participating members. At June 30, 2020, the District's proportionate share was .0076%, which represents a .0003% decrease from its proportionate share measured as of June 30, 2019.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (“FRS”) (Continued)

FRS Pension Plan (Continued)

For the fiscal year ended September 30, 2020 the District recognized pension expense of $567,966 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 126,246	$ -
Change of assumptions	597,161	-
Net difference between projected and actual earnings on FRS pension plan investments	196,405	-
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	6,244	(305,541)
District FRS contributions subsequent to the measurement date	57,471	-
Total	$ 983,527	$ (305,541)

The deferred outflows of resources related to pensions, totaling $57,471, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2021	$ 104,347
2022	212,716
2023	180,257
2024	107,491
2025	15,704
Thereafter	-
Total	$ 620,515

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%
Salary increases	3.25%, average, including inflation
Discount Rate	6.80%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

NOTE 8 – FLORIDA RETIREMENT SYSTEM ("FRS") (Continued)

FRS Pension Plan (Continued)

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

Asset Class	Target Allocation (1)	Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed income	19.0%	3.0%	2.9%	3.5%
Global equity	54.2%	8.0%	6.7%	17.1%
Real estate (property)	10.3%	6.4%	5.8%	11.7%
Private equity	11.1%	10.8%	8.1%	25.7%
Strategic investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - mean			2.4%	1.7%

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

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.

Sensitivity of the District's Proportionate Share of the Net Position 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%, 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%) or 1-percentage-point higher (7.80%) than the current rate:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
District's proportionate share of net pension liability	$ 5,267,395	$ 3,298,653	$ 1,654,352

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

HIS Pension Plan

Plan Description – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. 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 fiscal year ended September 30, 2020, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of $30 and a maximum HIS payment of $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 may include Medicare.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (“FRS”) (Continued)

HIS Pension Plan (continued)

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 fiscal year ended September 30, 2020, the contribution rate was 1.66% of payroll from October 1, 2019 through September 30, 2020 pursuant to section 112.363, Florida Statues. 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 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 canceled.

The District’s contributions to the HIS Plan totaled $29,056 for the fiscal year ended September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2020, the District reported a net pension liability of $644,009 for its proportionate share of the HIS Plan’s 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 year ended June 30, 2020 contributions relative to the year ended June 30, 2019 contributions of all participating members. At June 30, 2020, the District’s proportionate share was .0053%, which represents a .0001% increase compared to its proportionate share measured as of June 30, 2019.

For the fiscal year ended September 30, 2020, the District recognized pension expense of $40,916 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,344	$ (496)
Change of assumptions	69,249	(37,447)
Net difference between projected and actual earnings on HIS pension plan investments	515	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	22,908	(35,593)
District HIS contributions subsequent to the measurement date	6,511	-
Total	$ 125,527	$ (73,536)

The deferred outflows of resources related to pensions, totaling $6,511, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2021	$ 10,288
2022	9,740
2023	2,141
2024	3,196
2025	9,569
Thereafter	10,546
Total	$ 45,480

NOTE 8 – FLORIDA RETIREMENT SYSTEM ("FRS") (Continued)

HIS Pension 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%
Salary increases	3.25%, average, including inflation
Discount Rate	2.21%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 2.21%. In general, the discount rate for calculating the total pension 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 HIS 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 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 2.21%, 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 (1.21%) or 1-percentage-point higher (3.21%) than the current rate:

	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
District's proportionate share of net pension liability	$ 744,446	$ 644,009	$ 561,802

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report.

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member's account upon retirement.

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 Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

NOTE 8 – FLORIDA RETIREMENT SYSTEM (“FRS”) (Continued)

FRS – Defined Contribution Pension Plan (continued)
Allocations to the investment member’s accounts during the current fiscal year were as follows:

Class	Pecent of Gross Compensation
FRS, Regular	6.30%
FRS, Special Risk	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one 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 five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

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 $6,485 for the fiscal year ended September 30, 2020.

NOTE 9 – SINGLE-EMPLOYER PENSION PLAN

All full time firefighters of the District hired after January 1, 1996 are covered by the San Carlos Park Fire Protection and Rescue Services District Retirement Plan ("Plan"). The Plan is administered by the Florida League of Cities and the Trustee is the Florida Municipal Pension Trust Fund Defined Benefit Plan and Trust (“FMPTF”). Members of the Plan hired prior to January 1, 2014 are required to make a contributions of ½% of their salary on an after tax basis. Members of the Plan hired after January 1, 2014 are required to make a contribution of 3% of their salary on an after tax basis. The District’s contribution to the Plan was $1,091,790 for the fiscal year ended September 30, 2020.

Membership of the Plan consisted of the following at October 1, 2019, the date of the actuarial valuation:

	Firefighters
Retirees and beneficiaries currently receiving benefits	6
Inactive members entitled to but not receiving benefits	7
Active plan members	44
Total	57

Eligibility: Members are eligible to participate immediately when hired as a full-time firefighter.

Credited Service: Service is measured as the total number of years and fractional parts of years of service as a participant during which the participant made required contributions to the Plan (including contributions to the money purchase plan), when required, omitting intervening years or fractional parts of years when such participant is not employed by the employer.

NOTE 9 – SINGLE-EMPLOYER PENSION PLAN (Continued)

Average Final Compensation: Shall mean one-twelfth (1/12) of the average annual compensation of the five (5) best years of the last ten (10) years of Credited Service prior to retirement, termination or death, or the career average, whichever is greater.

Normal Retirement Date: A participant's Normal Retirement Date shall be the first day of the month coincident with, or next following, the attainment of age 55 and 6 years of service or attainment of 25 years of service, regardless of age. For participants who join the Plan January 1, 2014 or later, the Normal Retirement Age will be the earlier of age 55 with at least 10 years of service or age 52 with at least 25 years of service.

Normal Retirement Benefit: The monthly retirement benefit shall be equal to the number of years of credited service multiplied by 3% and multiplied by average final compensation.

Early Retirement Date: A participant may retire on his Early Retirement Date which shall be the first day of any month coincident with or next following the completion of 6 years of credited service.

Early Retirement Benefit: The accrued benefit will be reduced by 3% for each year before age fifty (50) and 3% for each year between age fifty (50) and normal retirement age. For participants who join the Plan January 1, 2014 or later, the Early Retirement Date will be age 50 with at least 10 years of service.

Disability Benefits In-the-Line-of-Duty: A member determined to be totally and permanently disabled from service connected injury or disease will receive the greater of a monthly pension equal to 65% of average monthly compensation or an amount equal to the accrued retirement benefit.

Disability Benefits Off-Duty: A member determined to be totally and permanently disabled from a non-service connected injury or disease must who has completed at least ten (10) year of service will receive the greater of a monthly pension equal to 25% of average monthly compensation or an amount equal to the accrued retirement benefit.

Death Prior to Vesting – In-Line-of-Duty: If a member dies prior to retirement in-the-line-of-duty, and he is not vested, his beneficiary shall receive a monthly benefit of 50% of the members monthly salary at death, payable for the beneficiary's lifetime.

Death After Vesting – In-Line-of-Duty: If a member dies prior to retirement in-the-line-of-duty, but he is vested, having completed the required years of credited service, his beneficiary shall receive the greater of the benefits otherwise payable at the early or normal retirement date or a monthly benefit of 50% of the member's monthly salary at death, payable for his lifetime.

Death Prior to Vesting – Off Duty: If a member dies prior to retirement other than in-the-line-of-duty, but he is not vested, his beneficiary shall receive a refund of one hundred percent (100%) of the members accumulated contributions.

Death After Vesting – Off Duty: If a member dies prior to retirement other than in-the-line-of-duty, but he is vested, having completed the required years of credited service, his beneficiary shall receive the benefits otherwise payable to the member at the members early or normal retirement date.

Termination of Employment and Vesting: If a member's employment is terminated either voluntarily or involuntarily the following benefits are payable:

1. If the member has less than six (6) years of credited service upon termination of employment, the member shall be entitled to a refund of his accumulated contributions or the member may leave the accumulated contributions deposited with the Plan.
2. If the member has six (6) or more years of credited service upon termination of employment, the member shall be entitled to their accrued monthly retirement benefit, starting at the member's otherwise normal or early retirement date, provided he does not elect to withdraw his contributions and provided he survives to his normal or early retirement date. Early and normal retirement dates are based on actual years of credited service.

For participants who join the Plan January 1, 2014 or later, the vesting requirement will be 10 years of service.

NOTE 9 – SINGLE-EMPLOYER PENSION PLAN (Continued)

Deferred Retirement Option Plan "DROP"
All active members are eligible to elect participation in the DROP provided they meet certain specific requirements according to the Plan documents. The maximum DROP period is 60 months or 5 years.

Expected Long-term Real Return
Determination of the long-term expected rate of return on Plan assets is as follows:

Investment Category	Target Allocation	Expected Long-Term Real Return
Core bonds	10%	1.60% per year
Core plus	10%	2.10% per year
US large cap equity	39%	4.60% per year
US small cap equity	13%	5.50% per year
Non-US equity	18%	6.70% per year
Core real estate	10%	5.00% per year
Total or weighted arithmetic average	100%	4.58% per year

The discount rate used to measure the total liability was 7.50%.

Actuarial Assumptions
The significant assumption and other inputs used to measure the total pension liability are as follows:

Measurement date	September 30, 2020
Actuarial valuation date	October 1, 2019
Actuarial assumptions:	
Discount rate:	7.50% per year (2.92% per year is attributable to long-term inflation)
Salary increases:	4.50% per year
Cost-of-living increases:	3.00% per year
Mortality basis:	Sex-distinct rates set forth in the RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale BB.
Retirement:	For participants who have earned 10 years of service, 10% are assumed to retire at each of ages 50, 51, and 53 and 100% are assumed to retire at age 55; alternatively, 70% of participants who reach their normal retirement age are assumed to retire immediately, with 10% assumed to retire at each of ages one year and three years after normal retirement age and 100% assumed to retire five years after normal
	Assumed employment termination is based on gender, age, and service; for participants with less than 10 years of service, termination rates range from 15.00% for males and 10.01% for females with less than two years of service to 4.30% for males and 4.75% for females with between eight and 10 years of service; for participants with at least 10 years of service, termination rates range from 4.28% for males and 5.41% for females at age 25 to 0.00% at age 55.
Other decrements:	Assumed disability is based on gender and age and ranges from 0.067% for males and 0.040% for females at age 25 to 1.00% for males and 0.84% for females at age
Non-investment expenses:	Liabilities have been loaded by 0.50% to account for non-investment expenses.
Future contributions:	Contributions from the employer and employees are assumed to be made as legally
Changes:	Since the prior measurement date, the discount rate was increased from 7.00% per year to 7.50% per year.

NOTE 9 – SINGLE-EMPLOYER PENSION PLAN (Continued)

Net Pension Liability
The changes in the net pension liability for the fiscal year ended September 30, 2020 was as follows:

	Total Pension Liability	Fiduciary Net Position	Net Pension Liability (Asset)
Beginning balance - October 1, 2019	$ 21,982,268	$ (22,256,948)	$ (274,680)
Service cost	949,266	-	949,266
Expected interest growth	1,712,313	(1,709,504)	2,809
Unexpected investment income	-	67,023	67,023
Demographic experience	220,022	-	220,022
Employer contributions	-	(1,305,614)	(1,305,614)
Employee contributions	-	(52,236)	(52,236)
Benefit payments and refunds	(222,752)	222,752	-
Administrative expenses	-	42,476	42,476
Changes in benefit terms	289,989	-	289,989
Assumption changes	(2,004,236)	-	(2,004,236)
Ending balance - September 30, 2020	$ 22,926,870	$ (24,992,051)	$ (2,065,181)

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability calculated using a single discount rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher.

Net Pension Liability (Asset)

Discount Rate Minus 1%	7.50% Discount Rate	Discount Rate Plus 1%
$ (2,202,637)	$ (2,065,181)	$ (5,434,445)

The District's pension expense was $929,525 for the fiscal year ended September 30, 2020.

Deferred Outflows and Inflows
At September 30, 2020, the District reports deferred outflows and inflows of resources as follows:

Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Balance as of September 30, 2019	$ 2,322,259	$ (1,855,549)
Changes due to:		
Amortization payments	(478,965)	781,744
Investment gain/loss	67,023	-
Demographic gain/loss	220,022	-
Assumption changes	-	(2,004,236)
Balance as of September 30, 2020	$ 2,130,339	$ (3,078,041)

Deferred outflows and inflows of resources will be recognized in pension expense as follows:

Year Ending September 30:	**Amount**
2021	$ (260,299)
2022	(29,514)
2023	37,018
2024	(24,557)
2025	(181,795)
Thereafter	(488,555)
Total	$ (947,702)

Other information
The San Carlos Park Fire Protection and Rescue Services District Retirement Plan does not issue stand-alone financial statements. Additional information related to the plan is presented in the Required Supplementary Information section of this report.

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS ("OPEB")

<u>Plan Description</u>

Pursuant to Section 112.081, Florida Statutes, the District is required to permit eligible retirees and their eligible dependents to participate in the District's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. These retirees pay 75% and 50% of the premium based on 15-20 years of service and 20 years of service respectively. They are also 100% responsible for any spousal coverage and higher insurance option. Because the blended rate paid by retirees is greater than a plan including active employees only and less than that of a plan including retirees only, the amount the District expends for active employees includes an implicit subsidy for participating retirees.

The District had an actuary calculate net OPEB liability as of September 30, 2020. At this time the District has opted to pay as you go rather than fund a portion or the entire net OPEB liability. Calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the District and plan members to that point.

At October 1, 2019, the actuarial valuation date, the following employees were covered by benefit terms:

Active plan members	62
Inactive plan members or beneficiaries currently receiving benefits	10
Inactive plan members entitled to but not yet receiving benefits	-
	72

The net OPEB liability at September 30, 2020 was determined using the following actuarial assumptions:

Valuation date	October 1, 2018	
Measurement date	September 30, 2020	
Actuarial cost method	Entry age cost method (level % of pay)	
Discount rate	2.14%. Based on September 30, 2020 S&P Municipal Bond 20 Year High Grade Index as published by S&P Dow Jones Indices.	
Inflation	2.5% per year	
Salary increases	2.5% per year	
Healthcare cost trend rates	8% initial, grading down to the ultimate trend rate of 4% in FY 2075	
Mortality rate	RP-2000 Combined Health Mortality Table projected to the valuation date using Scale AA	
Retirement rates	100% at age 50 with 20 years of Service.	
Termination rates	Age	% remaining employed until assumed retirement age
	20	29.60%
	30	59.30%
	40	84.10%
	50	100.00%
Health contributions		
District	At least 20 years of service at retirement: 50% of the active premium rate. At least 15, but less than 20 years of service at retirement: 25% of the active	
Employee	Remaining amount of active premium rate for selected Health Plan. Retiree is solely responsible for the buy-up cost for the higher insurance option. Retiree is solely responsible for cost of spouse coverage.	
Healthcare participation	50% participation assumed, with 20% electing spouse coverage.	
Marital status	100% assumed married, with male spouses 3 years older than female spouses.	

NOTE 10 – OTHER POST EMPLOYMENT BENEFITS ("OPEB") (Continued)

Changes in the net OPEB liability during the fiscal year ended September 30, 2020 were as follows:

	Net OPEB Liability
Balance as of September 30, 2019	$ 4,307,015
Changes due to:	
Service cost	127,506
Interest	156,092
Differences between expected and actual experience	-
Changes of Assumptions	841,646
Benefit payments	(150,130)
Balance as of September 30, 2020	$ 5,282,129

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates- 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-percentage-point lower (1.14%) or 1-percentage-point higher (3.14%) than the current discount rate:

1% Decrease 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
$ 6,005,090	$ 5,282,129	$ 4,676,113

Sensitivity of the net OPEB liability to the changes in the healthcare cost trend rates- 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 cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 3.0 percent) or 1-percentage-point higher (9.0 percent deceasing to 5.0 percent) than the current healthcare cost trend rates:

1% Decrease (7% decreasing to 3%)	Healthcare Cost Trend Rates (8% Graded Down to 4%)	1% Increase (9% decreasing to 5%)
$ 4,591,992	$ 5,282,129	$ 6,111,179

NOTE 11 – PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable upon receipt of the notice. Discounts are allowed for payment of property taxes before March 1 of the following year. On April 1, any unpaid taxes become delinquent. If the taxes are still unpaid in May, tax certificates are then offered for sale to the general public. The Lee County, Florida Tax Collector performs the billing and collection of all property taxes for the District. Taxes are recognized as revenue when levied to the extent that they result in current receivables.

Key dates in the property tax cycle are as follows:

July 1	• Assessment roll validated
September 30	• Millage resolution approved and taxes levied following certification of assessment roll
October 1	• Beginning of fiscal year for which tax is to be levied
November 1	• Property taxes due and payable (levy date) with various discount provisions through March 1
April 1	• Taxes become delinquent
Prior to June 1	• Tax certificates sold by Lee County

The Board of Commissioners of the District levied ad valorem taxes at a millage rate of 2.800 mils per $1,000 of the 2019 net taxable value of real property located within the District.

NOTE 12 – 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; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE 13 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 84 - *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 87 – *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

GASB 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

GASB 90 - *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Except as discussed in paragraph 11, in the period this Statement is first applied, changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. Also, the reason for not restating prior periods presented should be disclosed. In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect.

NOTE 13 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB 91 - *Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged

GASB 92 – *Omnibus 2020*

This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. As amended by GASB statement No. 95, the requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB 93 – *Replacement of Interbank Offered Rates*

This statement provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. As amended by GASB statement No. 95, the requirements of this Statement, except for paragraphs 11b, 13, and 14 are effective for reporting periods beginning after June 15, 2020. The requirement in paragraph 11b is effective for reporting periods ending after December 31, 2021. The requirements in paragraphs 13 and 14 are effective for fiscal years periods beginning after June 15, 2021, and all reporting periods thereafter.

NOTE 13 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB 96 – *Subscription-Based Information Technology Arrangements*

This statement provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new statement defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*

This statement provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefit provided through those plans. The first two provisions of this statement are effective immediately. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

NOTE 14 – SUBSEQUENT EVENTS

<u>Prepayment of Station Lease</u>
In January 2021, the District paid off the remaining balance of its Station lease.

<u>Interlocal Agreement with Lee County – CARES Act Funding</u>
Subsequent to fiscal year end, the District entered an interlocal agreement with Lee County in order to receive funding from the CARES act. Pursuant to this agreement, the District received a total of $315,643 of CARES funds from the County subsequent to fiscal year end.

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2020
(UNAUDITED)

	2020	2019	2018
Total OPEB Liability			
Service cost	$ 127,506	$ 111,979	$ 90,624
Interest	156,092	165,877	137,860
Difference between expected and actual experience	-	307,302	-
Assumption changes	841,646	242,237	(257,314)
Benefit payments and refunds	(150,130)	(137,449)	(100,748)
Net change in total OPEB liability	975,114	689,946	(129,578)
Total OPEB liability - beginning	4,307,015	3,617,069	3,746,647
Total OPEB liability - ending (a)	$ 5,282,129	$ 4,307,015	$ 3,617,069
Plan Fiduciary Net Position			
Net change in plan fiduciary net position	$ -	$ -	$ -
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	$ -	$ -	$ -
District's net OPEB liability - ending (a) - (b)	$ 5,282,129	$ 4,307,015	$ 3,617,069
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
Covered payroll	$ 5,395,425	$ 5,263,830	$ 4,616,176
Net OPEB liability as a percentage of covered payroll	97.90%	81.82%	78.36%

Information is only available for the years presented

SAN CARLOS FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2020
(UNAUDITED)

Schedule of the District's Proportionate Share of the Net Pension Liability -
Florida Retirement System Pension Plan
Last 10 Years (1) (2)

	2020	2019	2018	2017	2016	2015
District's proportion of the FRS net pension liability	0.0076%	0.0079%	0.0084%	0.0096%	0.0105%	0.0103%
District's proportionate share of the FRS net pension liability	$ 3,298,653	$ 2,724,514	$ 2,543,886	$ 2,835,854	$ 2,657,320	$ 1,333,146
District's covered payroll	$ 1,751,007	$ 1,654,031	$ 1,641,961	$ 1,729,160	$ 1,582,197	$ 1,636,307
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	188.39%	164.72%	154.93%	164.00%	167.95%	81.47%
FRS plan fiduciary net position as a percentage of the total pension liability	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

Schedule of the District's Proportionate Share of the Net Pension Liability -
Health Insurance Subsidy Pension Plan
Last 10 Years (1) (2)

	2020	2019	2018	2017	2016	2015
District's proportion of the HIS net pension liability	0.0053%	0.0052%	0.0053%	0.0057%	0.0053%	0.0054%
District's proportionate share of the HIS net pension liability	$ 644,009	$ 578,840	$ 555,833	$ 604,105	$ 622,241	$ 550,057
District's covered payroll	$ 1,751,007	$ 1,654,031	$ 1,641,961	$ 1,729,160	$ 1,582,197	$ 1,636,307
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	36.78%	35.00%	33.85%	34.94%	39.33%	33.62%
HIS plan fiduciary net position as a percentage of the total pension liability	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

(1) The amounts presented for each year w ere determined as of the measurement date, June 30.

(2) Information is only available for the years presented.

SAN CARLOS FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2020
(UNAUDITED)

Schedule of the District Contributions -
Florida Retirement System Pension Plan
Last 10 Fiscal Years (1) (2)

	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	$ 252,799	$ 243,044	$ 233,892	$ 243,105	$ 252,266	$ 255,410
FRS contributions in relation to the contractually required contribution	(252,799)	(243,044)	(233,892)	(243,105)	(252,266)	(255,410)
FRS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,750,360	$ 1,668,712	$ 1,600,552	$ 1,697,644	$ 1,602,995	$ 1,647,559
FRS contributions as a percentage of covered payroll	14.44%	14.56%	14.61%	14.32%	15.74%	15.50%

Schedule of the District Contributions -
Health Insurance Subsidy Pension Plan
Last 10 Fiscal Years (1) (2)

	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	$ 29,056	$ 27,700	$ 26,571	$ 28,180	$ 26,610	$ 22,502
HIS contributions in relation to the contractually required contribution	(29,056)	(27,700)	(26,571)	(28,180)	(26,610)	(22,502)
HIS contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,750,360	$ 1,668,712	$ 1,600,552	$ 1,697,644	$ 1,602,995	$ 1,647,559
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.37%

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

(2) Information is only available for the years presented.

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - LAST TEN FISCAL YEARS*
(UNAUDITED)

Single-Employer Defined Benefit Plan Schedule of Changes in Net Pension Liability

Fiscal year ended September 30,	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	$ 949,266	$ 952,965	$ 937,352	$ 883,412	$ 863,215	$ 857,280
Expected Interest growth	1,712,313	1,450,129	1,326,492	1,132,272	1,031,900	779,849
Benefit changes	289,989	-	-	-	-	(3,936)
Demographic experience	220,022	(133,253)	71,248	(421,243)	(391,920)	(342,292)
Assumption changes	(2,004,236)	-	(461,781)	1,220,979	-	2,353,762
Benefit payments and refunds	(222,752)	(122,515)	(114,377)	(96,371)	(49,594)	(48,563)
Net change in total pension liability	944,602	2,147,326	1,758,934	2,719,049	1,453,601	3,596,100
Total pension liability - beginning	21,982,268	19,834,942	18,076,008	15,356,959	13,903,358	10,307,258
Total pension liability - ending (a)	$ 22,926,870	$ 21,982,268	$ 19,834,942	$ 18,076,008	$ 15,356,959	$ 13,903,358
Plan fiduciary net position						
Contributions - employer	$ 1,305,614	$ 1,351,353	$ 1,151,647	$ 983,636	$ 926,326	$ 1,236,467
Contributions - employee	52,236	43,431	31,516	29,799	19,813	18,025
Expected interest growth	1,709,504	1,435,115	1,245,243	1,025,344	886,789	814,824
Unexpected investment income	(67,023)	(307,873)	332,662	1,153,939	212,403	(817,025)
Benefits payments and refunds	(222,752)	(122,515)	(114,377)	(96,371)	(49,594)	(48,563)
Administrative expense	(42,476)	(37,044)	(31,538)	(27,567)	(25,393)	(21,845)
Net Change in Plan Fiduciary Net Position	2,735,103	2,362,467	2,615,153	3,068,780	1,970,344	1,181,883
Plan Fiduciary Net Position - Beginning	22,256,948	19,894,481	17,279,328	14,210,548	12,240,204	11,058,321
Plan Fiduciary Net Position - Ending (b)	$ 24,992,051	$ 22,256,948	$ 19,894,481	$ 17,279,328	$ 14,210,548	$ 12,240,204
Net Pension Liability (Asset) - Ending (a) - (b)	$ (2,065,181)	$ (274,680)	$ (59,539)	$ 796,680	$ 1,146,411	$ 1,663,154
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	109.01%	101.25%	100.30%	95.59%	92.53%	88.04%
Covered Payroll	$ 3,441,174	$ 3,106,627	$ 2,939,585	$ 2,658,831	$ 2,561,975	$ 2,458,550
Net Pension Liability (Asset) as a Percentage of Covered Payroll	-60.01%	-8.84%	-2.03%	29.96%	44.75%	67.65%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available will be presented.

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF ACTUARIALLY DETERMINED CONTRIBUTIONS
AND MONEY-WEIGHTED RATE OF RETURN
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
(UNAUDITED)

Single-Employer Defined Benefit Plan Schedule of Actuarially Determined Contributions

Fiscal Year End	(1) Actuarially Determined Contribution (ADC)	(2) Contributions Recognized by the Plan	(3) Difference Between (1) and (2)	Covered Payroll	Column (2) as a Percentage of Covered Payroll
September 30, 2020	$ 993,591	$ 1,305,614	$ 312,023	$3,441,174	37.94%
September 30, 2019	1,066,498	1,351,353	284,855	3,106,627	43.50%
September 30, 2018	1,221,773	1,151,647	(70,126)	2,939,585	39.18%
September 30, 2017	1,065,105	983,636	(81,469)	2,658,831	37.00%
September 30, 2016	921,117	926,326	5,209	2,561,975	36.16%
September 30, 2015	1,048,100	1,236,467	188,367	2,458,550	50.29%
September 30, 2014	1,277,041	1,162,542	(114,499)	2,450,602	47.44%
September 30, 2013	1,158,479	1,272,978	114,499	2,485,246	51.22%
September 30, 2012	1,109,236	1,109,236	-	2,521,943	43.98%
September 30, 2011	1,041,595	1,041,595	-	2,273,189	45.82%

Actuarially determined contribution rates are calculated as of the October 1 two years prior to the end of the fiscal year in which contributions are reported. The methods and assumptions used to determine contribution rates for the fiscal year ended September 30, 2020 are as follows:

Valuation date	October 1, 2018
Actuarial cost method	Aggregate
Amortization method	Level percentage, open
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions:	
Discount rate	7.00%
Salary Increase Rate	4.50%

Single-Employer Defined Benefit Plan Money-Weighted Rate of Return

Fiscal Year End	Money Weighted Rate of Return
September 30, 2020	7.20%
September 30, 2019	5.50%
September 30, 2018	8.87%
September 30, 2017	14.87%
September 30, 2016	8.67%
September 30, 2015	-0.02%
September 30, 2014	8.48%
September 30, 2013	11.60%
September 30, 2012	16.59%
September 30, 2011	-0.17%

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
(UNAUDITED)

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Ad valorem taxes	$ 12,921,690	$ 13,013,880	$ 92,190
Intergovernmental	25,080	16,586	(8,494)
Inspection and repeater installation fees	87,000	155,714	68,714
Interest	37,822	68,697	30,875
Miscellaneous	224,921	294,737	69,816
Total revenues	13,296,513	13,549,614	253,101
EXPENDITURES			
Current:			
Public safety:			
Personnel services	10,320,011	8,858,898	1,461,113
Operating expenditures	2,062,749	1,881,232	181,517
Capital outlay	1,264,733	1,308,755	(44,022)
Debt service:			
Principal retirement	290,724	725,922	(435,198)
Interest and fiscal charges	59,182	73,665	(14,483)
Total expenditures	13,997,399	12,848,472	1,148,927
Excess (deficiency) of revenues over (under) expenditures	(700,886)	701,142	1,402,028
OTHER FINANCING SOURCES (USES)			
Use of fund balance	700,886	-	(700,886)
Lease financing	-	-	-
Total other financing sources (uses)	700,886	-	(700,886)
Net change in fund balances	$ -	701,142	$ 701,142
Fund balances - beginning		9,145,508	
Fund balances - ending		$ 9,846,650	

See notes to required supplementary information

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020
(UNAUDITED)

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Impact fees	$ 100,886	$ 929,080	$ 828,194
Interest	-	9,646	9,646
Total revenues	100,886	938,726	837,840
EXPENDITURES			
Current:	-	-	-
Total expenditures	-	-	-
Excess (deficiency) of revenues over (under) expenditures	$ 100,886	938,726	$ 837,840
Fund balances - beginning		1,636,811	
Fund balance - ending		$ 2,575,537	

See notes to required supplementary information

SAN CARLOS PARK FIRE PROTECTION AND RESCUE SERVICE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget for the general and special revenue funds. The District's budgeting process is based on estimates of cash receipts and cash expenditures which are approved by the Board. The budgets approximate a basis consistent with accounting principles generally accepted in the United States of America (generally accepted accounting principles).

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. The Board of Commissioners must approve any budget amendments that increase the aggregate budgeted appropriations. The District did not amend the budgets during the year ended September 30, 2020 and; therefore, there is no difference between the original budget and the final budget. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2020.

The General Fund experienced certain variances between its final budget and actual results. Ad valorem tax revenue was higher than budget by $92,190 mainly resulting from excess fees being accrued in the current fiscal year which were not anticipated by the budget. Miscellaneous revenue was higher than budget by $69,816 mainly resulting from state excise contributions being recognized in the current fiscal year which were not anticipated by the budget. Inspection and repeater installation revenue was higher than budget by $68,714 mainly resulting from more of those services being performed than anticipated by the budget. Actual personnel services were less than the budget by $1,461,113, which is primarily attributed to not hiring for positions budgeted until late in the fiscal year and resignations. In addition, the District decided to prepay the Station lease in the current year, resulting in actual principal retirement being higher than budget.

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

To the Board of Commissioners
San Carlos Park Fire Protection and Rescue Service District
Fort Myers, Florida

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the remaining fund information of San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida ("District") as of and for the fiscal year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated April 28, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Braun & Associates

April 28, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

To the Board of Commissioners
San Carlos Park Fire Protection and Rescue Service District
Fort Myers, Florida

We have examined San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the 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. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020, except that certain required language was not included in the policy and the individual assigned to make investment decisions did not have the required hours of continuing education for the year. The District should adopt the alternative guidelines for investments according to Florida Statute 218.415 or ensure the required language is included in the policy and the investment officer obtains the required hours.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Commissioners of San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

April 28, 2021

Grau & Associates
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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

To the Board of Commissioners
San Carlos Park Fire Protection and Rescue Service District
Fort Myers, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida ("District") as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated April 28, 2021.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in G*overnment Auditing Standards,* issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards;* and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 28, 2021, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the District, as described in the first paragraph, we report the following:

I. Current year findings and recommendations.
II. Status of prior year findings and recommendations.
III. Compliance with the Provisions of the Auditor General of the State of Florida.

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, management, and the Board of Commissioners of San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank San Carlos Park Fire Protection and Rescue Service District, Fort Myers, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

April 28, 2021

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor’s report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

   There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2019.

2. Any recommendations to improve the local governmental entity's financial management.

   There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2020.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

   There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2020.

4. The name or official title and legal authority of the District are disclosed in the notes to the financial statements.

5. The District has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2020. It is management’s responsibility to monitor 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.