

**LEHIGH ACRES FIRE CONTROL
AND RESCUE DISTRICT**

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

**YEAR ENDED
SEPTEMBER 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lehigh Acres Fire Control and Rescue District
11 Homestead Road South
Lehigh Acres, FL 33936

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Florida Retirement System Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2021. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2021 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lehigh Acres Fire Control and Rescue District's government-wide financial statements, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INTEGRITY SERVICE EXPERIENCE

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

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

Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Lehigh Acres Fire Control and Rescue District as of September 30, 2021 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - viii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Notes to the Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Notes to the Schedule, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required

supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Notes to the Schedule, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

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

Our audit was conducted for the purpose of forming an opinion on the financial statements of Lehigh Acres Fire Control and Rescue District that collectively comprise the Lehigh Acres Fire Control and Rescue District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards - year ended September 30, 2021 and related notes thereto as required by title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and related notes thereto for the year ended September 30, 2021 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit 1 - Management's Response to Independent Auditor's Report to Management and Exhibit 2 - Florida Rules of the Auditor General - Rule 10.554(1)(i)6-8 Compliance are not a required part of the basic financial statements but are required by Government Auditing Standards and/or Rules of the Auditor General, Section 10.554(i), respectively. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 16, 2022 on our consideration of Lehigh Acres Fire Control & Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 16, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lehigh Acres Fire Control and Rescue District's internal control over financial reporting and compliance.



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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

As management of the Lehigh Acres Fire Control and Rescue District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2021

INTRODUCTION

The District responded to approximately 15,640 calls, with approximately 27% being fire service related and 73% being rescue related. This was an increase in total call volume of 17% over the previous fiscal year (2019/2020). The District transported 7,581 patients to area hospitals in Lee County. This is an increase of 16% from the previous fiscal year. Lehigh Regional Medical Center received 47% of the patients transported. The busiest zone of Lehigh Acres continues to be Station 102 at 44 Homestead Road S.

In fiscal year 2020/2021, the District for the sixth consecutive year did use the Non Ad Valorem Assessment (Fire Assessment) based form of taxation as a revenue source which was approved through voter referendum in November 2014. The District is still facing various challenges as call volume and growth continue to increase. As such, the District has opened 1 new temporary station (#106) while in the process of building the new station and has 1 more station under construction. The District continues to focus on providing the highest level of service while maintaining fiscal responsibility and exploring other areas of obtaining revenue and reducing expenditures.

Performance Measures

Fiscal Year	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Total Alarms	10,416	11,381	11,682	13,259	12,013	12,081	13,362	15,640
Response Times	6.29	6.8	6.65	7.05	8.06	9.28	8.51	6.12
Fire Related Incidents	2,713	3,005	2,890	3,549	2,986	2,951	3246	4223
EMS % Incidents	74.00%	73.60%	75.00%	73.00%	75.00%	76.00%	75.00%	73.00%

Forward-Looking Statements

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

FINANCIAL HIGHLIGHTS

At the close of fiscal year 2021:

- The District's net position was \$15,316,461.
- The District's total net position increased \$10,121,955.
- The District had \$23,106,849 of fund balance. Of this amount \$36,451 is restricted for construction and \$1,093,679 is non-spendable. The District has an assigned fund balance total of \$16,433,110 or approximately 71% of the total. The District also has an unassigned fund balance total of \$3,964,765 or approximately 17% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$25,368,631 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$2,653,184 from EMS transports.
- Total governmental revenues increased \$10,677,253, in comparison to prior year.
- Total governmental expenses decreased \$1,691,537, in comparison to prior year.
- Effective September 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75 "*Accounting and Financial Reporting of Post Employment Benefits Other than Pensions (OPEB)*" (Statement No. 75). This accounting standard requires the District to annually report its actuarially determined net OPEB liability in the government-wide financial statements of the District.

At the close of fiscal year 2020:

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

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the Lehigh Acres Fire Control and Rescue District financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2021. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes to the financial statements. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

Government-wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

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

Assets:	2021	2020
Current and other assets	\$ 28,181,650	\$ 23,083,932
Capital Assets	21,309,479	15,797,895
Total Assets	<u>49,491,129</u>	<u>38,881,827</u>
Deferred outflows of resources	<u>6,200,788</u>	<u>9,280,398</u>
Liabilities:		
Current liabilities	6,055,216	3,472,838
Non-current liabilities	19,098,544	39,039,356
Total liabilities	<u>25,153,760</u>	<u>42,512,194</u>
Deferred inflows of resources	<u>15,221,696</u>	<u>455,525</u>
Net position:		
Net investment in capital assets	13,242,747	11,416,192
Unrestricted (deficit)	2,073,714	(6,221,686)
Total net position	<u>\$ 15,316,461</u>	<u>\$ 5,194,506</u>

Current and other assets represent 59% and 57% of total assets for the years 2020 and 2021, respectively. For 2021 current assets were comprised of unrestricted cash and cash equivalents of \$11,051,856, restricted cash of \$2,850,809 and investments of \$10,548,347, due from other governments of \$805,499, net receivables from ambulance transports and inspection fees of \$252,616, and deposits of \$2,672,523. For 2020 current assets were comprised of cash and cash equivalents of \$11,308,694 and investments of \$10,531,650, due from other governments of \$420,870, net receivables from ambulance transports and inspection fees of \$223,944, and deposits of \$598,774.

The net investment in capital assets represent the portion of net position for the years ended 2020 and 2021 and are comprised of capital assets net of accumulated depreciation and long term debt related to those capital assets. Unrestricted net position (deficit) was \$(6,221,686) in 2020 as a result of recording the net pension liability and OPEB liability. The unrestricted net position was \$2,073,714 at September 30, 2021 as a result of recording the reduction in the District's net pension liability and OPEB liability.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

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

Revenues:	<u>2021</u>	<u>2020</u>
General Revenues		
Non-ad valorem assessments	\$ 25,915,074	\$ 17,149,965
Miscellaneous		
Interest	72,498	285,992
Impact fees	265,888	28,112
Other	733,597	335,772
Program Revenues		
Charges for services		
Ambulance	2,653,184	2,213,258
Inspection fees	72,939	53,123
Operating grants	<u>1,732,155</u>	<u>701,860</u>
Total Revenues	<u>31,445,335</u>	<u>20,768,082</u>
Expenses:		
Public Safety - Fire and Rescue Services	<u>21,323,380</u>	<u>23,014,917</u>
Increase (Decrease) in net position	10,121,955	(2,246,835)
Net Position – Beginning	<u>5,194,506</u>	<u>7,441,341</u>
Net Position - Ending	<u>\$ 15,316,461</u>	<u>\$ 5,194,506</u>

Total revenues increased \$10,677,253 and \$687,139 or 51% and 3% for the fiscal years ended 2021 and 2020, respectively. This increase in revenue was substantially due to a change in methodology and rates for the non-ad valorem assessment fee (approximately \$9 million) and an increase in federal grant revenue (approximately \$1 million). Total expenses decreased \$1,691,537 and increased \$2,566,225 or 7% and 13% for fiscal years ended 2021 and 2020, respectively.

The unearned revenue balances for impact fees at September 30, 2020 and 2021 were \$1,513,154 and \$2,704,325, respectively. This balance consists of impact fees collected by the District but not yet spent for capital improvements.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

BUDGETARY HIGHLIGHTS

The following is a brief review of the FY21 budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 54-58). The final budget had a total overall increase due to: the increase in the cash brought forward balance and an increase in the assigned Capital balance. Budget changes can be briefly summarized as follows:

- The (General Fund) budgeted cash brought forward increased by \$3,124,911.
- Budgeted capital outlay for construction was increased by \$6,838,372 to provide funding for construction of Station 106 and rebuilding 1 other station.

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

CAPITAL ASSETS

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

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

Capital Assets	2021	2020
Land	\$ 965,514	\$ 870,173
Construction in progress	5,596,817	359,740
Buildings	13,819,248	13,897,486
Improvements other than buildings	195,696	195,696
Equipment	3,171,246	2,735,890
Vehicles	9,934,269	9,373,992
Total Capital Assets	<u>33,682,790</u>	<u>27,432,977</u>
Accumulated Depreciation		
Buildings	(3,159,683)	(2,847,336)
Improvements other than buildings	(163,421)	(159,689)
Equipment	(1,440,052)	(1,627,786)
Vehicles	(7,610,155)	(7,000,271)
Total accumulated depreciation	<u>(12,373,311)</u>	<u>(11,635,082)</u>
Capital Assets, Net	<u>\$ 21,309,479</u>	<u>\$ 15,797,895</u>

The District's major purchases consisted of construction/rehab of stations 102 and the admin facility damaged by Hurricane Irma (2017) during the year ended September 30, 2021. The District also placed in service a temporary fire station while construction of new station 106 is being completed. In addition, a deposit of \$2,672,523 was made for an aerial, pumper and 3 ambulances.

During the year ended September 30, 2020, the District completed re-construction of stations 101 and 103. Initial site work and pre-construction activities are occurring on station 102, the admin/logistics center and new station 106.

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

LONG TERM LIABILITIES

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

	2021	2020
Net Pension Liability - FRS	\$ 4,017,180	\$ 23,728,849
Net Pension Liability - HIS	3,641,818	3,179,108
Compensated Absences	962,107	850,658
Net OPEB Obligation	2,356,257	2,722,897
Loans Payable	9,101,597	9,331,425
	<u>\$ 20,078,959</u>	<u>\$ 39,812,937</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2021

The net pension liability related to the District's participation in the State's Retirement Plan (FRS) decreased by \$19,711,669 due to the Plan experiencing a 30.4% return on its investments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following were factors considered when next year's budget (2021-2022) was prepared:

- The District held a successful referendum on August 8, 2020 to amend its method of non-ad valorem assessment which will allow the District to better plan for growth. The new assessment methodology is expected to continue to generate a Non-Ad Valorem Assessment budget at \$24,585,788.
- The District intends to take delivery of the pumper and aerial trucks as well as 3 ambulances ordered in FY 21.
- The District intends to issue bonds to fund construction of a training tower, station 107, station 108 and for future stations.
- The District expects to complete construction of stations 106 and 102 as well as the admin/logistics center.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Robert DiLallo, Fire Chief
11 Homestead Rd. S
Lehigh Acres, FL 33936
(239) 303-5300

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2021

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 11,051,856
Cash and cash equivalents - restricted	2,850,809
Investments	10,548,347
Receivables, net	252,616
Due from other governments	805,499
Deposits	<u>2,672,523</u>
Total current assets	<u>28,181,650</u>
Noncurrent assets:	
Capital assets:	
Land	965,514
Construction in progress	5,596,817
Depreciable buildings, vehicles, and equipment (net of \$12,373,311 accumulated depreciation)	<u>14,747,148</u>
Total noncurrent assets	<u>21,309,479</u>
TOTAL ASSETS	<u>49,491,129</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>6,200,788</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,307,391
Accrued expenses	777,858
Retainage payable	285,227
Unearned revenue - impact fees	2,704,325
Current portion of long-term obligations	<u>980,415</u>
Total current liabilities	6,055,216
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>19,098,544</u>
TOTAL LIABILITIES	<u>25,153,760</u>
DEFERRED INFLOWS OF RESOURCES	<u>15,221,696</u>
NET POSITION	
Net investment in capital assets	13,242,747
Unrestricted	<u>2,073,714</u>
TOTAL NET POSITION	<u>\$ 15,316,461</u>

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2021

	<u>Governmental Activities</u>
EXPENSES	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 15,928,779
Operating expenses	3,454,714
Loss on disposition of capital assets	80,830
Depreciation	1,556,747
Interest and fiscal charges	<u>302,310</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>21,323,380</u>
 PROGRAM REVENUES	
Charges for services	
Ambulance	2,653,184
Inspection fees	72,939
Fire prevention fees	-
Operating grants	1,092,859
Capital grants	<u>5,000</u>
TOTAL PROGRAM REVENUES	<u>3,823,982</u>
NET PROGRAM EXPENSES	<u>17,499,398</u>
 GENERAL REVENUES	
Non-ad valorem assessments	25,915,074
Impact fees	265,888
Interest	72,498
Other financial assistance - CARES Act	634,296
Other	<u>733,597</u>
TOTAL GENERAL REVENUES	<u>27,621,353</u>
 INCREASE (DECREASE) IN NET POSITION	 10,121,955
 NET POSITION - Beginning of the year	 <u>5,194,506</u>
 NET POSITION - End of the year	 <u>\$ 15,316,461</u>

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2021

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 11,051,856	\$ -	\$ 11,051,856
Cash and cash equivalents - restricted	1,034,851	1,815,958	2,850,809
Investments	10,548,347	-	10,548,347
Receivables, net	252,616	-	252,616
Due from other governments	217,791	587,708	805,499
Due from other funds	2,261,782	-	2,261,782
Deposits	<u>2,371,864</u>	<u>300,659</u>	<u>2,672,523</u>
TOTAL ASSETS	<u>\$ 27,739,107</u>	<u>\$ 2,704,325</u>	<u>\$ 30,443,432</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 1,307,391	\$ -	\$ 1,307,391
Accrued expenses	777,858	-	777,858
Retainage payable	285,227	-	285,227
Due to other funds	-	2,261,782	2,261,782
Unearned revenue	<u>-</u>	<u>2,704,325</u>	<u>2,704,325</u>
TOTAL LIABILITIES	<u>2,370,476</u>	<u>4,966,107</u>	<u>7,336,583</u>
 FUND BALANCE (DEFICIT)			
Nonspendable	4,934,305	(2,261,782)	2,672,523
Restricted	36,451	-	36,451
Assigned	16,433,110	-	16,433,110
Unassigned	<u>3,964,765</u>	<u>-</u>	<u>3,964,765</u>
TOTAL FUND BALANCE (DEFICIT)	<u>25,368,631</u>	<u>(2,261,782)</u>	<u>23,106,849</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 27,739,107</u>	<u>\$ 2,704,325</u>	<u>\$ 30,443,432</u>

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2021

	<u>Amount</u>
Total fund balance for governmental funds	\$ 23,106,849
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
Capital assets not being depreciated	
Land	965,514
Construction in progress (CIP)	5,596,817
Capital assets being depreciated:	
Building, vehicles, and equipment	27,120,459
Less accumulated depreciation	<u>(12,373,311)</u>
	14,747,148
<p>Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds.</p>	
Deferred outflows related to pensions	5,926,749
Deferred outflows related to OPEB	<u>274,039</u>
	6,200,788
Deferred inflows related to pensions	(14,590,571)
Deferred inflows related to OPEB	<u>(631,125)</u>
	(15,221,696)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
Net pension liability - FRS	(4,017,180)
Net pension liability - HIS	(3,641,818)
Compensated absences	(962,107)
Loan payable (5 vehicles)	(137,853)
Loan payable (2 pumpers)	(781,016)
Loan payable (construction)	(7,638,938)
Loan payable (15 stretchers)	(543,790)
Net OPEB obligation	<u>(2,356,257)</u>
	(20,078,959)
<p>Elimination of interfund amounts:</p>	
Due to other funds	(2,261,782)
Due from other funds	<u>2,261,782</u>
	-
Total net position of governmental activities	<u><u>\$ 15,316,461</u></u>

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2021

	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Non-ad valorem assessments	\$ 25,915,074	\$ -	\$ 25,915,074
Impact fees	-	265,888	265,888
Intergovernmental revenue:			
Grants	5,000	-	5,000
F/F supplemental income	23,275	-	23,275
Other government revenue	1,069,584	-	1,069,584
Charges for services - ambulance	2,653,184	-	2,653,184
Inspection fees	72,939	-	72,939
Fire prevention fees	-	-	-
Interest income	66,241	6,257	72,498
Other income:			
Insurance proceeds	40,606	-	40,606
Donations	-	-	-
Miscellaneous	692,991	-	692,991
TOTAL REVENUES	<u>30,538,894</u>	<u>272,145</u>	<u>30,811,039</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	17,587,148	-	17,587,148
Operating expenditures	3,454,714	-	3,454,714
Capital outlay	6,877,016	272,145	7,149,161
Debt service			
Principal reduction	773,618	-	773,618
Interest and fiscal charges	302,310	-	302,310
TOTAL EXPENDITURES	<u>28,994,806</u>	<u>272,145</u>	<u>29,266,951</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	1,544,088	-	1,544,088
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	543,790	-	543,790
Other financial assistance - CARES Act	634,296	-	634,296
TOTAL OTHER FINANCING SOURCES	<u>1,178,086</u>	<u>-</u>	<u>1,178,086</u>
NET CHANGE IN FUND BALANCE	2,722,174	-	2,722,174
FUND BALANCE (DEFICIT) - Beginning of the year	<u>22,646,457</u>	<u>(2,261,782)</u>	<u>20,384,675</u>
FUND BALANCE (DEFICIT) - End of the year	<u>\$ 25,368,631</u>	<u>\$ (2,261,782)</u>	<u>\$ 23,106,849</u>

The accompanying notes are an integral part of this statement.

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

Year Ended September 30, 2021

	<u>Amount</u>
Net change (excess of revenues and other financing sources over (under) expenditures and other financing uses) in fund balance - total governmental funds	\$ 2,722,174

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

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

Plus: expenditures for capital assets	7,149,161	
Less: proceeds from disposition of capital assets	-	
Less: current year depreciation	(1,556,747)	
Less: loss on disposition of capital assets	<u>(80,830)</u>	
		5,511,584

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

Repayments (principal retirement):		
Proceeds from issuance of debt - stretchers	(543,790)	
Loan payable (5 vehicles)	123,284	
Loan payable (2 pumpers)	165,367	
Loan payable (construction)	<u>484,967</u>	
		229,828

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

(Increase) decrease in net pension liability - FRS	19,711,669	
(Increase) decrease in net pension liability - HIS	(462,710)	
Increase (decrease) in deferred outflows - Pensions	(3,123,216)	
(Increase) decrease in deferred inflows - Pensions	(14,310,790)	
Net (increase) decrease in compensated absences	(111,449)	
(Increase) decrease in net OPEB liability	366,640	
Increase (decrease) in deferred outflows - OPEB	43,606	
(Increase) decrease in deferred inflows - OPEB	<u>(455,381)</u>	
		<u>1,658,369</u>

Increase (decrease) in net position of governmental activities	<u>\$ 10,121,955</u>
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The accompanying notes are an integral part of this statement.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lehigh Acres Fire Control and Rescue District (the "District") is an independent special taxing district established May 23, 1963 by Laws of Florida, Chapter 63-1546. Laws of Florida, Chapter 2000-406 codified, reenacted, amended and repealed its prior enabling acts and was effective July 3, 2000. The District adopted Resolution 15-05-01 which provided for the District to convert its revenue generation from ad valorem based taxation to non-ad valorem assessment (fire assessment fee) based taxation (F.S. Chapter 197.3632) and set the assessment amounts. This change was initially effective for the year ended September 30, 2016. The District's codification was further amended by Laws of Florida, Chapter 2017-210 which released a small portion of the District's service area to another fire district in closer proximity to the specified area. The District has the general and special powers prescribed by Florida Statutes, Chapters 189, 191, 200 and 633.15, as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services, as well as crash and rescue services, for a certain unincorporated designated area in northeastern Lee County, Florida known as Lehigh Acres. The District also provides emergency medical and rescue services, including transport (ambulance) services. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District operates six (6) station houses plus an administration facility.

Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Government-Wide Financial Statements

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

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

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

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

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

Government-Wide Financial Statements, continued

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

Fund Financial Statements

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

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

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

Governmental Funds

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

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

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

Governmental Funds, continued

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

Measurement Focus and Basis of Accounting, continued

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

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

Non-Current Government Assets/Liabilities

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

Major Funds

The District reports the following major governmental funds:

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

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

Budgetary Information

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

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

Cash and Investments

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

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

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

Capital Assets

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

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

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

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

Capital Assets, continued

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

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

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

General Fund budget amendments were approved during the fiscal year ended September 30, 2021. Budget amendments increased the total budgeted revenues and expenditures in the General Fund by \$7,031,641. No budget amendments were approved for the Impact Fee Fund.

Impact Fees/Unearned Revenue

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

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

Impact Fees/Unearned Revenue, continued

or debt service in the fund financial statements and capital assets or liability reduction and interest charges in the government-wide financial statements. During the year ended September 30, 2008, the Impact Fee Fund borrowed \$2,659,280 (net) from the General Fund to extinguish long term debt. The District's Impact Fee Fund has been paying the General Fund as such fees are collected and as directed by the Board. At September 30, 2021, the Impact Fee Fund reflects a deficit fund balance of \$2,261,782 including an amount due the General Fund of \$2,261,782. It is the District's intent to collect and retain impact fees to repay the loan.

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

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

Encumbrances

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

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

Management Estimates

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

Net Position

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

Fund Balances

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

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2021, fund balance is also assigned for a variety of specific items by District Board action. Any use or change of the assigned fund balance requires the District's Board approval.

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

Interfund Transactions

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

Pensions

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

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

Deferred Outflows/Inflows of Resources

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

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

Deferred Outflows/Inflows of Resources, continued

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

Subsequent Events

Subsequent events have been evaluated through February 16, 2022, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2021, cash and cash equivalents were \$13,902,665, which included restricted cash of \$2,850,809 comprised of \$1,815,958 impact fees (Impact Fee Fund), which are restricted for capital asset acquisition and/or improvement due to growth within the District and repayment of a loan from the General Fund and \$1,034,851 in the General Fund. The General Fund restricted cash consists of proceeds of \$36,451 in the General Fund from a construction loan which are restricted for construction related costs (restricted fund balance) and a debt reserve of \$998,400 for the construction and engine loans.

Deposits

At September 30, 2021, the carrying amount of the District's deposits were \$12,086,707 in the General Fund and the bank balance was \$12,165,898. The bank balance consists of \$11,271,730 in demand deposits and \$894,168 in certificates of deposit. At September 30, 2021, the carrying amount and the bank balance of the District's deposits were \$1,815,958 in the Impact Fee Fund. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE C - INVESTMENTS

Florida Statutes and the District's investment policy authorize investments in the Florida Fixed Income Trust (FL FIT). Specifically, the District's investment policy is consistent with Florida Statutes, Chapter 218.415(17). At September 30, 2021, the District's investments in the FL FIT-Cash Pool (CP) consist of the following:

	Cost Basis	Fair Value (NAV)/ Carrying Amount
<u>General Fund</u>		
Florida Fixed Income Trust		
FL FIT - Cash Pool (CP)	\$ 10,548,347	\$ 10,548,347
Total investments - General Fund	<u>\$ 10,548,347</u>	<u>\$ 10,548,347</u>

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

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

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

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

At September 30, 2021, the Cash Pool's investments consisted of the following: 62% with commercial paper; 17% with institutional money market deposits and insured money deposits; 21% with certificates of deposit.

NOTE C - INVESTMENTS, CONTINUED

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

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

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

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

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

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

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

Redemption Fees: As of September 30, 2021, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE C - INVESTMENTS, CONTINUED

Foreign Currency Risk: Florida Fixed Income Trust (FL FIT) Cash Pool was not exposed to foreign currency risk during the year ended September 30, 2021.

Securities Lending: Florida Fixed Income Trust (FL FIT) Cash Pool did not participate in securities lending program during the period October 1, 2020 through September 30, 2021.

Florida Fixed Income Trust (FL FIT) Cash Pool does provide separate audited financial statements for the year ended June 30, 2021.

At September 30, 2021, the District reported Florida Fixed Income Trust (FL FIT) Cash Pool investments of \$10,548,347. The Florida Fixed Income Trust (FL FIT) Cash Pool carried a credit rating of AA Af/S1 by Fitch Rating and had a dollar weighted average days to maturity (WAM) of 79 days at September 30, 2021. The weighted average life (WAL) at September 30, 2021 was 104 days. The Cash Pool's duration is as follows: expected target duration 0-.5 years; effective duration of .22 years. Rule 2a7 allows funds to use a constant of \$1.00 per share. This fund is not currently rated.

NOTE D - RECEIVABLES

Receivables consist of the following at September 30, 2021:

	Ambulance User Fees	Inspection Fees	Totals
Accounts receivable	\$ 5,146,649	\$ 19,300	\$ 5,165,949
Less: allowance for doubtful accounts	(4,913,333)	-	(4,913,333)
Receivables - net	<u>\$ 233,316</u>	<u>\$ 19,300</u>	<u>\$ 252,616</u>

The allowance for doubtful accounts on ambulance billings is computed by management based on historical experience rates. The aforementioned allowance total at September 30, 2021, includes estimated uncollectible balances and Medicare and Medicaid adjustments.

NOTE E - DEPOSITS

Deposits as of September 30, 2021, in the amount of \$2,672,523, represents the deposit payment for five (5) new vehicles (an aerial, pumper and 3 ambulances) to be delivered upon acceptance in the subsequent fiscal year. The deposits balance is also reflected as nonspendable fund balance in the General Fund.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE F - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2021, are as follows:

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

NOTE G - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consist of the following at September 30, 2021:

	<u>Amount</u>
General Fund:	
Annual fire assessment fees including excess fees	\$ 62,010
Annual fire assessment interest	1,971
Grant Revenue - FEMA	153,810
	<u>217,791</u>
Impact Fee Fund:	
Impact fees	587,708
Totals	<u>\$ 805,499</u>

NOTE H - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2021, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2020	\$ 1,513,154
Impact fee receipts	869,351
Due from other governments	587,708
Interest receipts	6,257
Capital outlay	<u>(272,145)</u>
Unearned revenue, September 30, 2021	<u>\$ 2,704,325</u>

The District placed a deposit on a new ambulance for \$300,659 during the year ended September 30, 2021

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE I - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2021:

	Balance October 1 2020	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2021
Capital Assets Not Being Depreciated:					
Land	\$ 870,173	\$ 95,341	\$ -	\$ -	\$ 965,514
Construction in progress	<u>359,740</u>	<u>5,237,077</u>	<u>-</u>	<u>-</u>	<u>5,596,817</u>
Total Capital Assets Not Being Depreciated	<u>1,229,913</u>	<u>5,332,418</u>	<u>-</u>	<u>-</u>	<u>6,562,331</u>
Capital Assets Being Depreciated:					
Buildings	13,897,486	13,220	(91,458)	-	13,819,248
Improvements other than buildings	195,696	-	-	-	195,696
Equipment and furniture	2,735,890	988,608	(553,252)	-	3,171,246
Vehicles	<u>9,373,992</u>	<u>814,915</u>	<u>(254,638)</u>	<u>-</u>	<u>9,934,269</u>
Total Capital Assets Being Depreciated	<u>26,203,064</u>	<u>1,816,743</u>	<u>(899,348)</u>	<u>-</u>	<u>27,120,459</u>
Less Accumulated Depreciation:					
Buildings	(2,847,336)	(347,406)	35,059	-	(3,159,683)
Improvements other than buildings	(159,689)	(3,732)	-	-	(163,421)
Equipment and furniture	(1,627,786)	(341,087)	528,821	-	(1,440,052)
Vehicles	<u>(7,000,271)</u>	<u>(864,522)</u>	<u>254,638</u>	<u>-</u>	<u>(7,610,155)</u>
Total Accumulated Depreciation	<u>(11,635,082)</u>	<u>(1,556,747)</u>	<u>818,518</u>	<u>-</u>	<u>(12,373,311)</u>
Total Capital Assets Being Depreciated, Net	<u>14,567,982</u>	<u>259,996</u>	<u>(80,830)</u>	<u>-</u>	<u>14,747,148</u>
Capital Assets, Net	<u>\$15,797,895</u>	<u>\$ 5,592,414</u>	<u>\$ (80,830)</u>	<u>\$ -</u>	<u>21,309,479</u>
				Related debt and restricted cash	<u>(8,066,732)</u>
				Net investment in capital assets	<u>\$ 13,242,747</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE I - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2021:

	<u>Amount</u>
General Government	
Total Depreciation Expense	<u>\$ 1,556,747</u>

NOTE J - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2021:

	Balance October 1 2020	Additions	Retirements / Adjustments	Balance September 30 2021	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 23,728,849	\$ -	\$ (19,711,669)	\$ 4,017,180	\$ -
Net Pension Liability - HIS	3,179,108	462,710	-	3,641,818	-
Compensated Absences	850,658	111,449	-	962,107	-
Loan payable (5 vehicles)	261,137	-	(123,284)	137,853	127,087
Loan payable (2 pumpers)	946,383	-	(165,367)	781,016	170,741
Loan payable (construction)	8,123,905	-	(484,967)	7,638,938	501,324
Loan payable (stretchers)	-	543,790	-	543,790	181,263
Net OPEB liability	2,722,897	-	(366,640)	2,356,257	-
	<u>\$ 39,812,937</u>	<u>\$ 1,117,949</u>	<u>\$ (20,851,927)</u>	<u>\$ 20,078,959</u>	<u>\$ 980,415</u>

Long-term liabilities is comprised of the following at September 30, 2021:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 4,017,180
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	3,641,818
Compensated absences, employees of the District are entitled to paid leave (sick and vacation) based on length of service and job classification.	962,107
\$600,000 loan payable monthly, for 60 months to a financial institution in the amount of \$10,793 including fixed interest at 3% to finance the purchase of five (5) vehicles and equipment. Final payment is due October 30, 2022. The note is collateralized by ambulance fees of the District.	137,853

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE J - LONG-TERM LIABILITIES, CONTINUED

\$1,084,000 loan payable monthly, for 76 months to a financial institution in the amount of \$16,111 including fixed interest at 3.21% to finance the purchase of two (2) pumpers. The loan is collateralized by all ambulance revenue. Final payment is due January 1, 2026.	781,016
\$8,900,000 loan payable semi-annually, for 15 years to a financial institution in the amount of \$376,545 including fixed interest at 3.35% to finance construction and rehab costs for stations. This loan is collateralized by all ambulance revenue. Final payment is due December 1, 2033.	7,638,938
\$543,790 loan payable annually, for 3 years to a financial institution in the amount of \$181,263 including interest at 0% to finance the purchase of eleven (11) life packs and eight (8) stretchers. The loan is collateralized by the respective equipment. Final payment due September 30, 2024.	543,790
Net OPEB liability - GASB #75 actuarially determined.	<u>2,356,257</u>
Total Long-Term Liabilities	20,078,959
Current Portion	<u>(980,415)</u>
Noncurrent Portion	<u>\$ 19,098,544</u>

The loan agreements contain certain provisions and restrictive covenants including debt service reserve account. The District was in compliance with these covenants at September 30, 2021.

The annual notes payable debt service requirements at September 30, 2021, were as follows:

Years Ending September 30	Total Principal	Total Interest	Total
2022	\$ 980,415	\$ 276,775	\$ 1,257,190
2023	886,591	251,881	1,138,472
2024	899,077	228,603	1,127,680
2025	741,843	204,573	946,416
2026	636,522	181,329	817,851
2027-2031	3,166,404	599,042	3,765,446
2032-2034	<u>1,790,745</u>	<u>91,739</u>	<u>1,882,484</u>
Total notes payable	9,101,597	1,833,942	10,935,539
Net Pension Obligation - FRS	4,017,180	-	4,017,180
Net Pension Obligation - HIS	3,641,818	-	3,641,818
Compensated Absences	962,107	-	962,107
Net OPEB Liability	<u>2,356,257</u>	<u>-</u>	<u>2,356,257</u>
	<u>\$ 20,078,959</u>	<u>\$ 1,833,942</u>	<u>\$ 21,912,901</u>

Interest expense related to the notes payable for the year ended September 30, 2021 was \$302,310.

NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

General Information about the Florida Retirement System

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2021, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's total pension expense, \$836,264 for the year ended September 30, 2021, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$2,680,659, \$2,225,424 and \$2,041,826 for the years ended September 30, 2021, 2020 and 2019, respectively. The District contributed 100% of the required contributions.

NOTE K - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

FRS Pension Plan

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

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

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

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

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

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

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

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

FRS Pension Plan, continued

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

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

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

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

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

FRS Pension Plan, continued

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2021 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	10.00	10.82
Florida Retirement System, Senior Management Service	3.00	27.29	29.01
Florida Retirement System, Special Risk	3.00	24.45	25.89
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	16.98	18.34
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	49.18	51.42

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/20 - 6/30/21.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/21 - 6/30/22.

* As defined by the Plan.

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

FRS Pension Plan, continued

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

September 30, 2021, the District reported an FRS pension liability of \$4,017,180 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At September 30, 2021, the District's proportionate share was .053180462 percent, which was a decrease of .001568136 percent from its proportionate share measure as of September 30, 2020.

For the year ended September 30, 2021, the District recognized pension expense of \$813,764. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 688,551	\$ -
Change of assumptions	2,748,755	-
Net difference between projected and actual earnings on pension plan investments	-	14,014,930
Changes in proportion and differences between District contributions and proportionate share of contributions	863,362	404,147
District contributions subsequent to the measurement date	<u>661,723</u>	<u>-</u>
Total	<u>\$ 4,962,391</u>	<u>\$ 14,419,077</u>

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

FRS Pension Plan, continued

The deferred outflows of resources related to the pensions, totaling \$661,723, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 5.7 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2022	\$ (2,674,687)
2023	(2,674,687)
2024	(2,674,687)
2025	(2,674,685)
2026	829,046
Thereafter	<u>(248,709)</u>
Total	<u>\$ (10,118,409)</u>

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

Vaultation date	July 1, 2020
Measurement date	June 30, 2021
Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.80 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Individual entry age

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

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

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

FRS Pension Plan, continued

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	<u>3.7%</u>	5.7%	5.4%	8.4%
Total	<u>100%</u>			
Assumed inflation - Mean		2.4%		1.2%

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

Money-weighted Rate of Return. The annual money-weighted rate of return on the FRS Pension Plan investments was 30.41% for the year ended June 30, 2021.

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

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

FRS Pension Plan, continued

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability	<u>\$ 17,965,096</u>	<u>\$ 4,017,180</u>	<u>\$ (7,641,715)</u>

Pension Plan Fiduciary Net Position. Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2021.

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

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

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

http://www.dms.myflorida.com/workforce_operations/retirement/publications

Payables to the Pension Plan. At September 30, 2021, the District reported a payable of \$295,585 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2021.

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

HIS Plan

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

Benefits Provided. For the year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2021, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan. At September 30, 2021, the District reported a HIS liability of \$3,641,818 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of July 1, 2020. The District's proportionate share of the net HIS liability was based on the

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

HIS Plan, continued

District's 2020-21 fiscal year contributions relative to the total 2020-21 fiscal year contributions of all participating members. At September 30, 2021, the District's proportionate share was .029689130 percent, which was an increase of .003651862 percent from its proportionate share measured as of September 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized HIS expense of \$51,942. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 121,864	\$ 1,525
Change of assumptions	286,166	150,052
Net difference between projected and actual earnings on HIS pension plan investments	3,796	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	499,489	19,917
District contributions subsequent to the measurement date	<u>53,043</u>	<u>-</u>
Total	<u>\$ 964,358</u>	<u>\$ 171,494</u>

The deferred outflows of resources related to HIS, totaling \$53,043, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 6.4 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2022	\$ 137,251
2023	137,251
2024	137,251
2025	137,251
2026	136,302
Thereafter	<u>54,515</u>
Total	<u>\$ 739,821</u>

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

HIS Plan, continued

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

Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	2.16 percent
Actuarial cost method	Individual entry age

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

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

Discount Rate. The discount rate used to measure the total HIS liability was 2.16 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 2.16 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
District's proportionate share of the net HIS liability	<u>\$ 4,210,295</u>	<u>\$ 3,641,818</u>	<u>\$ 3,176,079</u>

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

HIS Plan, continued

Pension Plan Fiduciary Net Position. Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2021.

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

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

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

http://www.dms.myflorida.com/workforce_operations/retirement/publications

Payables to the Pension Plan. At September 30, 2021, the District reported a payable of \$18,867 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2021.

FRS - Defined Contribution Pension Plan

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

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

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

FRS - Defined Contribution Pension Plan, continued

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2020-21 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	10.00	10.82
Florida Retirement System, Senior Management Service	3.00	27.29	29.01
Florida Retirement System, Special Risk	3.00	24.45	25.89
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	16.98	18.34
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	49.18	51.42

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/20 - 6/30/21.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/21 - 6/30/22.

* As defined by the Plan.

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

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

FRS - Defined Contribution Pension Plan, continued

forfeit the accumulated account balance. For the fiscal year ended September 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$593,962 for the fiscal year ended September 30, 2021.

Payables to the Investment Plan. At September 30, 2021, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2021.

NOTE L - NON AD VALOREM ASSESSMENTS (FIRE ASSESSMENTS)

Non ad valorem fire assessments are levied under Florida Statute 197.3631 after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on fire assessments are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid fire assessments and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all fire assessments is performed for the District by the Lee County Tax Collector. No accrual for the fire assessments becoming due in November 2021, is included in the accompanying basic financial statements, since such assessments are collected to finance expenditures of the subsequent period.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

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

Procedures for collecting delinquent fire assessments, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after non-ad valorem assessments become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2021, \$62,010 was due from the Lee County Tax Collector to the District for non-ad valorem assessments.

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2021, the Board of Commissioners of the District levied an annual non-ad valorem assessment (F.S.197.3631) at the following rates:

<u>Category</u>	<u>Number and Type of Billing Units</u>	<u>Annual Assessment</u>
Tier 1	\$0.93/\$1,000 of relative improvement value (not land)	variable
Tier 2	1 parcel(s) x \$162.00 per parcel	fixed
Sub-Total	(1) plus (2) above	final rate

Added to the Sub-Total for this parcel will be: (i) \$5 per tax notice to defray District notice, administrative and implementation costs; (ii) \$1.45 per tax notice charged by the Lee County Tax Collector; plus (iii) adjustment (4%) to account for early-payment statutory discounts involved with the uniform method of collection.

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

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

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

All retired full-time employees, with at least 20 years of credited service with the District, are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2021, there were twenty-eight (28) retirees eligible to receive benefits and eighteen (18) retirees receiving these benefits. The benefits are provided both with contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays the retiree \$5 per month for each year of service except bargaining unit district #6 which is capped at \$125 per month. Certain limited exceptions to this general policy are permitted. The Fire Chief has his (single coverage) health insurance fully paid by the District up to Medicare age. Functionally, the District pays 100% of the participating retiree District health insurance premium coverage (single) and absorbs (explicit subsidy) the cost of the OPEB benefit noted above. The retiree reimburses the District for the balance of the health insurance premium. The retiree may purchase dependent coverage through the District. At age 65 the retiree then must move to Medicare but may continue to purchase life, dental and vision coverage through the District. Surviving spouses and beneficiaries are not eligible for the OPEB benefits. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. There is no separate trust for these benefits.

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

The retiree's premiums for these benefits totaled \$207,551 during the year ended September 30, 2021, of which the District paid \$38,336.

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

Funding Policy

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

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

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

Actuarial Methods and Assumptions

At September 30, 2021, the District's net OPEB liability of \$2,356,257 was measured as of October 2020, and was determined by an actuarial valuation as of April 1, 2021. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Salary Increases	2.20%
Discount Rate	2.41% (2021) 2.75% (2020) 3.83% (2019) 3.50% (2018)
Inflation Rate	2.50%
Health Care Trend	4.10%

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

The discount rate was based on the 20 Year Municipal Bond Rate with AA/Aa or higher.

Entry age normal cost method was used.

The FRS salary scale was used.

Mortality rates were based on the RP-2000 Generational Healthy Mortality Table with scale MP-2020.

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

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

Actuarial Methods and Assumptions, continued

Measurement Date: October 1, 2020
Actuarial Valuation Date: April 1, 2021

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

Changes in the Net OPEB Liability

	<u>Amount</u>
Balance at September 30, 2020	\$ 2,722,897
Changes for the year:	
Service Cost	128,338
Interest	73,086
Change in benefit terms	4,350
Difference Between Expected and Actual Experience	67,651
Changes in Assumptions	(505,590)
Contributions from Employer	<u>(134,475)</u>
Net Changes	<u>(366,640)</u>
Balance at September 30, 2021	<u><u>\$ 2,356,257</u></u>

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	1.41%	2.41%	3.41%
Net OPEB Liability	\$ 2,491,967	\$ 2,356,257	\$ 2,223,352

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

Changes in the Net OPEB Liability, continued

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

	1% Decrease 3.00%	Trend Rate 4.00%	1% Increase 5.00%
Net OPEB Liability	\$2,139,915	\$2,356,257	\$ 2,599,726

For the year ended September 30, 2021, the District recognized OPEB expense credit of \$179,610. At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 103,001	\$ -
Changes in Assumptions	171,038	631,125
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>\$ 274,039</u>	<u>\$ 631,125</u>

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

Year Ended September 30:	<u>Amount</u>
2022	\$ (26,164)
2023	(26,164)
2024	(26,164)
2025	(26,164)
2026	(26,164)
Total Thereafter	<u>(226,266)</u>
	<u>\$ (357,086)</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2021

NOTE N - FUND BALANCE

Fund balance, in the Governmental Funds, was categorized as follows at September 30, 2021:

<u>Nonspendable fund balance</u>	<u>Amount</u>	
General Fund receivable from Impact Fee Fund	\$ 2,261,782	
Deposits	<u>2,672,523</u>	
Total Nonspendable Fund Balance	<u>\$ 4,934,305</u>	**
<u>Restricted fund balance</u>		
Construction related restricted cash	\$ 36,451	
	<u>\$ 36,451</u>	
<u>Assigned fund balance</u>	<u>Amount</u>	
Capital reserves	\$ 8,969,134	
Debt service	1,000,000	
Ninety (90) day carryforward	4,465,576	
Disaster reserves (30 day all-out)	1,000,000	
Loan payable - construction related debt reserve - restricted cash	890,000	
Loan payable - 2 engines related debt reserve - restricted cash	<u>108,400</u>	
Total Assigned Fund Balance	<u>\$ 16,433,110</u>	

** Nonspendable fund balance includes deposits and monies previously expended by the General Fund on behalf of the Impact Fee Fund. The receivable amount of \$2,261,782 is owed to the General Fund at September 30, 2021 and is reflected in the Due To/From Other Funds. Since management does not anticipate any significant repayment of the balance due in the foreseeable future, this receivable serves to reduce the balance in the General Fund unassigned fund balance to reflect the reduction in General Fund cash and equivalents that is available and spendable for future years.

NOTE O - RISK MANAGEMENT

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

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

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

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

In accordance with Governmental Accounting Standards Board Statement No. 10, (GASB 10) which recognizes the funding of outstanding liabilities at full value, the pool retained Insurance Industry Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2021. The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2021.

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

NOTE P - CONTINGENCIES

Litigation/Administrative Hearing

The District, from time to time, is involved as a defendant in certain litigation, assertions and/or claims arising in the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities, if estimable, will not materially affect the financial position of the District. At September 30, 2021, it appears any potential unfavorable outcome from asserted claims may be paid, in full or in part through insurance coverage. At September 30, 2021, no liability has been accrued for such losses, if any. The District intends to vigorously pursue all potential claims.

NOTE Q - DEFICIT FUND BALANCE - IMPACT FEE FUND

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

During the year ended September 30, 2021, the General Fund was repaid \$0 from the Impact Fee Fund to reduce the liability owed to the General Fund. Therefore, the "Due to General Fund" liability balance at September 30, 2021 was \$2,261,782 and the Impact Fee Fund continued to reflect a deficit fund balance of \$2,261,782. This deficit will be reduced as future impact fee collections are used to repay the General Fund.

NOTE R - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)

During the year ended September 30, 2021, the District's unrestricted net position (net assets) increased to a balance of \$2,073,714 due substantially to the recording the current year actuarially determined net pension liability of \$7,658,998 and its net OPEB liability of \$2,356,257. This District's unrestricted net position at September 30, 2020 was a deficit of (\$6,221,686). The current year significant increase in unrestricted net position was caused by the reduction in FRS net pension liability due to a large investment return of 30.4%. The District's total available fund balance less restricted and non-spendable fund balance remains approximately equal to eight (8) months of actual expenditures. However, the Board has assigned \$16,433,110 of the \$20,397,875 for specific purposes.

NOTE S - COMMITMENT

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

Admin/Logistics: The remodel is budgeted for the 20/21 fiscal year with preconstruction costs of \$223,053 as of September 30, 2021. The GMP anticipated in February 2022.

Station 102: Construction of the new station site is underway with an anticipated completion date in February 2022. This project has a GMP of \$4,977,781 with \$3,201,784 paid in preconstruction costs as of September 30, 2021.

Station 106: Construction of the new station site is underway with an anticipated completion date in May or June 2022. This project has \$2,171,980 paid in preconstruction costs as of September 30, 2021. The GMP is \$5,266,937.

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

NOTE T - SUBSEQUENT EVENTS

Subsequent to September 30, 2021 the District:

- Approved the issuance of \$20,000,000 bonds as a method of funding future construction costs for stations 107 and 108 as well as a means to refinance certain outstanding debt and to refund the construction costs for Station 102 and 106.
- The District is waiting on several new vehicles to arrive. Deposits for these 5 vehicles were paid during the year ended September 30, 2021. The vehicles are subject to inspection and acceptance upon delivery.

NOTE U - COVID 19

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

The District has adapted its operations to accommodate the current environment. However, the full impact of the COVID-19 outbreak continues to evolve as of the date of this report. This pandemic has adversely affected global economic activity and greatly contributed to instability in financial markets. Management is actively monitoring the local situation on its financial condition, liquidity, operations, donors, industry, and workforce. Given the daily evolution of COVID-19 and the global and local responses to curb its spread, the District is not able to estimate the future effects of COVID-19 on its results of operation, financial condition, or liquidity for fiscal year 2021-22.

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - SUMMARY STATEMENT
Year Ended September 30, 2021

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
REVENUES				
Non-ad valorem assessments	\$ 24,585,788	\$ 25,850,274	\$ 25,915,074	\$ 64,800
Intergovernmental revenue:				
Grants	-	5,000	5,000	-
F/F supplemental income	30,840	14,400	23,275	8,875
Other government revenue	-	1,530,055	1,069,584	(460,471)
Charges for services - ambulance	2,200,000	2,391,803	2,653,184	261,381
Inspection fees	32,700	63,700	72,939	9,239
Fire prevention fees	-	-	-	-
Interest income	220,000	57,000	66,241	9,241
Other income:				
Insurance proceeds	-	40,000	40,606	606
Donations	-	-	-	-
Miscellaneous	181,715	661,751	692,991	31,240
Insurance and salary concessions	-	-	-	-
Cash brought forward	19,521,546	22,646,457	-	(22,646,457)
TOTAL REVENUES	46,772,589	53,260,440	30,538,894	(22,721,546)
EXPENDITURES				
Current				
Public safety				
Personnel services	20,955,129	20,944,198	17,587,148	3,357,050
Operating expenditures	12,300,582	12,504,782	3,454,714	9,050,068
Capital outlay	12,439,098	19,277,470	6,877,016	12,400,454
Debt service				
Principal reduction	773,589	773,589	773,618	(29)
Interest and fiscal charges	304,191	304,191	302,310	1,881
TOTAL EXPENDITURES	46,772,589	53,804,230	28,994,806	24,809,424
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(543,790)	1,544,088	2,087,878
OTHER FINANCING SOURCES (USES)				
Proceeds from loan payable	-	543,790	543,790	-
Other Financial Assistance - CARES Act	-	-	634,296	634,296
TOTAL OTHER FINANCING SOURCES (USES)	-	543,790	1,178,086	634,296
NET CHANGE IN FUND BALANCE	\$ -	\$ -	2,722,174	\$ 2,722,174
FUND BALANCE, October 1, 2020			22,646,457	
FUND BALANCE, September 30, 2021			\$ 25,368,631	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2021

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
REVENUES				
Non-ad valorem assessments	\$ 24,585,788	\$ 25,850,274	\$ 25,915,074	\$ 64,800
Intergovernmental revenue:				
Grants	-	5,000	5,000	-
F/F supplemental income	30,840	14,400	23,275	8,875
Other government revenue	-	1,530,055	1,069,584	(460,471)
Charges for services - ambulance (net)	2,200,000	2,391,803	2,653,184	261,381
Inspection fees	32,700	63,700	72,939	9,239
Fire prevention fees	-	-	-	-
Interest income	220,000	57,000	66,241	9,241
Other income:				
Insurance proceeds	-	40,000	40,606	606
Donations	-	-	-	-
Miscellaneous	181,715	661,751	692,991	31,240
Insurance and salary concessions	-	-	-	-
Cash brought forward	19,521,546	22,646,457	-	(22,646,457)
TOTAL REVENUES	46,772,589	53,260,440	30,538,894	(22,721,546)
EXPENDITURES				
Current				
Public safety				
PERSONNEL SERVICES				
Salaries				
Elected officials	30,000	30,000	30,000	-
Administrative	1,609,217	1,609,217	1,581,538	27,679
Regular	10,951,134	10,851,134	9,059,756	1,791,378
Holidays	373,220	373,220	292,639	80,581
Overtime	277,500	377,500	336,625	40,875
Sick time liability	-	-	-	-
Annual sick time pay	100,000	89,069	89,068	1
Subtotal - Salaries	<u>13,341,071</u>	<u>13,330,140</u>	<u>11,389,626</u>	<u>1,940,514</u>
Benefits				
Payroll taxes	1,008,712	1,008,712	864,001	144,711
Retirement	3,384,754	3,384,754	2,680,659	704,095
Retirement liability	13,687	13,687	12,690	997
Group insurance	2,734,405	2,734,405	2,222,138	512,267
Workers compensation	467,500	467,500	417,834	49,666
Unemployment compensation	5,000	5,000	200	4,800
Subtotal - Benefits	<u>7,614,058</u>	<u>7,614,058</u>	<u>6,197,522</u>	<u>1,416,536</u>
Personnel reserve contingencies				
Personnel reserves	-	-	-	-
SUBTOTAL - PERSONNEL SERVICES	<u>20,955,129</u>	<u>20,944,198</u>	<u>17,587,148</u>	<u>3,357,050</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2021**

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
OPERATING				
Professional services				
Property appraiser	-	-	-	-
Legal fees	130,000	130,000	165,576	(35,576)
Medical director	48,000	48,000	48,000	-
Physicals	82,951	82,951	86,500	(3,549)
Land taxes	1,400	1,400	1,254	146
Tax collector fees	186,460	186,460	178,792	7,668
Actuarial study	7,000	7,000	5,400	1,600
Miscellaneous	7,000	7,000	1,225	5,775
Audit and accounting	41,500	41,500	35,500	6,000
Professional services	150,000	150,000	124,143	25,857
Contract services				
Ambulance billing	145,000	145,000	127,804	17,196
5 year plan	-	-	-	-
Communications	397,174	397,174	300,019	97,155
Utilities				
Electricity	77,500	77,500	70,634	6,866
Water and garbage	34,979	34,979	31,130	3,849
Rentals and leases	7,070	7,070	9,618	(2,548)
Insurance (general)	305,000	305,000	242,642	62,358
Maintenance				
Buildings	93,500	93,500	89,322	4,178
Equipment	61,500	61,500	27,487	34,013
Vehicles	370,000	370,000	505,205	(135,205)
Maintenance contracts	227,632	227,632	204,680	22,952
IT computer support	10,000	10,000	2,280	7,720
Promotional	8,000	8,000	2,878	5,122
Fire assessment study fee	103,000	103,000	93,683	9,317
Other current charges and obligations				
Training (motel, per diem)	49,443	56,443	10,160	46,283
Training (instruction, etc)	87,805	148,805	53,139	95,666
Administrative (commission)	5,270	5,270	5,345	(75)
Administrative (election)	-	-	-	-
Cadets	-	-	2,015	(2,015)
Administrative (office)	40,273	45,273	45,890	(617)
Office				
Office supplies	10,000	10,000	4,055	5,945
Postage/freight	10,000	10,000	8,042	1,958
Operating supplies				
Department	94,500	94,500	54,345	40,155
Paramedic	215,000	215,000	248,021	(33,021)
Gas and oil	200,000	200,000	194,581	5,419
Uniforms	96,125	96,125	99,905	(3,780)
Propane	12,000	12,000	10,344	1,656
Computer supplies	41,100	41,100	39,965	1,135
Janitorial supplies	25,000	36,200	27,208	8,992
Training supplies	26,552	26,552	20,864	5,688

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2021**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
OPERATING (continued)				
Shop supplies	20,000	20,000	9,699	10,301
Protective clothing ensembles	105,490	225,490	230,668	(5,178)
Collection fees	40,000	40,000	36,696	3,304
Equipment < \$1,000	-	-	-	-
Bad debt expense	-	-	-	-
Operating reserve contingencies:				
Debt service	1,000,000	1,000,000	-	1,000,000
90-Day carryforward	4,465,576	4,465,576	-	4,465,576
Emergency disaster	1,000,000	1,000,000	-	1,000,000
OPEB reserve	-	-	-	-
Impact fee fund reserve	2,261,782	2,261,782	-	2,261,782
SUBTOTAL - OPERATING	12,300,582	12,504,782	3,454,714	9,050,068
CAPITAL OUTLAY				
Buildings	265,000	265,000	61,384	203,616
Capital future growth	-	5,000	6,099	(1,099)
Machinery and equipment	425,977	1,123,301	802,870	320,431
Capital impact fees	-	-	-	-
Computers	23,500	11,500	2,834	8,666
Vehicles	2,400,000	2,993,774	814,915	2,178,859
Construction in progress	9,177,781	5,909,761	5,188,914	720,847
Capital reserve contingencies				
Capital reserves	146,840	8,969,134	-	8,969,134
SUBTOTAL - CAPITAL OUTLAY	12,439,098	19,277,470	6,877,016	12,400,454
DEBT SERVICE				
Principal retirement	773,589	773,589	773,618	(29)
Interest charges and fiscal	304,191	304,191	302,310	1,881
SUBTOTAL - DEBT SERVICE	1,077,780	1,077,780	1,075,928	1,852
TOTAL EXPENDITURES	46,772,589	53,804,230	28,994,806	24,809,424
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(543,790)	1,544,088	2,087,878
OTHER FINANCING SOURCES (USES)				
Proceeds from disposition of capital assets	-	-	-	-
Proceeds from loan payable	-	543,790	543,790	-
Other financial assistance - CARES Act	-	-	634,296	634,296
TOTAL OTHER FINANCING SOURCES (USES)	-	543,790	1,178,086	634,296
NET CHANGE IN FUND BALANCE	\$ -	\$ -	2,722,174	\$ 2,722,174
FUND BALANCE, October 1, 2020			22,646,457	
FUND BALANCE, September 30, 2021			<u>\$ 25,368,631</u>	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
Year Ended September 30, 2021

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Fees				
Impact fees	\$ -	\$ -	\$ 265,888	\$ 265,888
Miscellaneous				
Interest	-	-	6,257	6,257
Cash brought forward	<u>2,261,782</u>	<u>2,261,782</u>	-	<u>(2,261,782)</u>
TOTAL REVENUES	<u>2,261,782</u>	<u>2,261,782</u>	<u>272,145</u>	<u>(1,989,637)</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Operating				
Impact fee refunds	-	-	-	-
Impact fee reserve contingencies	<u>2,261,782</u>	<u>2,261,782</u>	-	<u>2,261,782</u>
Subtotal - operating	<u>2,261,782</u>	<u>2,261,782</u>	-	<u>2,261,782</u>
Capital outlay	-	-	<u>272,145</u>	<u>(272,145)</u>
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Subtotal - debt service	-	-	-	-
TOTAL EXPENDITURES	<u>2,261,782</u>	<u>2,261,782</u>	<u>272,145</u>	<u>1,989,637</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE (DEFICIT) - Beginning			<u>(2,261,782)</u>	
FUND BALANCE (DEFICIT) - Ending			<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2021**

<u>Grantor Agency/Program Title</u>	<u>Federal CFDA/ Number</u>	<u>Grantor's Number</u>
FEDERAL AGENCY		
<u>U.S. Department of Homeland Security</u>		
<u>Federal Emergency Management Agency (FEMA)</u>		
<u>TYPE A - MAJOR</u>		
Staffing of Adequate Fire and Emergency Response		
SAFER - Assistance to Firefighters Grants	97.083	EMW-2019-FF-00927
<u>U.S. Department of Homeland Security</u>		
<u>TYPE B - NON MAJOR</u>		
Passed through the Florida Department of Financial Services from Federal Emergency Management Agency (FEMA)		
Disaster Grant - Public Assistance - Hurricane Michael	97.036	DR-4399-FL
<u>U.S. Department of Treasury</u>		
<u>TYPE B - NON MAJOR</u>		
Passed through Lee County Board of County Commissioners Coronavirus Relief Fund - CARES Act	21.019	CARES Act
		Total
TOTAL FEDERAL FINANCIAL AWARDS		

(1) Includes AR of \$153,810

<u>Program or Award Amount</u>	<u>Receipts/ Revenue</u>	<u>Disbursements/ Expenditures</u>	<u>Pass through to Subrecipients</u>
\$ 7,952,678	\$ 988,749 (1)	\$ 988,749	\$ -
<u>80,835</u>	<u>80,835</u>	<u>80,835</u>	<u>-</u>
<u>8,033,513</u>	<u>1,069,584</u>	<u>1,069,584</u>	<u>-</u>
<u>746,087</u>	<u>634,296</u>	<u>634,296</u>	<u>-</u>
<u>746,087</u>	<u>634,296</u>	<u>634,296</u>	<u>-</u>
\$ <u>8,779,600</u>	\$ <u>1,703,880</u>	\$ <u>1,703,880</u>	\$ <u>-</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended September 30, 2021

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NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the OMB Uniform Guidance.

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

The District did not routinely allocate indirect costs to Federal Awards. Costs charged to such programs were direct costs.

The District has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

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

	2021	2020	2019	2018
District's proportion of the net pension liability	0.053180462%	0.054748598%	0.052718180%	0.050872063%
District's proportionate share of the net pension liability	\$ 4,017,180	\$ 23,728,849	\$ 18,155,407	\$ 15,322,929
District's covered-employee payroll	\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.55%	251.75%	209.09%	184.45%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%

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

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

	2021	2020	2019	2018
Contractually required contribution	\$ 2,519,819	\$ 2,069,644	\$ 1,898,899	\$ 1,700,676
Contributions in relation to the contractually required contribution	<u>2,519,819</u>	<u>2,069,644</u>	<u>1,898,899</u>	<u>1,700,676</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557
Contributions as a percentage of covered-employee payroll	22.30%	21.96%	21.87%	20.47%

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

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

2017	2016	2015	2014
0.047571277%	0.045159677%	0.042356887%	0.047120657%
\$ 14,100,844	\$ 11,402,854	\$ 5,470,960	\$ 2,875,053
\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
179.99%	152.67%	82.66%	38.30%
83.89%	84.88%	92.00%	96.09%

2017	2016	2015	2014
\$ 1,521,721	\$ 1,364,166	\$ 1,190,238	\$ 1,275,659
<u>1,521,721</u>	<u>1,364,166</u>	<u>1,190,238</u>	<u>1,275,659</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
19.42%	18.26%	17.98%	16.99%

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

	2021	2020	2019	2018
District's proportion of the net pension liability	0.029689131%	0.026037268%	0.025654709%	0.025494487%
District's proportionate share of the net pension liability	\$ 3,641,818	\$ 3,179,108	\$ 2,870,505	\$ 2,698,365
District's covered-employee payroll	\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	32.23%	33.73%	33.06%	32.48%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%

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

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

	2021	2020	2019	2018
Contractually required contribution	\$ 160,840	\$ 155,780	\$ 142,927	\$ 128,008
Contributions in relation to the contractually required contribution	<u>160,840</u>	<u>155,780</u>	<u>142,927</u>	<u>128,008</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557
Contributions as a percentage of covered-employee payroll	1.42%	1.65%	1.65%	1.54%

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

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

2017	2016	2015	2014
0.023601549%	0.022510608%	0.023502870%	0.025255234%
\$ 2,523,586	\$ 2,623,518	\$ 2,396,923	\$ 2,361,426
\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
32.21%	35.13%	36.22%	31.46%
1.64%	0.97%	0.50%	0.99%

2017	2016	2015	2014
\$ 114,538	\$ 108,298	\$ 96,948	\$ 86,602
<u>114,538</u>	<u>108,298</u>	<u>96,948</u>	<u>86,602</u>
\$ -	\$ -	\$ -	\$ -
\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
1.46%	1.45%	1.46%	1.15%

Changes of Assumptions

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

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

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 2.16% was reduced from 2.21% and was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational PUB-2010 with Projection Scale MP-2018.

Florida Retirement System Pension Plan

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

Health Insurance Subsidy Pension Plan

The municipal rate used to determine total pension liability decreased from 2.21 percent to 2.16 percent.

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at September 30, 2021, the prior year at 5.9 years to 5.7 years for FRS and 6.4 (2021) (7.2 for 2020) years for HIS.

	<u>2021</u>
\$	128,338
	73,086
	4,350
	67,651
	(505,590)
	<u>(134,475)</u>
	(366,640)
	<u>2,722,897</u>
\$	<u><u>2,356,257</u></u>

	<u>2021</u>
\$	134,475
	-
	(134,475)
	<u>-</u>
	-
	-
\$	<u><u>-</u></u>

\$	2,356,257
	0.00%

10/1/20
15

2.41%

ADDITIONAL REPORTS



TUSCAN
& Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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

Board of Commissioners
Lehigh Acres Fire Control and Rescue District
11 Homestead Road South
Lehigh Acres, FL 33936

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 16, 2022.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

INTEGRITY SERVICE EXPERIENCE

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lehigh Acres Fire Control and Rescue District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the basic financial statements. 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. However, we did note a certain matter that we have reported in our independent auditor's report to management dated February 16, 2022.

Purpose of This Report

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



TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 16, 2022



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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Commissioners
Lehigh Acres Fire Control and Rescue District
11 Homestead Road South
Lehigh Acres, FL 33936

Report on Compliance for Each Major Federal Program

We have audited Lehigh Acres Fire Control and Rescue District's compliance with the types of compliance requirements described in the OMB Compliance Supplement, as applicable, that could have a direct and material effect on each of Lehigh Acres Fire Control and Rescue District's major federal program for the year ended September 30, 2021. Lehigh Acres Fire Control and Rescue District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Lehigh Acres Fire Control and Rescue District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lehigh Acres Fire Control and Rescue District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

INTEGRITY SERVICE EXPERIENCE

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Lehigh Acres Fire Control and Rescue District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Lehigh Acres Fire Control and Rescue District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

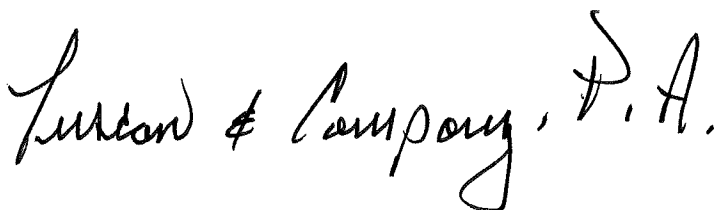
Management of Lehigh Acres Fire Control and Rescue District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lehigh Acres Fire Control and Rescue District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Lehigh Acres Fire Control and Rescue District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

February 16, 2022

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year ended September 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued			Unmodified	
Internal control over financial reporting:				
Control deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Material weakness(es) identified?	_____	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:				
Control deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified?	_____	Yes	<u> X </u>	No
Material weakness(es) identified?	_____	Yes	<u> X </u>	None reported
Type of auditors report issued on compliance for major programs			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	_____	Yes	<u> X </u>	No

Identification of major programs (Type A):

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.083	U.S. Department of Homeland Security - FEMA SAFER - Assistance to Firefighters

Dollar threshold used to distinguish between

Type A and Type B programs Threshold used was \$750,000.

Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No
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**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year ended September 30, 2021**

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Listing of Subrecipients and matching amounts passed-through:

None - not applicable

Section II- Financial Statement Findings

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

Section III- Federal Award Findings and Questioned Costs

There were no audit findings related to Federal Awards required to be reported by 2 CFR, Section 200.516(a).

Section IV- Status of Federal Prior Year Findings

There were no prior year findings.



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

Board of Commissioners
 Lehigh Acres Fire Control and Rescue District
 11 Homestead Road South
 Lehigh Acres, FL 33936

We have examined Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2021. Management is responsible for Lehigh Acres Fire Control and Rescue District's compliance with those requirements. Our responsibility is to express an opinion on Lehigh Acres Fire Control and Rescue District's compliance based on our examination.

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

In our opinion, Lehigh Acres Fire Control and Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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

TUSCAN & COMPANY, P.A.
 Fort Myers, Florida
 February 16, 2022

INTEGRITY SERVICE EXPERIENCE



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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
 Lehigh Acres Fire Control and Rescue District
 11 Homestead Road South
 Lehigh Acres, FL 33936

We have audited the accompanying basic financial statements of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2021 and have issued our report thereon dated February 16, 2022.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated February 16, 2022, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior year comments noted.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. One such recommendation was noted to improve financial management within our current year report to management dated February 16, 2022.

INTEGRITY SERVICE EXPERIENCE

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

- Pursuant to Section 10.554(1)(i)6, Rules of the Auditor General, requires disclosure of certain unaudited data. See Exhibit 2.
- Pursuant to Section 10.554(1)(i)7, Rules of the Auditor General, requires an independent special district that imposes ad valorem taxes to disclose certain related unaudited data. See Exhibit 2.
- Pursuant to Section 10.554(1)8, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated February 16, 2022, included herein.

PRIOR YEAR COMMENT:

There were no financially significant comments noted.

CURRENT YEAR COMMENTS:

- 2021-1 **The District Should Maintain Capital Assets in Depreciation Software**
During the year ending September 30, 2021, the Finance Manager was maintaining the capital asset depreciation schedule in excel. It was noted, during fieldwork, the schedule had mathematical and formula errors which resulted in depreciation to be overstated during the year. This overstatement is noted on the Summary of Unposted Differences. Since the District is rapidly growing and purchasing many new assets as well as new fire houses. We recommend that the District purchase a capital asset software to calculate depreciation accurately as well as to properly maintain control of its fixed assets.

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

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

February 16, 2022

EXHIBIT 1



Lehigh Acres Fire Control & Rescue District

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

April 26, 2022

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

Dear Mr. Tuscan,

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

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

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

CURRENT YEAR COMMENTS:

2021-1 The District Should Maintain Capital Assets in Depreciation Software

The District will look into depreciation software.

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

Sincerely,

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

Robert A. DiLallo
Fire Chief

EXHIBIT 2

**UNAUDITED
COMPLIANCE WITH REPORTING REQUIRED BY:**

Auditor General Rule 10.554(1)(i)6

For a dependent special district or an independent special district, or a local government entity that includes the information of a dependent special district as provided in Section 218.39(3)(a), Florida Statutes, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 152
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 2
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$11,389,626.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$434,647
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes). See NOTE S
- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached page 3 and 4.

Auditor General Rule 10.554(1)(i)7

For an independent special district that imposes ad valorem taxes, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information): (see information required in Section 218.32(1)(e)4., Florida Statutes).

- a. The millage rate or rates imposed by the district. N/A
- b. The current year gross amount of ad valorem taxes collected by or on behalf of the district. N/A
- c. The total amount of outstanding bonds issued by the district and terms of such bonds. N/A

Auditor General Rule 10.554(1)(i)8

For an independent special district that imposes non-ad valorem special assessments, the following specific information provided by management (with explanatory verbiage that the auditor provides no assurance on the information): (see information required in Section 218.32(1)(e)5., Florida Statutes).

- a. The rate or rates of such assessment imposed by the district.
\$162 per parcel plus \$0.93 per \$1,000 of improved value plus \$1.45 collection fees plus \$5 administrative fee.
- b. The total amount of special assessments collected by or on behalf of the district.
\$25,915,074
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. \$0

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - SUMMARY STATEMENT - UNAUDITED
Year Ended September 30, 2021**

	General Fund		
	Original	Actual	Variance
	Budget		Favorable (Unfavorable)
REVENUES			
Non-ad valorem assessments	\$ 24,585,788	\$ 25,915,074	\$ 1,329,286
Intergovernmental revenue:			
Grants	-	5,000	5,000
F/F supplemental income	30,840	23,275	(7,565)
Other government revenue	-	1,069,584	1,069,584
Charges for services - ambulance	2,200,000	2,653,184	453,184
Inspection fees	32,700	72,939	40,239
Fire prevention fees	-	-	-
Interest income	220,000	66,241	(153,759)
Other income:			
Insurance proceeds	-	40,606	40,606
Donations	-	-	-
Miscellaneous	181,715	692,991	511,276
Insurance and salary concessions	-	-	-
Cash brought forward	19,521,546	-	(19,521,546)
TOTAL REVENUES	<u>46,772,589</u>	<u>30,538,894</u>	<u>(16,233,695)</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	20,955,129	17,587,148	3,367,981
Operating expenditures	12,300,582	3,454,714	8,845,868
Capital outlay	12,439,098	6,877,016	5,562,082
Debt service			
Principal reduction	773,589	773,618	(29)
Interest and fiscal charges	304,191	302,310	1,881
TOTAL EXPENDITURES	<u>46,772,589</u>	<u>28,994,806</u>	<u>17,777,783</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>1,544,088</u>	<u>1,544,088</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from loan payable	-	543,790	543,790
Other Financial Assistance - CARES Act	-	634,296	634,296
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>1,178,086</u>	<u>1,178,086</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>2,722,174</u>	<u>\$ 2,722,174</u>
FUND BALANCE, October 1, 2020		<u>22,646,457</u>	
FUND BALANCE, September 30, 2021		<u>\$ 25,368,631</u>	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND -UNAUDITED
Year Ended September 30, 2021

	Impact Fee Fund		
	Original		Variance
	Budget	Actual	Favorable (Unfavorable)
REVENUES			
Fees			
Impact fees	\$ -	\$ 265,888	\$ 265,888
Miscellaneous			
Interest	-	6,257	6,257
Cash brought forward	<u>2,261,782</u>	<u>-</u>	<u>(2,261,782)</u>
TOTAL REVENUES	<u>2,261,782</u>	<u>272,145</u>	<u>(1,989,637)</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Operating			
Impact fee refunds	-	-	-
Impact fee reserve contingencies	<u>2,261,782</u>	<u>-</u>	<u>2,261,782</u>
Subtotal - operating	<u>2,261,782</u>	<u>-</u>	<u>2,261,782</u>
Capital outlay	<u>-</u>	<u>272,145</u>	<u>(272,145)</u>
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - debt service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>2,261,782</u>	<u>272,145</u>	<u>1,989,637</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE (DEFICIT) - Beginning		<u>(2,261,782)</u>	
FUND BALANCE (DEFICIT) - Ending		<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.