

**SOUTH TRAIL FIRE PROTECTION  
AND RESCUE SERVICE DISTRICT  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2021**

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
South Trail Fire Protection and Rescue Service District  
Fort Myers, Florida

### Report on the Financial Statements

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) is not a required part of the basic financial statements. The information for compliance with FL Statute 218.39 (3) (c) 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 *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 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, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



June 3, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of South Trail Fire Protection & Rescue Service District, Fort Myers, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

### FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded liabilities plus deferred inflows of resources at the close of the fiscal year ended September 30, 2021 resulting in a net position balance of \$1,181,427.
- The District's total net position increased by \$2,853,394 or 171 percent, in comparison to the prior year.
- At September 30, 2021, the District's governmental funds reported combined ending fund balances of \$15,504,833 an increase of \$2,010,666, or 15 percent, in comparison with the prior year. Of the total fund balance, \$3,000,000 is committed for operating reserves, \$660,713 is restricted for Impact Fee expenditures, \$7,273,943 is assigned fund balance and unassigned fund balance is \$4,570,177, which is available for spending at the District's discretion.
- Total revenues in the government-wide statements increased (\$19,202,587 - \$17,898,055) \$1,304,532, or 7 percent, in comparison to the prior year.
- Total expenses in the government-wide statements decreased (\$16,349,193 - \$20,191,517) (\$3,842,324), or 19 percent, in comparison to the prior year.

### OVERVIEW OF FINANCIAL STATEMENTS

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

#### Government-Wide Financial Statements

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

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

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

The government-wide financial statements include all governmental activities that are principally supported by property tax revenues. The District does not have any business-type activities. The governmental activities of the District include the public safety (personnel and operations) function.

## OVERVIEW OF FINANCIAL STATEMENTS (Continued)

### Fund Financial Statements

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

### Governmental Funds

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

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

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

The District adopts an annual appropriated budget for each fund (general and special revenue). Budgetary comparison schedules have been provided for the general and special revenue funds to demonstrate compliance with the budget.

### Notes to the Financial Statements

The notes to the financial statements explain in detail the District's significant accounting policies and certain data contained in the following statements. These notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a condensed summary of net position for the primary government for the year ended September 30, 2020, compared to September 30, 2021:

	NET POSITION		
	SEPTEMBER 30,		
Assets:	2020	2021	Change
Current and other assets	\$ 14,169,830	\$ 16,019,639	\$ 1,849,809
Capital assets	9,796,273	9,476,231	(320,042)
Total assets	23,966,103	25,495,870	1,529,767
Deferred outflows of resources	12,889,240	8,946,213	(3,943,027)
Liabilities:			
Current liabilities	963,638	797,628	(166,010)
Non-current liabilities	37,060,444	18,135,604	(18,924,840)
Total liabilities	38,024,082	18,933,232	(19,090,850)
Deferred inflows of resources	503,228	14,327,424	13,824,196
Net position:			
Net investment in capital assets	8,644,556	8,612,489	(32,067)
Restricted	779,236	660,713	(118,523)
Unrestricted	(11,095,759)	(8,091,775)	3,003,984
Total net position	\$ (1,671,967)	\$ 1,181,427	\$ 2,853,394

The investment in capital assets is comprised of land, fire and rescue equipment, buildings, fire and rescue vehicles and furniture, fixtures and equipment, net of accumulated depreciation. These assets are used to provide services to residents; consequently, these assets are not available for future spending. An additional portion of the District's net position, \$660,713, represents resources that are subject to external restrictions on how they may be used.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the extent to which ongoing program revenues exceeded the cost of operations and depreciation expense.

The following schedule reports the revenues, expenses, and changes in net position for the District for the fiscal year ended September 30, 2020 compared to September 30, 2021.

	CHANGES IN NET POSITION		
	FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
Revenues:	2020	2021	Change
General revenues			
Property taxes	\$ 16,357,032	\$ 17,306,450	\$ 949,418
Impact fees	158,818	180,489	21,671
Investment earnings	83,231	53,234	(29,997)
Miscellaneous revenue	59,745	40,438	(19,307)
Loss on disposal of capital assets	(9,461)	-	9,461
Program revenues			
Grants and Contributions	94,064	486,447	392,383
Charges for services	1,154,626	1,135,529	(19,097)
Total revenues	17,898,055	19,202,587	1,304,532
Expenses:			
Public safety-fire and rescue services	20,191,517	16,349,193	(3,842,324)
Increase (decrease) in net position	(2,293,462)	2,853,394	5,146,856
Net position - beginning	621,495	(1,671,967)	(2,293,462)
Net position, ending	\$ (1,671,967)	\$ 1,181,427	\$ 2,853,394

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Revenues are comprised primarily of ad valorem property tax revenues. Property tax revenues increased by \$949,418 or 6 percent during the fiscal year.

Total assessed property value increased by \$466,333,312 or 6.5 percent to \$7,584,272,298 resulting in higher ad valorem property tax revenues. Due to the rate of growth, the District was able to maintain a constant millage rate while providing the funds for the cost of growth and reserve requirements.

Impact fee revenues increased by 21,671 or 12% percent. It should be noted that impact fees collected by Lee County under an inter-local agreement between the District and the County are received quarterly in October, January, April, and July.

## FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As noted earlier, combined fund balances increased by \$2,010,666 in comparison with the prior year. Restricted or committed fund balance indicates that the amounts are not available for new spending because they have already been set aside for other items. Assigned fund balance represents amounts the Board of Commissioners has designated for specific purposes. The remainder is unassigned fund balance, which is available for spending at the District's discretion.

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

## GENERAL BUDGETING HIGHLIGHTS

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

Budget versus actual comparisons for the General fund and Special Revenue fund are reported as required supplementary information.

The general fund experienced certain significant variances between its final budget and actual results as follows:

- Ad Valorem Taxes were under budget by (\$349,995), as a result of uncollected property taxes.
- Charges for services were more than the budget by \$369,529. This is primarily the result of the increase in property values.
- Grant revenues were more than the budget by \$486,447. This is primarily the result of the COVID-19 money received from Lee County's remaining money that was passed down to the special districts.
- Personnel services were under budget by \$610,897. This is primarily the result of attrition.



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At September 30, 2021, the District had \$16,342,637 invested in land, fire and rescue equipment and vehicles, buildings, and furniture, fixtures and equipment. Depreciation of \$6,866,406 has been taken, which resulted in a net book value of \$9,476,231.

The following is a schedule of the District's capital assets net of depreciation as of September 30, 2021 and 2020:

	2020	2021
Land	\$ 872,466	\$ 872,466
Construction in progress	1,450,000	1,773,175
Fire and rescue equipment	741,226	584,694
Buildings	4,273,187	4,093,482
Fire and rescue vehicles	2,370,347	2,079,886
Furniture, fixtures and equipment	89,047	72,528
Total capital assets, net depreciation	<u>\$ 9,796,273</u>	<u>\$ 9,476,231</u>

Additional information on the District's capital assets is found in Note 5.

### Capital Debt

At September 30, 2021, the District had \$863,742 in Notes outstanding for its governmental activities. Additional information on the District's long-term liabilities is found in Note 7.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District's budgeted appropriations for fiscal year 2022 of \$18,844,200 are \$1,023,500 higher than the budgeted appropriations for fiscal year 2021.

## CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. Questions regarding any information provided in this report should be directed to: Chief Gene Rogers, South Trail Fire Protection and Rescue Service District, 5531 Halifax Avenue, Fort Myers, FL 33912, phone (239) 433-0080.

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2021**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 12,335,114
Investments	2,905,734
Accounts receivable	2,142
Due from other governments	114,636
Interest receivable	1,300
Restricted assets:	
Cash and cash equivalents	598,098
Due from other governments	62,615
Capital assets:	
Nondepreciable	2,645,641
Depreciable assets, net	6,830,590
Total assets	25,495,870
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	4,893,903
Other post employment benefit (OPEB)	4,052,310
Total deferred outflows of resources	8,946,213
<b>LIABILITIES</b>	
Accounts payable	120,920
Accrued expenses	393,886
Current portion of loan payable	282,822
Noncurrent liabilities	
Due in more than one year:	
Net pension liability	6,750,215
Compensated absences	1,345,902
Net other post employment benefit liability	9,458,567
Loan payable	580,920
Total liabilities	18,933,232
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	13,836,833
Other post employment benefit (OPEB)	490,591
Total deferred inflows of resources	14,327,424
<b>NET POSITION</b>	
Net investment in capital assets	8,612,489
Restricted for interlocal agreements	660,713
Unrestricted	(8,091,775)
Total net position	\$ 1,181,427

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Capital Grants and Contributions	Governmental Activities	
Primary government:				
Governmental activities:				
Public safety	\$ 16,349,193	\$ 1,135,529	\$ 486,447	\$ (14,727,217)
Total governmental activities	16,349,193	1,135,529	486,447	(14,727,217)
General revenues:				
Property taxes				17,306,450
Impact fees				180,489
Unrestricted investment earnings				53,234
Miscellaneous revenue				40,438
Total general revenues				17,580,611
Change in net position				2,853,394
Net position - beginning				(1,671,967)
Net position - ending				\$ 1,181,427

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

	Major Funds		Total Governmental Funds
	General	Special Revenue	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,335,114	\$ 598,098	\$ 12,933,212
Investments	2,905,734	-	2,905,734
Accounts receivable	2,142	-	2,142
Due from other governments	114,636	62,615	177,251
Interest receivable	1,300	-	1,300
Total assets	<u>\$ 15,358,926</u>	<u>\$ 660,713</u>	<u>\$ 16,019,639</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 120,920	\$ -	\$ 120,920
Accrued expenses	393,886	-	393,886
Total liabilities	<u>514,806</u>	<u>-</u>	<u>514,806</u>
<b>Fund balances:</b>			
<b>Restricted:</b>			
Interlocal agreements	-	660,713	660,713
<b>Committed:</b>			
Operating reserves	3,000,000	-	3,000,000
<b>Assigned:</b>			
Fleet replacement	1,947,028	-	1,947,028
Capital equipment replacement	1,201,183	-	1,201,183
Disaster recovery	723,000	-	723,000
Future station	996,000	-	996,000
Insurance reserve	500,000	-	500,000
Termination benefits	192,732	-	192,732
Facilities	1,714,000	-	1,714,000
Unassigned	4,570,177	-	4,570,177
Total fund balances	<u>14,844,120</u>	<u>660,713</u>	<u>15,504,833</u>
Total liabilities and fund balances	<u>\$ 15,358,926</u>	<u>\$ 660,713</u>	<u>\$ 16,019,639</u>

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Total fund balances - governmental funds \$ 15,504,833

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the net position of the government as a whole.

Cost of capital assets	16,342,637	
Accumulated depreciation	<u>(6,866,406)</u>	9,476,231

Deferred outflows of resources related to pensions and OPEB are recorded in the statement of net position. 8,946,213

Deferred inflows of resources related to pensions and OPEB are recorded in the statement of net position. (14,327,424)

Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Net other post employment benefit obligation		(9,458,567)
Net pension liability		(6,750,215)
Compensated absences		(1,345,902)
Loan payable		<u>(863,742)</u>

Net position of governmental activities		<u>\$ 1,181,427</u>
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See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

	Major Funds		Total Governmental Funds
	General	Special Revenue	
<b>REVENUES</b>			
Ad valorem taxes	\$ 17,306,450	\$ -	\$ 17,306,450
Charges for services	1,135,529	-	1,135,529
Impact fees	-	180,489	180,489
Interest	53,234	-	53,234
Miscellaneous	40,438	-	40,438
Grant revenue	486,447	-	486,447
Total revenues	<u>19,022,098</u>	<u>180,489</u>	<u>19,202,587</u>
<b>EXPENDITURES</b>			
Current:			
Public safety			
Personnel service	14,529,203	-	14,529,203
Operating expenditures	1,941,381	-	1,941,381
Debt service:			
Principal expenditure	287,975	-	287,975
Interest expenditure	10,308	-	10,308
Capital outlay	124,042	299,012	423,054
Total expenditures	<u>16,892,909</u>	<u>299,012</u>	<u>17,191,921</u>
Excess (deficiency) of revenues over (under) expenditures	2,129,189	(118,523)	2,010,666
Fund balances - beginning	<u>12,714,931</u>	<u>779,236</u>	<u>13,494,167</u>
Fund balances - ending	<u>\$ 14,844,120</u>	<u>\$ 660,713</u>	<u>\$ 15,504,833</u>

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 2,010,666
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	423,054
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(743,096)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	287,975
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Change in the net pension liability and deferred inflows and outflows of resources related to pension	1,651,634
Change in the net other post employment benefit liability (OPEB) and deferred inflows and outflows of resources related to OPEB	(721,187)
Change in long-term compensated absences	<u>(55,652)</u>
Change in net position of governmental activities	<u>\$ 2,853,394</u>

See notes to the financial statements

## SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT NOTES TO FINANCIAL STATEMENTS

### NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

The South Trail Fire Protection and Rescue Service District (the “District”) is an independent special district located in south Fort Myers, Florida. The District was established on June 25, 1976, by a Special Act of the Legislature of the State of Florida (Laws of Florida, Chapter 76-412). The District Charter has been amended periodically since formation, most recently by Chapter 2000-484, Laws of Florida. The District is governed by a five member elected Board of Commissioners.

The District was established to provide fire control and protection services, fire safety inspections, and rescue services to the District’s incorporated land area. Pursuant to a long-term interlocal agreement, the District provides contracted fire protection and rescue services to several areas west of Interstate 75 that were annexed by the City of Fort Myers. The District will continue to receive the applicable inspection, fire impact fees and the ad-valorem assessed equivalent on the taxable value of the properties (as though they were still part of the South Trail Fire District) in accordance with the agreement and the terms and provisions outlined in s. 171.093 F.S.

The District operates and maintains four (4) station houses, a public education facility and their related equipment and employs approximately 92 full-time employees and has 5 elected officials who receive a stipend.

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

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment (Operating-type special assessments for maintenance and debt service are treated as charges for services) and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not included among program revenues are reported instead as *general revenues*.

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 and received. Grants and similar items are to be recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.



## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

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

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

#### **General Fund**

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

#### **Special Revenue Fund**

The special revenue fund is used to account for impact fees that are legally restricted to expenditure for a particular purpose.

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

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

### **Assets, Liabilities and Net Position or Equity**

#### **Restricted Assets**

These assets represent cash and cash equivalents and amounts due from other governments set aside pursuant to contractual restrictions.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets, Liabilities and Net Position or Equity (Continued)

#### Deposits and Investments

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

The District has elected to proceed under the Alternative Investment Guidelines as set forth in Section 218.415 (17) Florida Statutes. The District may invest any surplus public funds in the following:

- a) The Local Government Surplus Trust Funds, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act;
- 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 in qualified public depositories;
- d) Direct obligations of the U.S. Treasury.

Securities listed in paragraphs c and d shall be invested to provide sufficient liquidity to pay obligations as they come due. In addition, surplus funds may be deposited into certificates of deposit which are insured.

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

#### Inventories and Prepaid Items

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

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

#### Capital Assets

Capital assets, which include property, plant and equipment are reported in the government activities columns in the government t-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$7,500 (amount not rounded) and an estimated useful life in excess of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Asset</u>	<u>Years</u>
Buildings	40
Fire and Rescue Vehicles	4-20
Fire and Rescue Equipment	5-30
Furniture and Fixtures	5-25

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

#### Unearned Revenue

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

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Compensated Absences

The District's employees accumulate paid personal leave based on years of continuous service and work day classification. Upon termination of employment, employees will receive compensation at regular rates of pay for all accumulated paid personal leave.

Any amount of compensated absences recorded as expenditures in the General Fund is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Amounts not expected to be liquidated with expendable available resources are reported in the Statement of Net Position.

#### Impact Fees

The District receives impact fees in accordance with Interlocal agreements with the City of Fort Myers, Florida and Lee County, Florida. Impact fees are remitted on a quarterly basis to the District. The District, may expend amounts collected on qualifying expenditures. In accordance with the Interlocal agreement with Lee County, the county attorney may render an opinion on the proper use of impact fees by the District. The District uses this service and is afforded the indemnification afforded by that agreement. Funds received may be subject to refund as defined in the individual agreements.

#### Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Premiums and discounts are deferred and amortized ratably over the life of the obligation. Long-term obligations are reported net of applicable premiums or discounts. Issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

#### Fund Equity/Net Position

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

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

## **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Assets, Liabilities and Net Position or Equity (Continued)**

#### Fund Equity/Net Position (Continued)

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

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

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

### **Other Disclosures**

#### Use of Estimates

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

## **NOTE 3 – BUDGETARY INFORMATION**

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, except as discussed in the Notes to Required Supplementary Information. All annual appropriations lapse at fiscal year end.

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

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

## NOTE 4 – DEPOSITS AND INVESTMENTS

### Deposits

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

### Investments

The District's investments were held as follows at September 30, 2021:

	Maturities	Amortized cost	Credit Risk
Certificates of deposit	1/19/2022 & 1/22/2022	\$ 2,905,734	N/A
Total Investments		<u>\$ 2,905,734</u>	

*Fair Value Measurement* – When applicable, the District measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

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

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Non-negotiable, non-transferable certificates of deposits that do not consider market rates are required to be reported at amortized cost, as such, the investments have been reported at amortized cost above.

## NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 872,466	\$ -	\$ -	\$ 872,466
Construction in Progress	1,450,000	323,175	-	1,773,175
Total capital assets, not being depreciated	2,322,466	323,175	-	2,645,641
Capital assets, being depreciated				
Fire and rescue equipment	1,814,255	15,681	-	1,829,936
Buildings	7,475,325	-	-	7,475,325
Fire and rescue vehicles	4,090,616	84,198	-	4,174,814
Furniture, fixtures and equipment	216,921	-	-	216,921
Total capital assets, being depreciated	13,597,117	99,879	-	13,696,996
Less accumulated depreciation for:				
Fire and rescue equipment	1,073,029	172,213	-	1,245,242
Buildings	3,202,138	179,705	-	3,381,843
Fire and rescue vehicles	1,720,269	374,659	-	2,094,928
Furniture, fixtures and equipment	127,874	16,519	-	144,393
Total accumulated depreciation	6,123,310	743,096	-	6,866,406
Total capital assets, being depreciated, net	7,473,807	(643,217)	-	6,830,590
Governmental activities capital assets, net	\$ 9,796,273	\$ (320,042)	\$ -	\$ 9,476,231

Depreciation expense of \$743,096 was charged to the Public Safety function/programs.

## NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS)

### General Information about the FRS

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

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

The District's pension expense totaled \$589,910 for the fiscal year ended September 30, 2021.

**NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)**

**FRS Pension Plan**

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

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

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

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

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

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

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

**NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)**

**FRS Pension Plan (Continued)**

Benefits Provided (Continued)

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2021 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2020 to June 30, 2021		Percent of Gross Salary July 1, 2021 to September 30, 2021	
	Employee	Employer (1)	Employee	Employer (1)
	FRS, Regular	3.00	10.00	3.00
FRS, Special Risk	3.00	24.45	3.00	25.89

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

The District's contributions to the Plan totaled \$1,795,839 for the fiscal year ended September 30, 2021. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a liability of \$3,627,109 for its proportionate share of the Plan's 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, 2021. The District's proportionate share of the net pension liability was based on the District's contributions for the year ended June 30, 2021 relative to the contributions made during the year ended June 30, 2020 of all participating members. At June 30, 2021, the District's proportionate share was .0480%, which represents a decrease of (.0022%) from its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021 the District recognized pension expense of \$101,391 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 621,692	\$ -
Change of assumptions	2,481,848	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(12,654,072)
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	628,624	(1,010,743)
District FRS contributions subsequent to the measurement date	470,151	-
Total	<u>\$ 4,202,315</u>	<u>\$ (13,664,815)</u>



**NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)**

**FRS Pension Plan (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The deferred outflows of resources related to pensions, totaling \$470,151, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30:</b>	<b>Amount</b>
2022	\$ (1,645,889)
2023	(1,992,251)
2024	(2,692,525)
2025	(3,472,076)
2026	(129,910)
Thereafter	-
<b>Total</b>	<b>\$ (9,932,651)</b>

Actuarial Assumptions – The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

## NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

### FRS Pension Plan (Continued)

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

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	2.0%	2.1%	2.1%	1.1%
Fixed income	19.0%	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	3.7%	5.7%	5.4%	8.4%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - mean			2.4%	1.2%

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

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

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District’s proportionate share of net pension liability	\$ 16,220,674	\$ 3,627,109	\$ (6,899,700)

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

### HIS Pension Plan

*Plan Description* – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

**NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)**

**HIS Pension Plan (Continued)**

Benefits Provided – For the fiscal year ended September 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2021, the contribution rate was 1.66% of payroll from October 1, 2020 through September 30, 2021 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 payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District’s contributions to the HIS Plan totaled \$138,016 for the fiscal year ended September 30, 2021.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2021, the District reported a net pension liability of \$3,123,106 for its proportionate share of the HIS Plan’s 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, 2021. The District’s proportionate share of the net pension liability was based on the year ended June 30, 2021 contributions relative to the year ended June 30, 2020 contributions of all participating members. At June 30, 2021, the District’s proportionate share was .025%, which represents an increase of .002% compared to its proportionate share measured as of June 30, 2020.

For the fiscal year ended September 30, 2021, the District recognized pension expense of \$287,495 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 104,507	\$ (1,308)
Change of assumptions	245,406	(128,680)
Net difference between projected and actual earnings on HIS pension plan investments	3,256	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	302,754	(42,030)
District HIS contributions subsequent to the measurement date	35,665	-
Total	<u>\$ 691,588</u>	<u>\$ (172,018)</u>

**NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)**

**HIS Pension Plan (Continued)**

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)* – The deferred outflows of resources related to pensions, totaling \$35,665, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2022	\$ 133,626
2023	85,083
2024	93,535
2025	81,654
2026	70,336
Thereafter	19,671
<b>Total</b>	<b>\$ 483,905</b>

*Actuarial Assumptions* – The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	2.16%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

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

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
District's proportionate share of net pension liability	\$ 3,610,613	\$ 3,123,106	\$ 2,723,703

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

## NOTE 6 – RETIREMENT PLAN – FLORIDA RETIREMENT SYSTEM (FRS) (Continued)

### FRS – Defined Contribution Pension Plan

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

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

Allocations to the investment member's accounts during the 2021 fiscal year were as follows:

<b>Class</b>	<b>Percent of Gross Compensation</b>
FRS, Regular	6.30%
FRS, Special Risk	14.00%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of Investment Plan members.

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

The District's Investment Plan pension expense totaled \$201,024 for the fiscal year ended September 30, 2021.

## NOTE 7 – LONG-TERM LIABILITIES

### Compensated Absences

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

Accrued compensated absences payable - beginning balance	\$ 1,290,250
Additions	1,033,259
Deletions	(977,607)
Accrued compensated absences payable - ending balance	<u>\$ 1,345,902</u>
Due within one year	<u>\$ -</u>

Compensated absences are generally paid out of the general fund.

### Ladder Truck Note

In fiscal year 2020, the District obtained a loan from Truist Bank in the amount of \$1,450,000 in order to finance the purchase of a new ladder truck. The Note will bear interest at rate of 1.79% and is payable in five annual installments.

Changes in long-term liability activity for the fiscal year ended September 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Direct borrowings:					
Loan payable	\$ 1,151,717	\$ -	\$ 287,975	\$ 863,742	\$ 282,822
Total	<u>\$ 1,151,717</u>	<u>\$ -</u>	<u>\$ 287,975</u>	<u>\$ 863,742</u>	<u>\$ 282,822</u>

At September 30, 2021 the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2022	\$ 282,822	\$ 15,461	\$ 298,283
2023	287,884	10,398	298,282
2024	293,036	5,245	298,281
Total	<u>\$ 863,742</u>	<u>\$ 31,104</u>	<u>\$ 894,846</u>

## NOTE 8 – PROPERTY TAXES

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

Key dates in the property tax cycle are as follows:

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

For fiscal year 2021, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.500 mils per \$1,000 of the 2020 net taxable value of real property located within the District.

## NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

Pursuant to Section 112.0801, Florida Statutes, the District is required to permit eligible retirees and their eligible dependents to participate in the District's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

### Plan Description

The District provides a single employer defined benefit health care plan (OPEB plan). The plan allows its employees and their beneficiaries, at their own cost and until the attainment of age 65, to continue to obtain medical, dental, vision, and life insurance benefits upon retirement under the same fully-insured plan that covers active employees. No explicit subsidy is provided to retirees. The benefits of the plan conform to Florida Statutes, which are the legal authority of the plan. The plan has no assets and does not issue a separate financial report and required supplementary information. There are no minimum required employer contributions.

At September 30, 2021, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to, but not yet receiving benefits	-
Active employees	<u>84</u>
	<u>92</u>

### Changes in Net OPEB Liability, Deferred Outflows and Inflows of Resources

Sources of changes in the net OPEB liability were as follows:

	<u>Total OPEB Liability</u>	<u>Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance as of September 30, 2020	\$ 9,471,901	\$ -	\$ 9,471,901
Changes due to:			
Service cost	398,666	-	398,666
Expected interest growth	235,536	-	235,536
Demographic experience	-	-	-
Benefit payments and refunds	(357,593)	-	(357,593)
Assumption changes	(289,943)	-	(289,943)
Balance as of September 30, 2021	<u>\$ 9,458,567</u>	<u>\$ -</u>	<u>\$ 9,458,567</u>

**NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

**Changes in Net OPEB Liability, Deferred Outflows and Inflows of Resources (Continued)**

At September 30, 2021 the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Balance as of September 30, 2020	\$ 4,557,983	\$ 261,743
Changes due to:		
Amortization payments	(505,673)	(61,095)
Assumption changes	-	289,943
Balance as of September 30, 2021	<u>\$ 4,052,310</u>	<u>\$ 490,591</u>

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

<b>Year Ending September 30:</b>	<b>Amount</b>
2022	\$ 505,673
2023	505,673
2024	505,673
2025	505,673
2026	505,673
Thereafter	<u>1,523,945</u>
<b>Total</b>	<u>\$ 4,052,310</u>

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

<b>Year Ending September 30:</b>	<b>Amount</b>
2022	\$ 61,095
2023	61,095
2024	61,095
2025	61,095
2026	61,095
Thereafter	<u>185,116</u>
<b>Total</b>	<u>\$ 490,591</u>



## NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

### Actuarial Methods and Assumptions

Significant actuarial assumptions used to calculate the total OPEB were as follows:

Measurement date	September 30, 2021
Actuarial valuation date	October 1, 2019
Actuarial assumptions:	
Discount rate	2.43% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost-of-living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 7.00% for the 2019/20 fiscal year graded down by 0.50% per year to 5.00% for the 2023/24 and later fiscal years.
Age-related morbidity	Insurance premiums are assumed to increase with each year of age in accordance with the rates set forth in the Society of Actuaries report "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto (June, 2013). Rates set forth in Chart 2 (Group Costs by Age for 2009/10) were used to develop the morbidity rates prior to age 65 and the rates set forth in Table 4 (Development of Plan Specific Medicare Age Curve) were used to develop the morbidity rates after age 65.
Implied subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2019/20 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for public safety employees, with full generational improvements in mortality using Scale MP-2017.
Retirement	Retirement is assumed to occur at the earliest of any age with 30 years of service, age 52 with 25 years of service, or age 55 with 10 years of service.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 2).
Coverage election	25% of eligible employees are assumed to elect medical coverage upon retirement or disability, except that 100% of employees who are eligible for an explicit subsidy from the District are assumed to elect medical coverage upon retirement or disability; 80% of electing male retirees and 60% of electing female retirees are also assumed to cover their spouse.
Spouses and dependents	Husbands are assumed to be three years older than wives; future retirees are not assumed to have any dependent children
COBRA:	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes:	Since the prior measurement date, the discount rate was increased from 2.14% per annum to 2.43% per annum.

## NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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 a 1-percentage-point lower (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate:

1% Decrease (1.43%)	Current Discount Rate (2.43%)	1% Increase (3.43%)
\$ 10,499,764	\$ 9,458,567	\$ 8,545,190

### Sensitivity of the Net OPEB Liability Using Alternative Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% graded down to 4%) or 1-percentage-point higher (8% graded down to 6%) than the current healthcare cost trend rates:

1% Decrease (6% Graded Down to 4%)	Healthcare Cost Trend Rates (7% Graded Down to 5%)	1% Increase (8% Graded Down to 6%)
\$ 8,248,515	\$ 9,458,567	\$ 10,909,202

### OPEB Expense and Payments

For the year ended September 30, 2021, the District recognized OPEB expense of \$721,187.

#### Chief Officers

The District maintains a Chief Officer Employment Contract (the "Contract") which, in part, provides post employment benefits other than pension benefits to all Chief Officers. Chief Officers are defined as the District Fire Chief, Assistant Chiefs, Division Chiefs, and Battalion Chiefs. Under the terms of the Agreement, Chief Officers with 10 years of service are eligible to receive medical, vision and dental insurance benefits (the Benefits) for a period of 18 months at the District's expense upon termination of employment.

At the end of the 18 month period, the Chief Officers may continue their insurance coverage by reimbursing the District the actual cost of the employee group coverage incurred in maintaining said coverage for the Chief Officers, spouses, and/or eligible dependents. In the event Chief Officers separate from employment and their age and years of service equal 70, the District shall continue to cover the Chief Officers with medical, vision and dental insurance until such time that they are eligible for Medicare benefits.

During the fiscal year ended September 30, 2021, the District paid approximately \$81,278 for the benefit of eight retired chief officers.

#### Employees Other Than Chief Officers

The District also provides post-employment health benefits to its employees under separate plans (the "Plans"). Under the provision of each Plan, the District is required to pay \$200 bi-weekly, per bargaining unit employee and non-bargaining unit employee into a trust (the Trust Fund) administered by Nationwide Retirement Solutions. The administrator is required to maintain separate sub-accounts in the name of each participant having an interest in the Trust Fund. Upon a participant's separation from service with the District, the participant (or in the event of a deceased participant, his dependents) shall be entitled to be reimbursed from the participant's sub-account for qualifying medical expenses or health care premiums incurred by the participant. These benefits are limited to the participant's respective sub-account balance as of the date of the claim. Alternatively, the employee may elect to apply his or her benefit to their required contribution for dependent coverage.

During the fiscal year ended September 30, 2021 the District made contributions totaling \$773,151 to these Plans.

## **NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

### **OPEB Expense and Payments (Continued)**

#### Employees Other Than Chief Officers (Continued)

Retirees and their beneficiaries pay the same group rates as are charged to the District for active employees by its healthcare provider. However, the District's actuaries, in their actuarial valuation, calculate an offset to the cost of these benefits as an Employer Contribution, based upon an implicit rate subsidy. This offset equals the total age-based costs paid by the District or its active employees for coverage of the retirees and their dependents for the year net of the retiree's own payments for the year.

## **NOTE 10 – RISK MANAGEMENT**

The District purchases commercial insurance for other risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The financial impact of the District's risk management activities are reported in the accompanying financial statements. No accrual has been provided for claims and incidents not reported to insurers. All known claims have been reported to the insurers. Claims made have not exceeded the insurance coverage for any of the past three fiscal years.

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES  
(UNAUDITED)**

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

	2021	2020	2019	2018	2017	2016
District's proportion of the FRS net pension liability	0.048017%	0.051938%	0.050169%	0.049882%	0.046717%	0.04561757%
District's proportionate share of the FRS net pension liability	\$ 3,627,109	\$ 22,510,871	\$ 17,277,556	\$ 15,024,569	\$ 13,818,502	\$ 11,518,472
District's covered payroll	\$ 8,158,963	\$ 7,435,766	\$ 7,077,623	\$ 7,075,421	\$ 6,287,680	\$ 5,891,366
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	44.46%	302.74%	244.12%	212.35%	219.77%	195.51%
FRS plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

	2021	2020	2019	2018	2017	2016
District's proportion of the HIS net pension liability	0.025460%	0.023945%	0.023548%	0.024227%	0.022229%	0.020544475%
District's proportionate share of the HIS net pension liability	\$ 3,123,106	\$ 2,923,680	\$ 2,634,826	\$ 2,564,246	\$ 2,376,857	\$ 2,095,213
District's covered payroll	\$ 8,158,963	\$ 7,435,766	\$ 7,077,623	\$ 7,075,421	\$ 6,287,680	\$ 5,558,824
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	38.28%	39.32%	37.23%	36.24%	37.80%	37.69%
HIS plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.50%

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

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

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES  
(UNAUDITED)**

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

	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 1,795,839	\$ 1,655,038	\$ 1,492,350	\$ 1,315,364	\$ 1,201,832	\$ 1,151,124
FRS contributions in relation to the contractually required contribution	(1,795,839)	(1,655,038)	(1,492,350)	(1,315,364)	(1,201,832)	(1,151,124)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,314,202	\$ 7,651,378	\$ 7,130,574	\$ 6,802,486	\$ 6,560,605	\$ 5,971,353
FRS contributions as a percentage of covered payroll	21.60%	21.63%	20.93%	19.34%	18.32%	19.28%

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

	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	\$ 138,016	\$ 127,015	\$ 118,366	\$ 112,921	\$ 108,906	\$ 110,730
HIS contributions in relation to the contractually required contribution	(138,016)	(127,015)	(118,366)	(112,921)	(108,906)	(110,730)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,314,202	\$ 7,651,378	\$ 7,130,574	\$ 6,802,486	\$ 6,560,605	\$ 5,971,353
HIS contributions as a percentage of covered payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.85%

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

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

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S  
NET OPEB LIABILITY AND RELATED RATIOS  
(UNAUDITED)**

	2021	2020	2019	2018
<b>Total OPEB Liability</b>				
Beginning balance	\$ 9,471,901	\$ 4,504,171	\$ 4,332,008	\$ 4,160,202
Service cost	398,666	424,799	164,595	162,414
Expected interest growth	235,536	102,190	157,847	154,722
Demographic experience	-	(290,729)	-	-
Benefit payments and refunds	(357,593)	(309,111)	(176,477)	(145,330)
Assumption changes	(289,943)	5,040,581	26,198	-
Ending balance	<u>\$ 9,458,567</u>	<u>\$ 9,471,901</u>	<u>\$ 4,504,171</u>	<u>\$ 4,332,008</u>

**Plan Fiduciary Net Position**

Beginning balance	\$ -	\$ -	\$ -	\$ -
Ending balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Net OPEB Liability**

	<u>\$ 9,458,567</u>	<u>\$ 9,471,901</u>	<u>\$ 4,504,171</u>	<u>\$ 4,332,008</u>
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Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 8,314,202	\$ 7,651,378	\$ 7,130,574	\$ 6,802,486
Net OPEB liability as a percentage of covered payroll	113.76%	123.79%	63.17%	63.68%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
<b>REVENUES</b>			
Ad valorem taxes	\$ 17,656,445	\$ 17,306,450	\$ (349,995)
Charges for services	766,000	1,135,529	369,529
Interest	5,000	53,234	48,234
Miscellaneous	5,000	40,438	35,438
Grant revenue	-	486,447	486,447
Total revenues	18,432,445	19,022,098	589,653
<b>EXPENDITURES</b>			
Current:			
Public safety			
Personnel service			
Salaries	9,584,600	9,298,212	286,388
Benefits	5,555,500	5,230,991	324,509
Operating expenditures	2,184,100	1,941,381	242,719
Debt service:			
Principal expenditure	322,000	287,975	34,025
Interest expenditure	-	10,308	(10,308)
Capital outlay	174,500	124,042	50,458
Total expenditures	17,820,700	16,892,909	927,791
Excess (deficiency) of revenues over (under) expenditures	\$ 611,745	2,129,189	\$ 1,517,444
Fund balances - beginning		12,714,931	
Fund balances - ending		\$ 14,844,120	

See notes to required supplementary information

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021  
(UNAUDITED)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final			
<b>REVENUES</b>				
Impact fees	\$ 20,000		\$ 180,489	\$ 160,489
Total revenues	20,000		180,489	160,489
<b>EXPENDITURES</b>				
Capital outlay	16,000		299,012	(283,012)
Total expenditures	16,000		299,012	(283,012)
Excess (deficiency) of revenues over (under) expenditures	\$ 4,000		(118,523)	\$ (122,523)
Fund balances - beginning			779,236	
Fund balance - ending			\$ 660,713	

See notes to required supplementary information



**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. The Board of Commissioners must approve any budget amendments that increase the aggregate budgeted appropriations.

Budget versus actual comparisons for the General fund and Special Revenue fund are reported as required supplementary information.

The general fund experienced certain significant variances between its final budget and actual results as follows:

- Ad Valorem Taxes were under budget by (\$349,995), as a result of uncollected property taxes.
- Charges for services were more than the budget by \$369,529. This is primarily the result of the increase in property values.
- Grant revenues were more than the budget by \$486,447. This is primarily the result of the COVID-19 money received from Lee County's remaining money that was passed down to the special districts.
- Personnel services were under budget by \$610,897. This is primarily the result of attrition.

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT  
OTHER INFORMATION – DATA ELEMENTS  
REQUIRED BY FL STATUTE 218.39(3)(C)  
UNAUDITED**

<b>Element</b>	<b>Comments</b>
Number of district employees compensated at 9/30/2021	97
Number of independent contractors compensated in September 2021	Not applicable
Employee compensation for FYE 9/30/2021 (paid/accrued)	9,368,277.79
Independent contractor compensation for FYE 9/30/2021	Not applicable
Construction projects to begin on or after October 1; (\$65K)	Not applicable
Budget variance report	See pages 37 and 38
Ad Valorem taxes;	
Millage rate FYE 9/30/2021	2.5000
Ad valorem taxes collected FYE 9/30/2021	17,306,450.00
Outstanding Bonds:	Not applicable
Non ad valorem special assessments;	Not applicable



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

To the Board of Commissioners  
South Trail Fire Protection and Rescue Service District  
Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of South Trail Fire Protection and Rescue Service District, Fort Myers, Florida (the "District") as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated June 3, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District in a separate letter dated June 3, 2022.

The District's response to the finding identified in our audit is described in the accompanying Management Letter. We did not audit the District's response and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

*Bhav & Associates*

June 3, 2022



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

To the Board of Commissioners  
South Trail Fire Protection and Rescue Service District  
Fort Myers, Florida

We have examined South Trail Fire Protection and Rescue Service District, Fort Myers, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2021.

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

*Grau & Associates*

June 3, 2022



**MANAGEMENT LETTER PURSUANT TO THE RULES OF  
THE AUDITOR GENERAL FOR THE STATE OF FLORIDA**

To the Board of Commissioners  
South Trail Fire Protection and Rescue Service District  
Fort Myers, Florida

**Report on the Financial Statements**

We have audited the accompanying basic financial statements of South Trail Fire Protection and Rescue Service District, Fort Myers, Florida ("District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 3, 2022.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 3, 2022, should be considered in conjunction with this management letter.

**Purpose of this Letter**

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

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

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

We wish to thank the District and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

*Grau & Associates*

June 3, 2022

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### 2021-01 Budget:

Observation: Actual expenditures exceeded appropriations in the special revenue fund for the fiscal year ended September 30, 2021. It should be noted that a motion to use impact fees to purchase a mini-pumper fire apparatus in the amount not to exceed \$300,000 was approved at the August 16, 2021 meeting; however, F.S. 189.016(5)(c) requires budget amendments that increase total appropriations to be adopted by resolution.

Recommendation: The District should amend the budget during the fiscal year or within statutory guidelines to ensure that all expenditures are properly budgeted.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The District agrees with the auditors finding and will ensure that future budgets are amended by resolution when total appropriations are increased in future fiscal years.

### II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2020.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2021, except as noted above.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2021, except as noted above.

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

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

### **REPORT TO MANAGEMENT (Continued)**

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2021. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.
7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 40.