

**FORT MYERS SHORES FIRE PROTECTION  
AND RESCUE SERVICE DISTRICT**

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

**YEAR ENDED  
SEPTEMBER 30, 2022**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A)</b> .....	i-viii
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	5
Statement of Activities.....	6
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet.....	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	10
NOTES TO THE FINANCIAL STATEMENTS.....	11-49
<b><u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&amp;A</u></b>	
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	50
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	51-53
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	54
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS).....	55
Schedule of District Contributions - Florida Retirement System Pension Plan (FRS).....	55
Schedule of District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS).....	56
Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS).....	56
Notes to the Required Supplementary Information.....	57-58
Schedule of Changes in the Net OPEB Liability and Related Ratios GASB No.75 and Related Notes to the Schedule.....	59
<b><u>ADDITIONAL REPORTS</u></b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	60-61
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	62
Independent Auditor's Report to Management.....	63-65
Management's Response to Independent Auditor's Report to Management.....	Exhibit 1
Florida Rules of the Auditor General - Rule 10.554(1)(i)6-8 Compliance - Unaudited.....	Exhibit 2



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 Tax Division

**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
 Fort Myers Shores Fire Protection and Rescue Service District  
 12345 Palm Beach Boulevard  
 Fort Myers, Florida 33905

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Myers Shores Fire Protection and Rescue Service District (the "District") as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

*Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
General Fund	Unmodified
Impact Fee Fund	Unmodified

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Myers Shores Fire Protection and Rescue Service District as of September 30, 2022, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

We did not audit the financial statements of Florida Retirement Systems Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2022. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2022 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Fort Myers Shores Fire Protection and Rescue Service District's government-wide financial statements, is based on the report of the other auditors.

**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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - viii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension

Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Required Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Fort Myers Shores Fire Protection and Rescue Service District's basic financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The required supplementary information other than MD&A - budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Other Reporting Required by Section 218.415, Florida Statutes*

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated January 18, 2023, on our consideration of Fort Myers Shores Fire Protection and Rescue Service District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Fort Myers Shores Fire Protection and Rescue Service District's compliance with Section 218.415, Florida Statutes.

Board of Commissioners  
Fort Myers Shores Fire Protection and Rescue Service District  
Page 4

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

In accordance with Government Auditing Standards, we have also issued our report dated January 18, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fort Myers Shores Fire Protection and Rescue Service District's internal control over financial reporting and compliance.

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

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
January 18, 2023

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

# Fort Myers Shores Fire Protection and Rescue Service District, Florida

## Management's Discussion and Analysis

(Unaudited)

This discussion and analysis of the Fort Myers Shores Fire Protection & Rescue Service District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2022.

The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and related footnotes. This discussion and analysis will provide an analytical overview of these statements, including comparisons of the District's financial position at September 30, 2022 versus September 30, 2021. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

### *District Highlights*

- At the conclusion of fiscal year 2022, the District's assets exceeded its liabilities, resulting in a net position of \$7,114,263, as compared to a net position at September 30, 2021 of \$5,804,332.
- The District's total net position increased \$1,309,931.
- At September 30, 2022, the District had \$4,729,609 of unrestricted net assets as compared to \$3,723,837 at September 30, 2021. This is an increase of \$1,005,772 or 27%.
- Total revenues increased \$629,179 or 11.6%, in comparison to the prior year. The increase was due to an increase in ad valorem millage levied from 2.00 mills to 2.25 mills.
- Total expenses increased \$1,016,262, or 27.3%, in comparison to the prior year. The change was mainly attributable to increased Florida Retirement System liability.
- On the governmental funds basis the impact fee fund had \$26,782 in revenues and expenditures for fiscal year 2022. Revenues from Impact Fees are recorded as Deferred Revenue when they are received and only recorded as income when they are expended.
- Effective September 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75 "*Accounting and Financial Reporting of Post Employment Benefits Other Than Pensions (OPEB)*" (Statement No. 75). This accounting standard requires the District to report its actuarially determined total OPEB liability of \$2,247,822 in the government-wide financial statements of the District as of September 30, 2022.



## *Government-wide Financial Statements*

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

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

The *Statement of Activities* (Page 6) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred). The reader may gain advanced understanding of these terms by reviewing Note A: Summary of Significant Accounting Policies in the Notes to the Financial Statements beginning on page 11.

## *Governmental Fund Financial Statements*

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

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

## *Notes to the Financial Statements*

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

## *Government-wide Financial Analysis*

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

The following is a condensed summary of net assets for the primary government as of September 30, 2022 (FY 22) (found on page 5) in comparison to September 30, 2021.

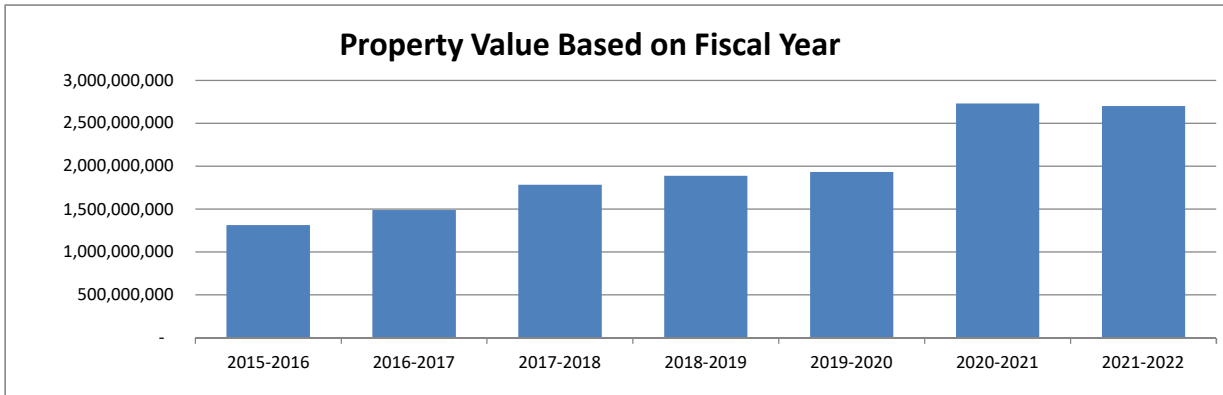
	<u>FY 2022</u>	<u>FY 2021</u>
	<u>Totals</u>	<u>Totals</u>
Assets:		
Current and other assets	\$ 14,564,586	\$ 10,447,383
Capital Assets	<u>2,384,654</u>	<u>2,080,495</u>
Total Assets	<u>16,949,240</u>	<u>12,527,878</u>
Deferred outflows	<u>2,907,299</u>	<u>1,330,605</u>
Liabilities:		
Current liabilities	2,857,600	1,880,830
Non-current liabilities	<u>9,644,849</u>	<u>3,440,459</u>
Total liabilities	<u>12,502,449</u>	<u>5,321,289</u>
Deferred inflows	<u>239,827</u>	<u>2,732,862</u>
Net position:		
Net Investment in capital assets	2,384,654	2,080,495
Restricted	-	-
Unrestricted	<u>4,729,609</u>	<u>3,723,837</u>
Total net position	<u>\$ 7,114,263</u>	<u>\$ 5,804,332</u>

Current and other assets represent 85.9% of total assets, as compared to 83.3% in fiscal year 2021. Current assets are comprised of cash and cash equivalents of unrestricted and restricted accounts totaling \$12,970,522, accounts receivable of \$2,196, due from other governments of \$143,034, and deposits of \$1,448,834 for two new fire engines which will be delivered in fiscal year 2023.

The net investment in capital assets represents 33.5% of net position and is comprised of land, buildings, equipment, and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the capital assets.

Current liabilities are comprised of accounts payable and accrued expenses totaling \$268,257 and unearned revenue - impact fees of \$2,333,371. Non-current liabilities are comprised of accrued compensated absences of \$231,448, total OPEB liability of \$2,247,822, net pension liability of \$4,528,619, and financing for Station 2 of \$2,892,932.

Comparison of property values for fiscal year 2016 through fiscal year 2022:



Comparison of property values, governmental revenues (including proceeds from debt) and expenditures from fiscal year 2017 through fiscal year 2022:

Fiscal Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Property Value	1,491,359,547	1,783,621,679	1,886,752,669	1,936,163,406	2,731,426,141	2,701,447,130
Operating Revenue	2,995,760	3,622,194	3,978,854	3,906,137	5,358,592	6,020,463
Impact Fee Revenue	-	-	-	-	-	26,782
Proceeds from Debt	-	-	-	-	-	3,000,000
Total Expenditures	(2,971,673)	(3,083,952)	(3,260,548)	(3,490,839)	(4,422,120)	(5,624,058)
Excess Revenues	24,087	538,242	718,306	415,298	936,472	3,423,187

There was \$26,782 in revenue from impact fees recognized as income in the current year. Impact fees can only be used to fund capital improvements, or other items considered to be of a capital nature, necessary to keep up with new growth, and can not be used toward operating costs or replacement equipment. The revenue from impact fees is only recognized as income as it is expended for an approved capital purchase. Otherwise, impact fees are recorded as unearned revenue until the date of expenditure. Unearned revenues for impact fees at September 30, 2021 were \$1,800,818. Unearned revenues for impact fees at September 30, 2022 were \$2,333,371, an increase of 29.6%. This amount indicates the amount of money collected from impact fees and unspent at September 30, 2022.

### *Budgetary Highlights*

Budget versus actual comparisons are reported in the required supplementary information other than management's discussion and analysis on pages 50 through 54. The final fiscal year 2022 budget reflected an increase (amendment) in the anticipated carryforward from fiscal year 2021 in the general operating fund. This amendment was made in order to update the estimated carryforward amount to the actual audited fund balance.

The most significant budget variance for fiscal year 2022 was operating expenditures which were approximately \$496,000 less than budgeted. The difference was significantly due to incurrence of less professional fees and the need for small equipment. The other significant variance was due to the new trucks being ordered but not delivered in fiscal year 2022, therefore, not recorded as an expenditure in fiscal year 2022.

The following schedule reports the revenues, expenses, and changes in net position for the District for the fiscal years ending September 30, 2021 and September 30, 2022:

Revenues:	<u>FY 2022</u>	<u>FY 2021</u>
General Revenues	<u>Totals</u>	<u>Totals</u>
Ad Valorem Taxes	\$ 5,870,169	\$ 5,286,638
Intergovernmental Revenues		
Grants	47,107	-
State Firefighter Supplement	5,424	2,952
Fees		
Impact Fees	26,782	-
Inspection Fees	6,905	3,910
Miscellaneous		
Interest	44,464	29,343
Gain (loss) on disposition of capital assets	(3,644)	21
CARES Act reimbursement	-	55,809
Other	46,394	35,749
<b>Total Revenues</b>	<u>6,043,601</u>	<u>5,414,422</u>
 Expenses:		
Public Safety - Fire Rescue Service	<u>4,733,670</u>	<u>3,717,408</u>
 Increase(decrease) in net position	1,309,931	1,697,014
 Net position - Beginning of the year	<u>5,804,332</u>	<u>4,107,318</u>
 <b>Net position</b>	<u><b>\$ 7,114,263</b></u>	<u><b>\$ 5,804,332</b></u>

Total revenue for fiscal year 2022 was \$6,043,601. Total revenue increased from fiscal year 2021 due to an increase in the millage rate levied from 2.00 mills in fiscal year 2021 to 2.25 mills in fiscal year 2022.

Property values increased in fiscal year 2020 by \$49,410,737 or 2.6%, and in fiscal year 2021 property values increased by \$795,262,735 or 41.07%, mainly due to tangible personal property values at key facilities in the District. The fiscal year 2022 total valuation of the District was down slightly as tangible property value decreased by 12.4% and real property increased 10.55%, resulting in a total decrease of 1.1%. The fiscal year 2023 total valuation increased by \$250,010,699 or 9.2% over 2022.

## Capital Assets

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

The following is a schedule of the District's capital assets as of September 30, 2022 compared with previous years:

<b>Fort Myers Shores Fire Protection and Rescue Service District</b>				
<b>Capital Assets</b>				
<b>CAPITAL ASSETS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Land	\$ 377,484	\$ 377,484	\$ 672,864	\$ 672,864
Construction in progress	-	-	5,688	409,229
Total Capital Assets not depreciated	<u>377,484</u>	<u>377,484</u>	<u>678,552</u>	<u>1,082,093</u>
Buildings	805,020	810,861	889,854	895,705
Equipment	831,071	1,080,098	1,161,046	1,216,222
Vehicles	1,065,342	1,076,121	1,146,287	1,170,672
Fixed assets under capital lease	-	-	-	-
Total Capital Assets being depreciated	<u>2,701,433</u>	<u>2,967,080</u>	<u>3,197,187</u>	<u>3,282,599</u>
<b>ACCUMULATED DEPRECIATION</b>				
Buildings	(322,679)	(350,657)	(380,453)	(406,486)
Equipment	(472,721)	(555,756)	(519,763)	(610,215)
Vehicles	(822,162)	(834,720)	(895,028)	(963,337)
Fixed assets under capital lease	-	-	-	-
Total Accumulated depreciation	<u>(1,617,562)</u>	<u>(1,741,133)</u>	<u>(1,795,244)</u>	<u>(1,980,038)</u>
<b>CAPITAL ASSETS, NET</b>	<b><u>\$ 1,461,355</u></b>	<b><u>\$ 1,603,431</u></b>	<b><u>\$ 2,080,495</u></b>	<b><u>\$ 2,384,654</u></b>

Noteworthy capital asset purchases/projects/deletions that took place in fiscal year 2022 included the following:

- Finalized the contract and began construction of Station 2 in River Hall. The project is projected to be completed in the summer of 2023. (\$403,542)
- Upgrades to Chief's office (\$14,255) and living quarters in Station 1 (\$5,130).
- Purchased upgraded portable radios for Chief and Deputy Chief (\$17,615).
- New radios for two engines ordered in FY 2022 and scheduled to be delivered in FY 2023 (\$47,967).
- Knox key secure and back boards for new engines (\$5,567).
- Replaced the compressor at Station 1 (\$1,300).
- Installation of radios, lights, sirens, cargo slide, lift kit and graphics on 2021 Ford F-250 staff vehicle (\$22,243).
- Installation of lift kit for 2012 Ford F-550 Brush Truck (\$6,500).
- Purchase of a refurbished Zoll cardiac monitor (\$29,214).
- Purchase of bunker gear and other equipment for Deputy Chief (\$4,056).

Additional information on the District's capital assets can be found in Note C on pages 24-25.

## Long-Term Obligations

At September 30, 2022, the District's long-term obligations consisted of compensated absences in the amount of \$231,448, total OPEB of \$2,247,822, net pension liability of \$4,528,619, and lease financing for the construction of Station 2 of \$2,892,932. Compensated absences represents the total amount the District has due to all of its employees at the termination of their employment. Net OPEB obligation is the amount actuarially determined to be the District's obligation to fund post retirement benefits for current and future retirees.

The following is a schedule of the District's long-term obligations at September 30, 2019, 2020, 2021 and 2022:

<b>Fort Myers Shores Fire Protection and Rescue Service District</b>				
<b>Long-Term Obligations at September 30</b>				
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Net Pension Liability	\$ 3,700,121	\$ 4,736,153	\$ 1,325,473	\$ 4,528,619
Net OPEB Obligation	1,320,796	1,817,019	1,902,813	2,247,822
Compensated Absences	162,287	188,568	212,173	231,448
Lease Financing - Station 2	-	-	-	2,892,932
Total outstanding debt	<u>\$ 5,183,204</u>	<u>\$ 6,741,740</u>	<u>\$ 3,440,459</u>	<u>\$ 9,900,821</u>

The District is financing \$3,000,000 toward the construction of Station 2 with the remaining funds to be expended from Impact Fees and Operating funds. The lease financing is for a term of 126 months at a fixed interest rate of 2.48%. Monthly payments of \$27,068, including principal and interest, began on May 10, 2022.

## Economic Factors and Next Year's Budget

The following factors were considered when the fiscal year 2022-2023 budget was prepared:

- Property values increased by \$250,010,699, or 9.2%, to \$2,951,457,829. Management believes that values will increase for the next several years as development continues in the District. Except as noted below.
- Construction of Station 2 is scheduled to be completed in the summer of 2023 and the fiscal year 2023 budget includes payment in full for the construction costs in excess of the lease amount and equipment for the station as well as for additional personnel to adequately staff the station. The District obtained a lease (loan) for part of the construction costs which is scheduled to be paid over 10 years at a cost of approximately \$325,000 per year including principal and interest.
- The District ordered and pre-paid for two new engines in fiscal year 2022 with delivery expected in early 2023. One engine will be for Station 2 and was paid for with Impact Fees. The other one will replace one of the engines at Station 1 and was paid for out of operating funds.
- The District started an HRA to provide post employment health benefits for future retirees in fiscal year 2022 and began making regular contributions to each employee's account each pay period. Future retirees will have use of these accounts for their health insurance and medical expenses, and the District no longer pays for retiree's health insurance premiums.
- After the budget for fiscal year 2023 was completed Southwest Florida was devastated by Hurricane Ian. The destruction has caused uncertainty about property valuations and ad valorem collections for upcoming fiscal years. There will inevitably be a temporary decrease in property values and ad valorem levies, however we believe that new development will help offset those decreases.

## *Request for Information*

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to: Fort Myers Shores Fire Protection and Rescue Service District, Debora Howard, Administrative Assistant, 12345 Palm Beach Boulevard, Fort Myers, Florida, 33905, phone (239) 694-2833, ext. 1.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF NET POSITION  
September 30, 2022**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 8,407,802
Cash and cash equivalents - restricted	4,562,720
Accounts receivable	2,196
Due from other governments, including restricted amount of \$111,841	143,034
Deposits	1,448,834
Prepaid expenses	-
Total current assets	<u>14,564,586</u>
Noncurrent assets:	
Capital assets:	
Land	672,864
Construction in progress	409,229
Depreciable buildings, equipment and vehicles (net of \$1,980,038 accumulated depreciation)	<u>1,302,561</u>
Total noncurrent assets	<u>2,384,654</u>
 TOTAL ASSETS	 <u>16,949,240</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	 <u>2,907,299</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	175,710
Other accrued expenses	92,547
Unearned revenue - impact fees - restricted	2,333,371
Current portion of long-term obligations	<u>255,972</u>
Total current liabilities	2,857,600
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	<u>9,644,849</u>
 TOTAL LIABILITIES	 <u>12,502,449</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	 <u>239,827</u>
 <b>NET POSITION</b>	
Net investment in capital assets	2,384,654
Restricted for:	
Capital projects	-
Unrestricted	<u>4,729,609</u>
 TOTAL NET POSITION	 <u>\$ 7,114,263</u>

The accompanying notes are an integral part of this statement.



**FORT MYERS SHORES FIRE PROTECTION AND  
 RESCUE SERVICE DISTRICT  
 STATEMENT OF ACTIVITIES  
 Year Ended September 30, 2022**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 3,758,146
Operating expenses	697,665
Depreciation	249,585
Interest and fiscal charges	<u>28,274</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	4,733,670
 <b>PROGRAM REVENUES</b>	
Operating grants and contributions	52,531
Charges for services - inspection fees	<u>6,905</u>
NET PROGRAM EXPENSES	<u>4,674,234</u>
 <b>GENERAL REVENUES</b>	
Ad valorem taxes	5,870,169
Impact fees	26,782
Gain (loss) on disposition of capital assets	(3,644)
Interest	44,464
Other	<u>46,394</u>
TOTAL GENERAL REVENUES	<u>5,984,165</u>
 INCREASE (DECREASE) IN NET POSITION	 1,309,931
 <b>NET POSITION - Beginning of the year</b>	 <u>5,804,332</u>
<b>NET POSITION - End of the year</b>	<u>\$ 7,114,263</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2022**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,407,802	\$ -	\$ 8,407,802
Cash and cash equivalents - restricted	3,058,570	1,504,150	4,562,720
Accounts receivable	2,196	-	2,196
Due from other governments	31,193	111,841	143,034
Deposits	724,417	724,417	1,448,834
Prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 12,224,178</u>	<u>\$ 2,340,408</u>	<u>\$ 14,564,586</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 168,673	\$ 7,037	\$ 175,710
Accrued expenses	92,547	-	92,547
Unearned revenue	<u>-</u>	<u>2,333,371</u>	<u>2,333,371</u>
TOTAL LIABILITIES	<u>261,220</u>	<u>2,340,408</u>	<u>2,601,628</u>
 <b>FUND BALANCE</b>			
Nonspendable	724,417	-	724,417
Assigned	9,755,000	-	9,755,000
Unassigned	<u>1,483,541</u>	<u>-</u>	<u>1,483,541</u>
TOTAL FUND BALANCE	<u>11,962,958</u>	<u>-</u>	<u>11,962,958</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 12,224,178</u>	<u>\$ 2,340,408</u>	<u>\$ 14,564,586</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
September 30, 2022**

	<u>Amount</u>
Total fund balance for governmental funds	\$ 11,962,958
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
<p>Capital assets not being depreciated:</p>	
Land	672,864
Construction in progress	<u>409,229</u>
	1,082,093
<p>Governmental capital assets being depreciated:</p>	
Building, equipment and vehicles	3,282,599
Less accumulated depreciation	<u>(1,980,038)</u>
	1,302,561
<p>Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds:</p>	
Deferred outflows related to pensions	1,540,990
Deferred outflows related to OPEB	<u>1,366,309</u>
	2,907,299
Deferred inflows related to pensions	(184,214)
Deferred inflows related to OPEB	<u>(55,613)</u>
	(239,827)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:</p>	
Net pension liability - FRS	(3,939,883)
Net pension liability - HIS	(588,736)
Financing Lease - Station 2	(2,892,932)
Compensated absences	(231,448)
Total OPEB liability	<u>(2,247,822)</u>
	<u>(9,900,821)</u>
Total net position of governmental activities	<u><u>\$ 7,114,263</u></u>

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS  
Year Ended September 30, 2022**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>REVENUES</b>			
Ad valorem taxes	\$ 5,870,169	\$ -	\$ 5,870,169
Intergovernmental revenues:			
State firefighter supplement	5,424	-	5,424
State grant	33,422	-	33,422
Local grant - WCIND	13,685	-	13,685
Fees:			
Impact fee	-	26,782	26,782
Inspection fees	6,905	-	6,905
Miscellaneous:			
Interest	44,464	-	44,464
Other	46,394	-	46,394
TOTAL REVENUES	<u>6,020,463</u>	<u>26,782</u>	<u>6,047,245</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	4,260,445	-	4,260,445
Operating expenditures	697,650	15	697,665
Capital outlay	530,621	26,767	557,388
Debt service			
Principal reduction	107,068	-	107,068
Interest and fiscal charges	28,274	-	28,274
TOTAL EXPENDITURES	<u>5,624,058</u>	<u>26,782</u>	<u>5,650,840</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>396,405</u>	<u>-</u>	<u>396,405</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from debt issuance	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
TOTAL OTHER FINANCING SOURCES	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	3,396,405	-	3,396,405
FUND BALANCE - Beginning of the year	<u>8,566,553</u>	<u>-</u>	<u>8,566,553</u>
FUND BALANCE - End of the year	<u>\$ 11,962,958</u>	<u>\$ -</u>	<u>\$ 11,962,958</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS TO THE STATEMENT  
OF ACTIVITIES  
Year Ended September 30, 2022**

	<u>Amount</u>
Net change (excess of revenues and other financing sources over expenditures) in fund balance - total governmental funds	\$ 3,396,405
The decrease (change) in net position reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, the gain (loss) on disposition of capital assets is recorded on the Statement of Activities but not in the governmental funds.	
Plus: expenditures for capital assets	557,388
Less: proceeds from disposition of capital assets	-
Less: loss on disposition of capital assets	(3,644)
Less: current year depreciation	<u>(249,585)</u>
	304,159
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	
Borrowings (proceeds from issuance):	
Less: financing lease - Station 2	<u>(3,000,000)</u>
	(3,000,000)
Repayments (principal retirement):	
Plus: financing lease - Station 2	<u>107,068</u>
	107,068
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
(Increase) decrease in net pension liability - FRS	(3,222,642)
(Increase) decrease in net pension liability - HIS	19,496
Increase (decrease) in deferred outflow - FRS	584,454
(Increase) decrease in deferred inflow - HIS	2,484,420
(Increase) decrease in total OPEB liability	(345,009)
Increase (decrease) in deferred outflow - OPEB	992,240
(Increase) decrease in deferred inflow - OPEB	8,615
(Increase) decrease in compensated absences	<u>(19,275)</u>
	502,299
Increase (decrease) in net position of governmental activities	<u>\$ 1,309,931</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Organization**

Fort Myers Shores Fire Protection and Rescue Service District (the "District") is an independent special district established on June 25, 1976, by Laws of Florida, Chapter 76-409 as amended under the provisions of Florida Statute Chapter 633 and as further amended by Laws of Florida, Chapter 97-340. Laws of Florida, Chapter 2000-456 codified, reenacted, amended and repealed its prior enabling acts. The District, also, has the general and special powers prescribed by Florida Statutes Chapters 189, 191 and 633.15. The District was created for the purpose of providing fire control and protection services as well as crash and rescue services for a designated area in eastern Lee County. The District is governed by an at-large elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District has one (1) station house and approximately twenty six (26) employees at September 30, 2022.

**Reporting Entity**

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

**Summary of Significant Accounting Policies**

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

**FORT MYERS SHORES FIRE CONTROL AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

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

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**Government-wide Financial Statements**

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

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

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

**FORT MYERS SHORE FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Government-wide Financial Statements, continued**

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

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as inspection fees. Program revenues also included operating and capital grants.

**Fund Financial Statements**

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" that required a change in the reporting format of fund balances in the governmental fund statements.

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

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



**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Governmental Funds**

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

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

**Measurement Focus and Basis of Accounting**

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

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

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

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 15 of 65

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

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

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on the long-term debt, if any, which is recognized when due; (2) actuarially determined net position liability is not recognized until paid; and (3) expenditures are generally not divided between years by the recording of prepaid expenditures.

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

**Noncurrent Government Assets/Liabilities**

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

**Major Funds**

The District reports the following major governmental funds:

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

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

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

**Budgetary Information**

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

**Fair Value of Financial Investments**

The District adheres to GASB Statement No. 72, "Fair Value Measurements and Application". This Standard applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. This Standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. This Standard establishes a fair value hierarchy which consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access. At September 30, 2022, the District held no such investments using these inputs.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices or securities with similar characteristics or discounted cash flows. At September 30, 2022, the District held no such investments using these inputs.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. At September 30, 2022, the District held no such investments using these inputs.

Instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 17 of 65

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

**Investments**

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

The District held no such investments at September 30, 2022.

**Capital Assets**

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

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

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

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

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

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Capital Assets, continued**

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

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

<u>Asset</u>	<u>Years</u>
Buildings	39
Building improvements	10-20
Equipment	5-20
Vehicles	5-20
Vehicles acquired under capital lease	10

**Budgets and Budgetary Accounting**

The District has adopted an annual budget for the General Fund.

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

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

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by approval of the Board of Commissioners.

**FORT MYERS SHORE FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Budgets and Budgetary Accounting, continued**

4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

There were no budget amendments approved by the Board of Commissioners during the year ended September 30, 2022, for the Impact Fee Fund.

There were two (2) budget amendments approved by the Board of Commissioners during the year ended September 30, 2022, for the General Fund. The amendment increased revenue and expenditures by \$3,471,553.

**Impact Fees/Unearned Revenue**

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

**Due To/From Other Funds**

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

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

**Due From Other Governments**

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

**Compensated Absences**

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

**Encumbrances**

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

**Management Estimates**

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

**Net Position (Net Assets)**

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

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Fund Balances**

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

The District's assigned fund balances are a result of the District's Board approval of actions prior to October 1, 2021. The District's intent is to maintain a minimum assigned fund balance level of six (6) months of prior year total expenditures. This assigned fund balance will serve as the District's operational and capital reserves as well as its disaster reserve. At September 30, 2022, fund balance is also assigned for a variety of specific items by District Board action. Any use of the fund balance requires the District's Board approval and determination as to what fund balance category will be used.

**Interfund Transactions**

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

**Pensions**

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



**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Pensions, continued**

employees contributions) are recognized when due and payable in accordance with the benefit terms.

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

**Deferred Outflows/Inflows of Resources**

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

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

**Leases**

During the year ended September 30, 2022, the District adopted GASB Statement No. 87 - Leases. The District, however, determined that its current lease agreements to be immaterial. Therefore, there was no effect from GASB No. 87 at September 30, 2022.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 23 of 65

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

**Subsequent Events**

Subsequent events have been evaluated through January 18, 2023, which is the date the financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

At September 30, 2022, cash was \$12,970,522, including restricted cash of \$4,562,720 and cash on hand of \$267. The restricted cash represents unexpended impact fees held in the Impact Fee - Special Revenue Fund and unspent proceeds from the financing lease restricted for construction and furnishing Station 2.

**Deposits**

The District's deposit policy per Florida Statutes Chapter 218.415(17) allows deposits to be held in demand deposit, money market accounts, or certificates of deposit purchased through the CDARS program. The CDARS program allows the District's qualified public depositories to purchase certificates of deposit in the District's name, from financial institutions in amounts less than \$250,000 per institution to maximize Federal Depository Insurance Corporation (FDIC) coverage. All District deposits were held in banks or savings institutions designated as qualified depositories by the State Treasurer.

At September 30, 2022, the carrying amount of the District's deposits were \$11,466,105 in the General Fund and the bank balance was \$11,475,891. The bank balance consists of \$5,716,575 in demand deposits and \$5,759,316 in certificates of deposit. At September 30, 2022, the carrying amount and the bank balance of the District's deposits were \$1,504,150 in the Impact Fee Fund. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

The impact fees account is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisition.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

**NOTE C - CAPITAL ASSETS ACTIVITY**

The following is a summary of changes in capital assets activity for the year ended September 30, 2022:

	Balance October 1 2021	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2022
Capital Assets Not Being Depreciated:					
Land	\$ 672,864	\$ -	\$ -	\$ -	\$ 672,864
Construction in Progress	5,688	403,541	-	-	409,229
Total Capital Assets Not Being Depreciated	<u>678,552</u>	<u>403,541</u>	<u>-</u>	<u>-</u>	<u>1,082,093</u>
Capital Assets Being Depreciated:					
Buildings	889,854	19,385	(13,534)	-	895,705
Equipment	1,161,046	110,077	(54,901)	-	1,216,222
Vehicles	1,146,287	24,385	-	-	1,170,672
Total Capital Assets Being Depreciated	<u>3,197,187</u>	<u>153,847</u>	<u>(68,435)</u>	<u>-</u>	<u>3,282,599</u>
Less Accumulated Depreciation:					
Buildings	(380,453)	(36,246)	10,213	-	(406,486)
Equipment	(519,763)	(145,030)	54,578	-	(610,215)
Vehicles	(895,028)	(68,309)	-	-	(963,337)
Total Accumulated Depreciation	<u>(1,795,244)</u>	<u>(249,585)</u>	<u>64,791</u>	<u>-</u>	<u>(1,980,038)</u>
Total Capital Assets Being Depreciated, Net	<u>1,401,943</u>	<u>(95,738)</u>	<u>(3,644)</u>	<u>-</u>	<u>1,302,561</u>
Capital Assets, Net	<u>\$ 2,080,495</u>	<u>\$ 307,803</u>	<u>\$ (3,644)</u>	<u>\$ -</u>	2,384,654
				Related debt	<u>-</u>
				Net investment in capital assets	<u>\$ 2,384,654</u>

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

Depreciation expense was charged to the following functions during the year ended September 30, 2022:

	<u>Amount</u>
General Government	\$ 249,585
Total Depreciation Expense	<u>\$ 249,585</u>

**NOTE D - LONG-TERM OBLIGATIONS**

The following is a summary of changes in long-term obligations for the year ended September 30, 2022:

	Balance October 1 2021	Additions	Retirements/ Adjustments	Balance September 30 2022	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 717,241	\$ 3,222,642	\$ -	\$ 3,939,883	\$ -
Net Pension Liability - HIS	608,232	-	(19,496)	588,736	-
Compensated Absences	212,173	19,275	-	231,448	-
Net OPEB Liability (Total)	1,902,813	345,009	-	2,247,822	-
Financing Lease	-	3,000,000	(107,068)	2,892,932	255,972
	<u>\$ 3,440,459</u>	<u>\$ 6,586,926</u>	<u>\$ (126,564)</u>	<u>\$ 9,900,821</u>	<u>\$ 255,972</u>

The following is a summary of the long-term obligations at September 30, 2022:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 3,939,883
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	588,736
Noncurrent portion of compensated absences. Employees of the District are entitled to annual leave and sick time based on length of service and job classification.	231,448
Net OPEB liability - GASB No. 75. (Total OPEB liability)	2,247,822

**FORT MYERS SHORES FIRE PROTECTION AND  
 RESCUE SERVICE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022**

**NOTE D - LONG-TERM OBLIGATIONS, CONTINUED**

The District entered into a one hundred and twenty-six (126) month \$3,000,000 financing lease agreement effective April 12, 2022. Monthly payments of \$27,068 including fixed interest of 2.48%. Payments began on May 12, 2022 with a final payment due October 1, 2032. As part of the financing lease for the construction of Station 2 the District leased the land on which the station is to be built to the lender for \$1 per year for the term that the financing lease is outstanding. The financing lease is collateralized by the ground lease.

	2,892,932
Total	\$ 9,900,821
Less Current Portion	(255,972)
Long Term Portion	\$ 9,644,849

The annual debt service requirements at September 30, 2022, were as follows:

Years Ending <u>September 30</u>	<u>Total</u> Principal	<u>Total</u> Interest	<u>Total</u>
2023	\$ 255,972	\$ 68,848	\$ 324,820
2024	262,393	62,427	324,820
2025	268,975	55,846	324,821
2026	275,722	49,099	324,821
2027	282,638	42,183	324,821
2028-2032	1,523,158	100,945	1,624,103
2033	24,074	50	24,124
	<u>\$ 2,892,932</u>	<u>\$ 379,398</u>	<u>\$ 3,272,330</u>

The District incurred interest expenditures of \$28,274 for the year ended September 30, 2022.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**General Information about the Florida Retirement System**

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (FRS and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2022, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's total pension expense, \$659,735 for the year ended September 30, 2022, is recorded in the government-wide financial statements. Total District retirement actual contribution expenditures were \$525,463, \$421,017 and \$360,487 for the years ended September 30, 2022, 2021 and 2020, respectively. The District contributed 100% of the required contributions.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**FRS Pension Plan**

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

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

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

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

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

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

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**FRS Pension Plan, continued**

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

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



**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**FRS Pension Plan, continued**

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

**Contributions.** The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2022 were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	10.82	11.91
Florida Retirement System, Senior Management Service	3.00	29.01	31.57
Florida Retirement System, Special Risk	3.00	25.89	27.83
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	18.34	18.60
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	51.42	57.00

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/21 - 6/30/22.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/22 - 6/30/23.

\* As defined by the Plan.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**FRS Pension Plan, continued**

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan.** At September 30, 2022, the District reported a net pension liability of \$3,939,883 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal year contributions of all participating members. At September 30, 2022, the District's proportionate share was .010588797 percent, which was an increase of .001093769 percent from its proportionate share measure as of September 30, 2021.

For the year ended September 30, 2022, the District recognized FRS pension expense of \$620,151. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources at September 30, 2022:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 187,122	\$ -
Change of assumptions	485,214	-
Net difference between projected and actual earnings on pension plan investments	260,150	-
Changes in proportion and differences between District contributions and proportionate share of contributions	300,979	66,190
District contributions subsequent to the measurement date	<u>140,612</u>	<u>-</u>
Total	<u>\$ 1,374,077</u>	<u>\$ 66,190</u>

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**FRS Pension Plan, continued**

The deferred outflows of resources related to the FRS pension, totaling \$140,612, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 5.5 years as follows:

Fiscal Years Ending September 30	Amount
2023	\$ 266,621
2024	266,621
2025	266,621
2026	266,619
2027	201,583
Thereafter	<u>(100,790)</u>
Total	<u>\$ 1,167,275</u>

**Actuarial Assumptions.** The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Individual entry age

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

The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**FRS Pension Plan, continued**

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.00%	2.6%	2.6%	1.1%
Fixed income	19.80%	4.4%	4.4%	3.2%
Global equity	54.00%	8.8%	7.3%	17.8%
Real estate (property)	10.30%	7.4%	6.3%	15.7%
Private equity	11.10%	12.0%	8.9%	26.3%
Strategic investments	<u>3.80%</u>	6.2%	5.9%	7.8%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.40%		1.30%

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

**Money Weighted Rate of Return.** The annual money weighted rate of return on the FRS Pension Plan investments for the year ended June 30, 2022 was (7.2%).

**Discount Rate.** The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

**FRS Pension Plan, continued**

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70 percent) or 1-percentage-point higher (7.70 percent) than the current rate:

	1% Decrease <u>(5.70%)</u>	Current Discount Rate <u>(6.70%)</u>	1% Increase <u>(7.70%)</u>
District's proportionate share of the net pension liability	<u>\$ 6,813,757</u>	<u>\$ 3,939,883</u>	<u>\$ 1,536,983</u>

**Pension Plan Fiduciary Net Position.** Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Annual Comprehensive Financial Report (FRS ACFR) dated June 30, 2022.

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

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

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

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

**Payables to the Pension Plan.** At September 30, 2022, the District reported a payable of \$11,655 for the outstanding amount of contributions in the FRS pension plan required for the year ended September 30, 2022.

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

**Health Insurance Subsidy Plan**

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

**Benefits Provided.** For the year ended September 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

**Contributions.** The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the year ended September 30, 2022, the contribution rate ranged between 1.66 percent and 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan.** At September 30, 2022, the District reported a HIS net pension liability of \$588,736 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability was used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net HIS liability was based on the District's 2021-22 fiscal year contributions relative to the total 2021-22 fiscal

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**HIS Plan, continued**

year contributions of all participating members. At September 30, 2022, the District's proportionate share was .005558523 percent, which was an increase of .000600045 percent from its proportionate share measured as of September 30, 2022.

For the fiscal year ended September 30, 2022, the District recognized HIS expense of \$39,584. 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	\$ 17,870	\$ 2,590
Change of assumptions	33,747	91,077
Net difference between projected and actual earnings on HIS pension plan investments	852	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	104,769	24,357
District contributions subsequent to the measurement date	<u>9,675</u>	<u>-</u>
Total	<u>\$ 166,913</u>	<u>\$ 118,024</u>

The deferred outflows of resources related to HIS, totaling \$9,675, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the remaining service period of 6.4 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2023	\$ 7,316
2024	7,316
2025	7,316
2026	7,316
2027	7,103
Thereafter	<u>2,847</u>
Total	<u>\$ 39,214</u>

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**HIS Plan, continued**

**Actuarial Assumptions.** The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Real Payroll Growth	0.85 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.54 percent
Actuarial Cost Method	Individual Entry Age

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

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

**Discount Rate.** The discount rate used to measure the total HIS liability was 3.54 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 3.54 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
District's proportionate share of the net HIS liability	<u>\$ 673,562</u>	<u>\$ 588,736</u>	<u>\$ 518,544</u>



**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 38 of 65

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

**HIS Plan, continued**

**Pension Plan Fiduciary Net Position.** Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Annual Comprehensive Financial Report (FRS ACFR) dated June 30, 2022.

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

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

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

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

**Payables to the Pension Plan.** At September 30, 2022 the District reported a payable of \$744 for the outstanding amount of contributions to the HIS plan required for the year ended September 30, 2022.

**FRS - Defined Contribution Pension Plan**

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

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

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

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

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including FRS Financial Guidance Program, are funded through an employer contribution of .06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2021-22 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	10.82	11.91
Florida Retirement System, Senior Management Service	3.00	29.01	31.57
Florida Retirement System, Special Risk	3.00	25.89	27.83
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	18.34	18.60
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	51.42	57.00

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/21 - 6/30/22.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/22 - 6/30/23.

\* As defined by the Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2022, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

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

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

The District's Investment Plan pension expense (included in the FRS expenditures) totaled \$9,667 for the fiscal year ended September 30, 2022.

Payables to the Investment Plan. At September 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2022.

**NOTE F - PROPERTY TAXES**

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold no later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2022 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

**NOTE F - PROPERTY TAXES, CONTINUED**

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2022, \$31,193 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2022, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.25 per \$1,000 (2.25 mills) of the 2021 net taxable value of real property located within the District.

**NOTE G - FUND BALANCE**

Fund balance was noted as nonspendable for the following purposes at September 30, 2022:

Nonspendable fund balance - General Fund	Amount
Deposits	\$ 724,417
Prepaid Expenses	-
Total	\$ 724,417

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

**NOTE G - FUND BALANCE, CONTINUED**

Fund balance was assigned for the following purposes at September 30, 2022:

<u>Assigned fund balance - General Fund</u>	<u>Amount</u>
Station #2 Building & Fixtures	\$ 6,200,000
Apparatus	760,000
Tools & Equipment	400,000
Staff/Utility Vehicles	40,000
Protective Clothing	80,000
Disaster Fund	800,000
Three (3) Month Reserve	750,000
Sick and Vacation Payout	250,000
Cancer Presumption Legislation	75,000
Post Employment Insurance (OPEB)	<u>400,000</u>
Total Assigned Fund Balance	<u><u>\$ 9,755,000</u></u>

**NOTE H - IMPACT FEE FUND ACTIVITY**

During the year ended September 30, 2022, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2021	\$ 1,800,818
Impact fee receipts	445,129
Due from other governments	111,841
Interest and other income	2,365
Capital outlay	(26,767)
Operating expenditures	<u>(15)</u>
Unearned revenue, September 30, 2022	<u><u>\$ 2,333,371</u></u>

The District placed a deposit of \$1,448,834 on two (2) pumper trucks during the year ended September 30, 2022. The deposit was made of \$724,417 from the General Fund and \$724,417 from the Impact Fee Fund. The contract is subject to final inspection upon delivery.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 43 of 65

**NOTE I - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Insurance programs for general/professional liability, automobile, property, and commercial umbrella are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$250 to \$1,000) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000 per occurrence and \$4,000,000 in the aggregate. The District is third party insured for employee health, dental and vision, as well as workers' compensation.

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

Pursuant to the provisions of Section 112.08, Florida Statutes, the District's defined benefit single employer OPEB Plan provides the opportunity to obtain insurance (health, dental, life and vision) benefits to its retired employees. The District administers the OPEB Plan. The year ended September 30, 2018, was the District's transition year and as such, the District implemented GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB No. 75 requires the District to annually record its actuarially determined total OPEB liability. All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2022, there were four (4) retirees eligible to receive benefits and four (4) retirees receiving these benefits. At September 30, 2022 there were twenty-two (22) active District employees. The benefits are provided both with contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. For participants who retire prior to February 1, 2022, the District pays 100% of the retiree health only coverage (single) less the FRS health insurance subsidy (HIS) reimbursement amount until age 65. For participants who retire after February 1, 2022, the District offers the opportunity to the retiree to purchase pre-Medicare health insurance that is offered to active employees. Employees receive a subsidy from the District of \$5,200 per year deposited to their HRA accounts that is to fund the healthcare expenditures once they retire. The participant will also receive their HIS benefits. The District will pay 100% of a former Chief's medical insurance cost until

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 44 of 65

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

Medicare coverage is activated, then the District will pay \$400 per month for life. Retirees may purchase dependent coverage through the District. At age 65 the retirees then must move to Medicare but may continue to purchase life, dental and vision coverage through the District. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. There is no separate trust for these benefits.

The retiree's premiums for these benefits totaled \$78,576 during the year ended September 30, 2022, of which the District paid \$52,032.

**Funding Policy**

The District's OPEB benefits are unfunded. The District has not determined if a separate trust fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Therefore, no separate financial statements are issued. All required disclosures are presented herein. The District did, however, assign a portion of its fund balance in the amount of \$400,000 to offset a portion of the future OPEB costs. The District obtained an actuarial valuation for OPEB Plan to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years.

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

**Actuarial Methods and Assumptions**

At September 30, 2022, the District's net OPEB liability of \$2,247,822 was measured as of September 30, 2021 for the year ended September 30, 2022, and was determined by using actuarial valuation data as of October 1, 2022.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

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

**Actuarial Methods and Assumptions, continued**

The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Rate of inflation	2.50%
Salary Increases depending in years of service	5.4% - 2.8%
Discount Rate as of September 30, 2018.	3.50%
Discount Rate as of September 30, 2019	3.83%
Discount Rate as of September 30, 2020	2.75%
Discount Rate as of September 30, 2021	2.41%
Discount Rate as of September 30, 2022	2.19%

Annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with an initial rate of 6.0% per year trending to 4.64% by 2050.

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

Entry age normal cost method was used.

The FRS salary scale was used (2019 Actuary Report)

Mortality rates were based on the PUB-2010 Generational Healthy mortality Table with scale MP-2021.

The actuarial assumptions used in the September 30, 2022 valuation were based on results of an actuarial experience study performed for the FRS Retirement Plan.

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

**Demographic Assumptions**

100% of participants are assumed to retire at age 56 with six (6) years of service. Termination assumptions mirror the Florida Retirement System's special risk employees' termination assumptions as reported in the FRS 2019 actuarial valuation report. No disability assumption was made.



**FORT MYERS SHORES FIRE PROTECTION AND  
 RESCUE SERVICE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022**

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

**Changes in the Net OPEB Liability**

	<u>Amount</u>
Balance at September 30, 2021	\$ 1,902,813
Changes for the year:	
Service Cost	110,521
Interest	44,959
Change in Benefit Terms	(855,439)
Difference Between Expected and Actual Experience	1,083,722
Changes in Assumptions	35,820
Contributions from Employer	<u>(74,574)</u>
Net Changes	<u>345,009</u>
Balance at September 30, 2022	<u><u>\$ 2,247,822</u></u>

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	1.19%	2.19%	3.19%
Net OPEB Liability	\$ 2,457,292	\$ 2,247,822	\$ 2,058,308

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	2.94%	3.94%	4.94%
Net OPEB Liability	\$ 2,014,816	\$ 2,247,822	\$ 2,528,087

**FORT MYERS SHORES FIRE PROTECTION AND  
 RESCUE SERVICE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2022**

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

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

For the year ended September 30, 2022, the District recognized OPEB expense (credit) of \$(655,846). At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,309,410	\$ -
Changes in Assumptions	56,899	55,613
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	<u>118,687</u>	<u>-</u>
Total	<u>\$ 1,484,996</u>	<u>\$ 55,613</u>

\$118,687 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023.

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

Years Ended September 30:	<u>Amount</u>
2023	\$ 118,687
2024	118,687
2025	118,687
2026	118,687
2027	118,687
Total Thereafter	<u>717,261</u>
	<u>\$ 1,310,696</u>

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

Page 48 of 65

**NOTE K - DEFINED CONTRIBUTION PLAN**

**Plan 2 - Plan Description and Provisions - 401(a)**

The Board of Fire Commissioners established the 401(a) Plan for the Fire Chief. The Plan was effective on the latter of June 1, 2018 or the employee's hire date. At September 30, 2022, the Plan had one (1) active participant.

The Plan requires employer contributions. Non-elective employer contributions are 16.24% of the employee's compensation. The employee may make contributions on an after-tax basis. Total contributions are limited annually by IRC. Rollover contributions are permitted. The employee is 100% vested at normal retirement age of 65.

Employee contributions are 100% vested upon contribution to the Plan. Eligibility to participate is upon date of hire.

The Plan provides for employee loans limited to not less than \$500 or more than the lesser of 1/2 of the account balance or \$50,000. Not more than 2 loans per employee at the same time are permitted.

Total District contributions to the Plan for the year ended September 30, 2022 were \$23,270. The respective Fire Chief retired December 3, 2022. Therefore, no contributions are required after the retirement date. The Plan is considered closed at the date of the respective Chief's retirement.

**NOTE L - COMMITMENTS AND CONTINGENCIES**

In October 20, 2021, the District entered into an agreement with a developer for the construction of a fire station (Station 2). The final draft of the agreement was approved on May 19, 2022 with a project budget of \$6,184,750. The District is funding the project through the use of \$3,000,000 financing agreement and reserves.

Payments made under this contract for the fiscal year ended September 30, 2022 were \$363,549 and are included in Construction in Progress. At September 30, 2022, the unpaid balance remaining on the contract was \$5,821,201, including retainage of \$17,943.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
September 30, 2022**

**NOTE L - COMMITMENTS AND CONTINGENCIES, CONTINUED**

The District paid a deposit of \$1,448,834 for two (2) pumper trucks that were ordered during the year ended September 30, 2022 for Station 2. The vehicles are subject to final inspection and acceptance upon delivery. Delivery is anticipated during the year ended September 30, 2023.

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

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -  
SUMMARY STATEMENT  
Year Ended September 30, 2022**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,774,343	\$ 5,774,343	\$ 5,870,169	\$ 95,826
Intergovernmental revenues:				
State firefighter supplement	-	-	5,424	5,424
State grant	-	-	33,422	33,422
Local grant - WCIND	-	-	13,685	13,685
Inspection fees	6,000	6,000	6,905	905
Miscellaneous:				
Interest	25,000	25,000	44,464	19,464
Other	26,000	26,000	46,394	20,394
Carryforward	8,095,000	8,566,553	-	(8,566,553)
<b>TOTAL REVENUES</b>	<u>13,926,343</u>	<u>14,397,896</u>	<u>6,020,463</u>	<u>(8,377,433)</u>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	4,442,800	4,442,800	4,260,445	182,355
Operating expenditures	1,193,500	1,193,500	697,650	495,850
Capital outlay	1,275,000	1,275,000	530,621	744,379
Debt service				
Principal reduction	-	200,000	107,068	92,932
Interest and fiscal charges	-	-	28,274	(28,274)
Reserves				
Budget reserves	7,015,043	10,286,596	-	10,286,596
<b>TOTAL EXPENDITURES</b>	<u>13,926,343</u>	<u>17,397,896</u>	<u>5,624,058</u>	<u>11,773,838</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>(3,000,000)</u>	<u>396,405</u>	<u>3,396,405</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from debt issuance	-	3,000,000	3,000,000	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>3,396,405</u>	<u>\$ 3,396,405</u>
FUND BALANCE - BEGINNING			8,566,553	
FUND BALANCE - ENDING			<u>\$ 11,962,958</u>	

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT  
Year Ended September 30, 2022**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Ad valorem taxes	\$ 5,774,343	\$ 5,774,343	\$ 5,870,169	\$ 95,826
Intergovernmental revenues:				
State firefighter supplement	-	-	5,424	5,424
State grant	-	-	33,422	33,422
Local grant -WCIND	-	-	13,685	13,685
Inspection fees	6,000	6,000	6,905	905
Miscellaneous:				
Interest	25,000	25,000	44,464	19,464
Other	26,000	26,000	46,394	20,394
Carryforward	8,095,000	8,566,553	-	(8,566,553)
<b>TOTAL REVENUES</b>	<u>13,926,343</u>	<u>14,397,896</u>	<u>6,020,463</u>	<u>(8,377,433)</u>
<b>EXPENDITURES</b>				
Current				
Personnel services:				
Salaries & wages	2,154,800	2,154,800	2,153,823	977
Payroll taxes	173,000	173,000	163,535	9,465
Retirement	545,000	545,000	548,733	(3,733)
Health and life insurance	705,000	705,000	579,423	125,577
OPEB Contribution	810,000	810,000	771,195	38,805
Workers compensation	55,000	55,000	43,736	11,264
Subtotal - Personnel services	<u>4,442,800</u>	<u>4,442,800</u>	<u>4,260,445</u>	<u>182,355</u>

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT, CONTINUED  
Year Ended September 30, 2022**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating expenditures:				
Professional services	265,000	265,000	116,284	148,716
Accounting and audit	25,000	25,000	19,000	6,000
Tax collector fees	125,000	125,000	117,963	7,037
Property appraiser fees	37,000	37,000	33,338	3,662
Contractual services	23,000	23,000	5,530	17,470
Rentals and leases	12,000	12,000	9,276	2,724
Repairs and maintenance	115,000	115,000	92,311	22,689
Operating supplies	35,000	35,000	23,599	11,401
Insurance	45,000	45,000	39,345	5,655
Office supplies	9,000	9,000	2,341	6,659
Software support and maint.	30,000	30,000	10,282	19,718
Uniforms/firefighter gear	19,000	19,000	11,411	7,589
Books, memberships, training	142,500	142,500	64,575	77,925
Utilities	20,000	20,000	14,848	5,152
Communication and freight	45,000	45,000	31,445	13,555
Fuel	25,000	25,000	30,817	(5,817)
Furniture & Fixtures	14,000	14,000	10,870	3,130
Tools and equipment	155,000	155,000	51,342	103,658
Travel and per diem	31,000	31,000	5,855	25,145
Promotions	16,000	16,000	2,911	13,089
Other charges	5,000	5,000	4,307	693
Subtotal - Operating expenditures	<u>1,193,500</u>	<u>1,193,500</u>	<u>697,650</u>	<u>495,850</u>
Capital outlay:				
Machinery and equipment	1,200,000	1,200,000	83,310	1,116,690
Land	-	-	-	-
Department vehicle	-	-	24,385	(24,385)
Construction in progress	-	-	403,541	(403,541)
Station improvement	75,000	75,000	19,385	55,615
Subtotal - Capital outlay	<u>1,275,000</u>	<u>1,275,000</u>	<u>530,621</u>	<u>744,379</u>

The accompanying notes are an integral part of this statement.



**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT, CONTINUED  
Year Ended September 30, 2022**

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Debt Service:				
Principal reduction	-	200,000	107,068	92,932
Interest expense	-	-	28,274	(28,274)
Subtotal - Debt service	-	200,000	135,342	64,658
Reserves				
Budget reserves	7,015,043	10,286,596	-	10,286,596
Subtotal - Reserves	7,015,043	10,286,596	-	10,286,596
 TOTAL EXPENDITURES	 13,926,343	 17,397,896	 5,624,058	 11,773,838
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 -	 (3,000,000)	 396,405	 3,396,405
<b>OTHER FINANCING SOURCES</b>				
Proceeds from debt issuance	-	3,000,000	3,000,000	-
 TOTAL OTHER FINANCING SOURCES	 -	 3,000,000	 3,000,000	 -
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	 \$ -	 \$ -	 3,396,405	 \$ 3,396,405
 FUND BALANCE - BEGINNING			8,566,553	
 FUND BALANCE - ENDING			<u>\$ 11,962,958</u>	

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND  
Year Ended September 30, 2022**

		Impact Fee Fund			
		Original	Final		Variance
		Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>					
Fees:					
Impact fees	\$	200,000	\$ 200,000	\$ 26,782	\$ (173,218)
Impact fee reserves		1,600,000	1,600,000	-	(1,600,000)
Miscellaneous:					
Interest		-	-	-	-
TOTAL REVENUES		<u>1,800,000</u>	<u>1,800,000</u>	<u>26,782</u>	<u>(1,773,218)</u>
<b>EXPENDITURES</b>					
Public safety					
Operating expenditures		-	-	15	(15)
Capital outlay					
Land		-	-	-	-
Equipment		950,000	950,000	26,767	923,233
Reserves					
Impact fee reserves		<u>850,000</u>	<u>850,000</u>	-	<u>850,000</u>
TOTAL EXPENDITURES		<u>1,800,000</u>	<u>1,800,000</u>	<u>26,782</u>	<u>1,773,218</u>
EXCESS OF REVENUES OVER					
EXPENDITURES	\$	<u>-</u>	<u>-</u>	-	\$ <u>-</u>
<b>FUND BALANCE - Beginning</b>				-	
<b>FUND BALANCE - Ending</b>				<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion (%) of the net pension liability	0.010588797%	0.009495028%	0.009650720%	0.009294450%
District's proportionate share (\$) of the net pension liability	\$ 3,939,883	\$ 717,241	\$ 4,182,764	\$ 3,200,808
District's covered-employee payroll	\$ 2,153,823	\$ 1,817,750	\$ 1,638,411	\$ 1,507,411
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.93%	39.46%	255.29%	212.34%
Plan fiduciary net position as a percentage of the total pension liability	82.89%	96.40%	78.87%	82.61%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 493,935	\$ 395,756	\$ 335,253	\$ 304,735
Contributions in relation to the contractually required contribution	<u>493,935</u>	<u>395,756</u>	<u>335,253</u>	<u>304,735</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,153,823	\$ 1,817,750	\$ 1,638,411	\$ 1,507,411
Contributions as a percentage of covered-employee payroll	22.93%	21.77%	20.46%	20.22%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.009633030%	0.009357572%	0.010287382%	0.009110414%	0.009241454%
\$	2,901,519	\$ 2,767,907	\$ 2,597,573	\$ 1,176,732	\$ 563,865
\$	1,572,690	\$ 1,532,976	\$ 1,424,613	\$ 1,439,023	\$ 1,388,104
	184.49%	180.56%	182.34%	81.77%	40.62%
	84.26%	83.89%	84.88%	92.00%	96.09%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	282,553	\$ 262,326	\$ 249,706	\$ 227,899	\$ 223,611
	<u>282,553</u>	<u>262,326</u>	<u>249,706</u>	<u>227,899</u>	<u>223,611</u>
\$	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$	1,572,690	\$ 1,532,976	\$ 1,424,613	\$ 1,439,023	\$ 1,388,104
	17.97%	17.11%	17.53%	15.84%	16.11%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion (%) of the net pension liability	0.005558523%	0.004958478%	0.004532321%	0.004462536%
District's proportionate share (\$) of the net pension liability	\$ 588,736	\$ 608,232	\$ 553,389	\$ 499,313
District's covered-employee payroll	\$ 2,153,823	\$ 1,817,750	\$ 1,638,411	\$ 1,507,411
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.33%	33.46%	33.78%	33.12%
Plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%

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

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 31,528	\$ 25,261	\$ 25,234	\$ 22,937
Contributions in relation to the contractually required contribution	<u>31,528</u>	<u>25,261</u>	<u>25,234</u>	<u>22,937</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,153,823	\$ 1,817,750	\$ 1,638,411	\$ 1,507,411
Contributions as a percentage of covered-employee payroll	1.46%	1.39%	1.54%	1.52%

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

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

2018	2017	2016	2015	2014
0.004942153%	0.004626676%	0.004763190%	0.004590919%	0.004424885%
\$ 523,083	\$ 494,706	\$ 555,131	\$ 468,202	\$ 413,738
\$ 1,572,690	\$ 1,532,976	\$ 1,424,613	\$ 1,439,023	\$ 1,388,104
33.26%	32.27%	38.97%	32.54%	29.81%
2.15%	1.64%	0.97%	0.50%	0.99%

2018	2017	2016	2015	2014
\$ 21,267	\$ 19,745	\$ 20,339	\$ 18,563	\$ 15,181
<u>21,267</u>	<u>19,745</u>	<u>20,339</u>	<u>18,563</u>	<u>15,181</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,572,690	\$ 1,532,976	\$ 1,424,613	\$ 1,439,023	\$ 1,388,104
1.35%	1.29%	1.43%	1.29%	1.09%

**Changes of Assumptions**

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was decreased from 6.80% to 6.7%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.54% was increased from 2.16% was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational PUB-2010 with Projection Scale MP-2018 tables.

**Florida Retirement System Pension Plan**

There were changes in actuarial assumptions. As of June 30, 2022, the inflation rate assumption remained at 2.4 percent, the real payroll growth assumption remained at .85 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was decreased from 6.80 percent to 6.70 percent.

**Health Insurance Subsidy Pension Plan**

The municipal rate used to determine total pension liability increased from 2.16 percent to 3.54 percent.

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

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

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at September 30, 2022, was 5.5 years (5.7 for FY 21) for FRS and 6.4 years (6.4 for FY 21) for HIS.



**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND  
RELATED RATIOS GASB 75 AND RELATED NOTES TO THE SCHEDULE**

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

Net OPEB Liability	2022	2021	2020
Service Cost	\$ 110,521	\$ 112,869	\$ 75,747
Interest Cost	44,959	48,847	49,344
Changes in Benefit Terms	(855,439)	-	-
Differences Between Expected and Actual Experience	1,083,722	-	410,798
Changes in Assumptions	35,820	5,624	25,192
Benefit Payments	(74,574)	(81,546)	(64,858)
Net Change in net OPEB Liability	345,009	85,794	496,223
Net OPEB Liability - Beginning of Year	1,902,813	1,817,019	1,320,796
Net OPEB Liability - End of Year	\$ 2,247,822	\$ 1,902,813	\$ 1,817,019

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

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

	2022	2021	2020
Contributions - Employer	\$ 74,574	\$ 81,546	\$ 64,858
Net Investment Income	-	-	-
Benefit Payments	(74,574)	(81,546)	(64,858)
Administrative Expense	-	-	-
Net Change in Fiduciary Net Position	-	-	-
Fiduciary Net Position - Beginning of Year	-	-	-
Fiduciary Net Position - End of Year	\$ -	\$ -	\$ -
Net OPEB Liability (Total)	\$ 2,247,822	\$ 1,902,813	\$ 1,817,019
Fiduciary Net Position as a % of Net OPEB Liability	0.00%	0.00%	0.00%
Covered-Employee Payroll *			
Net OPEB Liability as a % of Payroll *			
Expected Average Remaining Service Years of All Participants	12	12	13

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

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

**Notes to the Schedule:**

Benefit Changes: As of February 1, 2022, retirees receive access to coverage only except for a former Chief who receives coverage free of charge until Medicare then receives \$400 per month subsidy.

Changes of Assumptions	The discount rate was changed as follows:
9/30/17	3.10%
9/30/18	3.50%
9/30/19	3.83%
9/30/20	2.75%
9/30/21	2.41%
9/30/22	2.19%

<u>2019</u>	<u>2018</u>
\$ 77,746	\$ 80,845
44,585	39,425
-	-
-	-
(43,166)	(51,598)
<u>(64,469)</u>	<u>(68,670)</u>
14,696	2
<u>1,306,100</u>	<u>1,306,098</u>
<u>\$ 1,320,796</u>	<u>\$ 1,306,100</u>

<u>2019</u>	<u>2018</u>
\$ 64,469	\$ 68,670
-	-
(64,469)	(68,670)
<u>-</u>	<u>-</u>
-	-
-	-
<u>\$ -</u>	<u>\$ -</u>
\$ 1,320,796	\$ 1,306,100
0.00%	0.00%

11

11

Healthcare trend updated to the latest Getzen Model.  
Mortality Improvement Scale updated to MP-2021.  
Population covered by Plan: 22 active 4 retired  
Plan has no specific trust established. \$400,000 assigned for OPEB.

## **ADDITIONAL REPORTS**



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Page 60 of 65

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

Board of Commissioners  
 Fort Myers Shores Fire Protection and Rescue Service District  
 12345 Palm Beach Boulevard  
 Fort Myers, Florida 33905

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Fort Myers Shores Fire Protection and Rescue Service District (the "District") as of and for the year ended September 30, 2022, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated January 18, 2023.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the basic financial statements will not be prevented or detected and

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corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We did, however, note certain other matters that we have reported in our Independent Auditor's Report to Management dated January 18, 2023.

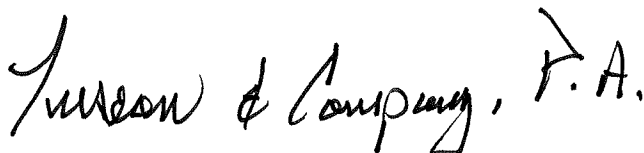
#### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Myers Shores Fire Protection and Rescue Service District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

See matter noted in our Independent auditor's Report to Management dated January 18, 2023.

#### Purpose of This Report

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



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

January 18, 2023



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Private Companies Practice Section

Tax Division

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

Board of Commissioners  
Fort Myers Shores Fire Protection and Rescue Service District  
12345 Palm Beach Boulevard  
Fort Myers, Florida 33905

We have examined Fort Myers Shores Fire Protection and Rescue Service District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022. Management is responsible for Fort Myers Shores Fire Protection and Rescue Service District's compliance with those requirements. Our responsibility is to express an opinion on Fort Myers Shores Fire Protection and Rescue Service District's compliance based on our examination.

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

In our opinion, Fort Myers Shores Fire Protection and Rescue Service District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the Fort Myers Shores Fire Protection and Rescue Service 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.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
January 18, 2023

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**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

Board of Commissioners  
 Fort Myers Shores Fire Protection and Rescue Service District  
 12345 Palm Beach Boulevard  
 Fort Myers, Florida 33905

We have audited the accompanying basic financial statements of Fort Myers Shores Fire Protection and Rescue Service District (the "District") as of and for the year ended September 30, 2022 and have issued our report thereon dated January 18, 2023.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated January 18, 2023, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no financially significant prior year comments noted.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

INTEGRITY ..... SERVICE ..... EXPERIENCE

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



- Section 10.554(l)8, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated January 18, 2023, included herein.

**PRIOR YEAR COMMENTS:**

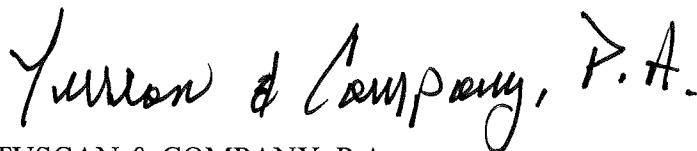
No financially significant comments noted.

**CURRENT YEAR COMMENTS:**

22-01 During the audit, we noted five (5) out of twenty-five (25) capital assets tested for compliance with Administrative Code 69I-73 did not appear to have an assigned identification number permanently marked on the capital asset. Per Administrative Code 69I-73, capital assets must be permanently marked with an identification number matching the fixed asset software report. Although the capital assets tested appeared to be well maintained and in good condition, we recommend all capital assets contain permanently marked identification numbers per Florida Administrative Code 69I-73.

We recommend that all capital assets be permanently marked with identification numbers and that all identification numbers agree to corresponding District records.

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



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

January 18, 2023

**EXHIBIT 1**

*Ft. Myers Shores Fire Protection and Rescue Service District*  
*12345 Palm Beach Blvd S.E. Ft. Myers Fl. 33905*  
*Phone (239) 694-2833 www.fmsfd.org*



February 9, 2023

Jeff Tuscan  
Tuscan & Company, P.A.

Dear Mr. Tuscan:

We are in agreement with the basic financial statements for fiscal year 2021-2022. The following is our response to the comment in the Independent Auditor's Report to Management:

During the audit it was noted that some of our fixed assets were not properly tagged. We immediately corrected the problem by updating our Capitalization, Depreciation and Disposition of Assets Policy and instituting a new asset tracking system. The District's fixed assets have been marked with tamper resistant barcoded tags as part of the new system.

Respectfully,

Robert Rewis  
Fire Chief

**“Service Beyond Expectation”**

**EXHIBIT 2**

**UNAUDITED  
COMPLIANCE WITH REPORTING REQUIRED BY:**

**Auditor General Rule 10.554(1)(i)6**

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 27 including 5 Board of Commission Members
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 2
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$2,153,823
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$471,113
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes). See NOTE L
- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached pages 3 and 4.

**Auditor General Rule 10.554(1)(i)7**

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

- a. The millage rate or rates imposed by the district. 2.25 mills
- b. The current year gross amount of ad valorem taxes collected by or on behalf of the district.  
\$5,870,169
- c. The total amount of outstanding bonds issued by the district and terms of such bonds. 0

**Auditor General Rule 10.554(1)(i)8**

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

- a. The rate or rates of such assessment imposed by the district. N/A
- b. The total amount of special assessments collected by or on behalf of the district.  
N/A
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. N/A

**FORT MYERS SHORES FIRE PROTECTION AND  
RESCUE SERVICE DISTRICT  
ORIGINAL BUDGET vs. ACTUAL COMPARISON REPORT - UNAUDITED -  
GENERAL FUND  
Year Ended September 30, 2022**

	General Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Ad valorem taxes	\$ 5,774,343	\$ 5,870,169	\$ 95,826
Intergovernmental revenues:			
State firefighter supplement	-	5,424	5,424
State grant	-	33,422	33,422
Local grant - WCIND	-	13,685	13,685
Inspection fees	6,000	6,905	905
Miscellaneous:			
Interest	25,000	44,464	19,464
Other	26,000	46,394	20,394
Carryforward	8,095,000	-	(8,095,000)
<b>TOTAL REVENUES</b>	<u>13,926,343</u>	<u>6,020,463</u>	<u>(7,905,880)</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	4,442,800	4,260,445	182,355
Operating expenditures	1,193,500	697,650	495,850
Capital outlay	1,275,000	530,621	744,379
Debt service			
Principal reduction	-	107,068	(107,068)
Interest and fiscal charges	-	28,274	(28,274)
Reserves			
Budget reserves	7,015,043	-	7,015,043
<b>TOTAL EXPENDITURES</b>	<u>13,926,343</u>	<u>5,624,058</u>	<u>8,302,285</u>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<u>-</u>	<u>396,405</u>	<u>396,405</u>
<b>OTHER FINANCING SOURCES</b>			
Proceeds from construction loan	-	3,000,000	3,000,000
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES</b>	<u>\$ -</u>	<u>3,396,405</u>	<u>\$ 3,396,405</u>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		<u>8,566,553</u>	
<b>FUND BALANCE, END OF YEAR</b>		<u>\$ 11,962,958</u>	

The accompanying notes are an integral part of this statement.

**FORT MYERS SHORES FIRE PROTECTION AND  
 RESCUE SERVICE DISTRICT  
 ORIGINAL BUDGET vs. ACTUAL COMPARISON REPORT - UNAUDITED -  
 IMPACT FEE FUND  
 Year Ended September 30, 2022**

		Impact Fee Fund		
		Original		Variance
		Budget	Actual	Favorable
				(Unfavorable)
<b>REVENUES</b>				
Fees:				
Impact fees	\$	200,000	\$ 26,782	\$ (173,218)
Impact fee reserves		1,600,000	-	(1,600,000)
Miscellaneous:				
Interest		-	-	-
TOTAL REVENUES		1,800,000	26,782	(1,773,218)
<b>EXPENDITURES</b>				
Public safety				
Operating expenditures		-	15	(15)
Capital outlay				
Land		-	-	-
Equipment		950,000	26,767	923,233
Reserves				
Impact fee reserves		850,000	-	850,000
TOTAL EXPENDITURES		1,800,000	26,782	1,773,218
EXCESS OF REVENUES OVER				
EXPENDITURES	\$	-	-	\$ -
<b>FUND BALANCE - Beginning</b>			-	
<b>FUND BALANCE - Ending</b>			\$ -	

The accompanying notes are an integral part of this statement.