

FORT MYERS BEACH FIRE
CONTROL DISTRICT

SEPTEMBER 30, 2023

FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

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Independent Auditor's Report

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, FL

We have audited the accompanying financial statements of the governmental activities of the Fort Myers Beach Fire Control District (the "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of September 30, 2023, 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 Opinion

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

Responsibilities of Management 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; and for 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.

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 and *Government 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 and *Government 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of the District's net proportionate share of net pension liability- pension plan and health insurance subsidy plan, schedules of district contributions- pension plan and health insurance subsidy plan and schedule of changes in the total OPEB liability and related ratios to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Required Supplementary Information, continued

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in consideration the District's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
February 28, 2024

Fort Myers Beach Fire Control District Management's Discussion and Analysis (unaudited)

This discussion and analysis of the Fort Myers Beach Fire Control 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, 2023. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

Financial Highlights

- At the close of the fiscal year the District's assets exceeded its liabilities, resulting in a net position of \$16,403,984.
- The District's total net position increased \$6,791,923 or 70.7%
- The District assigned/committed fund balance was 59.9% or \$13,329,759 of the District's total fund balance of \$21,329,421 at yearend. Additional information relating to fund balance can be found in Note I on page 36.
- Total revenues increased \$5,774,331, or 38.6%, in comparison to the prior year. Substantial increase in revenues attributed to Hurricane Ian insurance proceeds and assistance from the State of Florida.
- Total expenses increased \$1,684,758 or 13.7%, in comparison to the prior year. Increase in expenses attributed to the cost to repair facilities and replace equipment lost or damaged during Hurricane Ian.

Government-wide Financial Statements

Government-wide financial statements (Statement of Net Position and Statement of Activities found on pages 9 and 10) 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 12) 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 and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (Page 13) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Governmental Fund Financial Statements

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

Governmental fund financial statements (pages 14 and 16) 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.

Fort Myers Beach Fire Control District
Management's Discussion and Analysis
(unaudited)

Fiduciary Funds

The Fiduciary fund (pages 18 and 19) is used to account for resources held in the Retiree Insurance Trust (VEBA) for the benefit of retired District employees. The fiduciary fund is not reflected in the government-wide financial statements because the resources of the VEBA fund are not available to support the District's programs.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail the data contained in the preceding statements and begin on page 20. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

The following is a condensed summary of net position for the primary government for fiscal years 2023 and 2022:

Fort Myers Beach Fire Control District
Summary of Net Position
September 30, 2023 and 2022

	2023	2022
Assets:		
Current and other assets	\$ 22,271,661	\$ 14,615,508
Capital assets, net	11,955,539	11,370,975
Total Assets	34,227,200	25,986,483
Deferred outflows of resources - pension	4,238,742	4,729,417
Liabilities:		
Current liabilities	1,084,962	839,457
Non-current Liabilities	17,217,432	16,464,215
Total liabilities	18,302,394	17,303,672
Deferred inflows of resources - pensions	3,759,564	3,800,167
Net position:		
Net investment in capital assets	11,191,530	10,376,887
Unrestricted (deficit)	5,212,454	(764,826)
Total net position	\$ 16,403,984	\$ 9,612,061

Current and other assets represent 65.1% of the total assets for fiscal year 2023. Current assets were comprised of cash and cash equivalents of \$19,480,905, investments of \$787,339, due from other governments of \$1,504,372, grants receivable of \$52,033, net receivables from ambulance transports and life safety fees of \$61,507, prepaid expenses of \$141,973 and deposits of \$238,765.

Fort Myers Beach Fire Control District
Management's Discussion and Analysis
(unaudited)

Government-Wide Financial Analysis, Continued

Capital assets, net of depreciation, was \$11,955,539. Capital assets are comprised of land, buildings, equipment, and vehicles, net of accumulated depreciation. The unrestricted net position of \$5,212,454 represents available resources to be used at the District's discretion.

The District has assigned \$13,329,759 of the General Fund fund balance for purposes such as disaster, equipment sustainment, building improvements, millage stabilization and firefighter presumptive illness benefits. On a Governmental fund-basis the District had a total – General Fund – fund balance of \$21,329,421.

Current liabilities at September 30, 2023 are comprised of accounts payable, accrued expenses, due to other governmental units and unearned revenue of \$942,240 and the current portion of long-term liabilities of \$142,722. Non-current liabilities are comprised of notes payable of \$621,287, a Net OPEB obligation of \$3,060,592, compensated absences of 429,355, and net pension liability of \$13,106,198. Total liabilities increased \$988,722 or 5.8%, in comparison to the prior year. Additional information relating to long-term liabilities can be found in note F on pages 34-35.

The following schedule reports the revenues, expenses, and changes in net position for the District for fiscal years 2023 and 2022:

Fort Myers Beach Fire Control District
Summary of Revenues, Expenses and Changes in Net Position
Years ended September 30, 2023 and 2022

Revenues:	2023	2022
General Revenues		
Property taxes	\$ 13,830,709	\$ 13,467,183
Miscellaneous		
Impact fees	17,673	73,092
Interest	887,701	116,911
Compensation for loss of assets	2,869,951	-
Gain on disposition of capital assets	6,967	-
Other	99,747	65,760
Program Revenues		
Charges for services		
Ambulance	188,814	583,725
Inspection fees	596,555	523,992
Grants and contributions	2,242,500	135,623
Total Revenues	20,740,617	14,966,286
Expenses:		
Public Safety - Fire and Rescue Services	13,948,694	12,263,936
Increase (decrease) in net position	6,791,923	2,702,350
Net Position - Beginning of the year	9,612,061	6,909,711
Net Position - End of the year	\$ 16,403,984	\$ 9,612,061

Fort Myers Beach Fire Control District
Management's Discussion and Analysis
(unaudited)

Government-Wide Financial Analysis, Continued

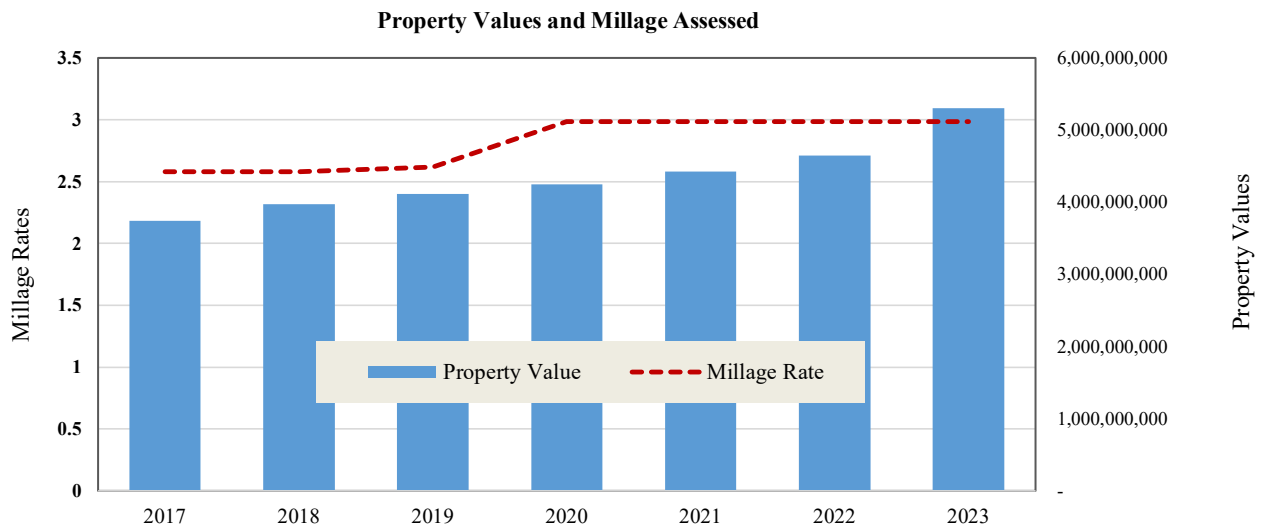
In comparison to the prior year:

- Total revenues increased \$5,774,331 or 38.6%; substantial increase in revenues attributed to Hurricane Ian insurance proceeds and assistance from the State of Florida.
- Total expenses increased \$1,684,758 or 13.7%; increase in expenses attributed to the cost to repair facilities and replace equipment lost or damaged during Hurricane Ian.
- Assessed property values increased \$654,762,075 or 14.1%.
- Ad Valorem tax revenues increased \$363,526 or 2.7%.
- Impact fee revenues decreased \$55,419 or 75.8%.

The District adopted a millage rate of 2.9851 mills per thousand, for the fourth consecutive year. Property taxes represent 85% of total revenue, exclusive of Hurricane Ian insurance reimbursements totaling \$2,869,951 and State assistance and grants totaling \$2,121,488.

The Florida State Legislature passed a law creating Statute 197.3181 to provide taxpayers a prorated tax refund for uninhabitable property caused by Hurricane Ian and Nicole. District refunds totaled \$1,410,373. The Florida State Legislature subsequently implemented Emergency Rule 12DER23-10 whereby creating a measure allowing government agencies to apply for reimbursement of tax refunds.

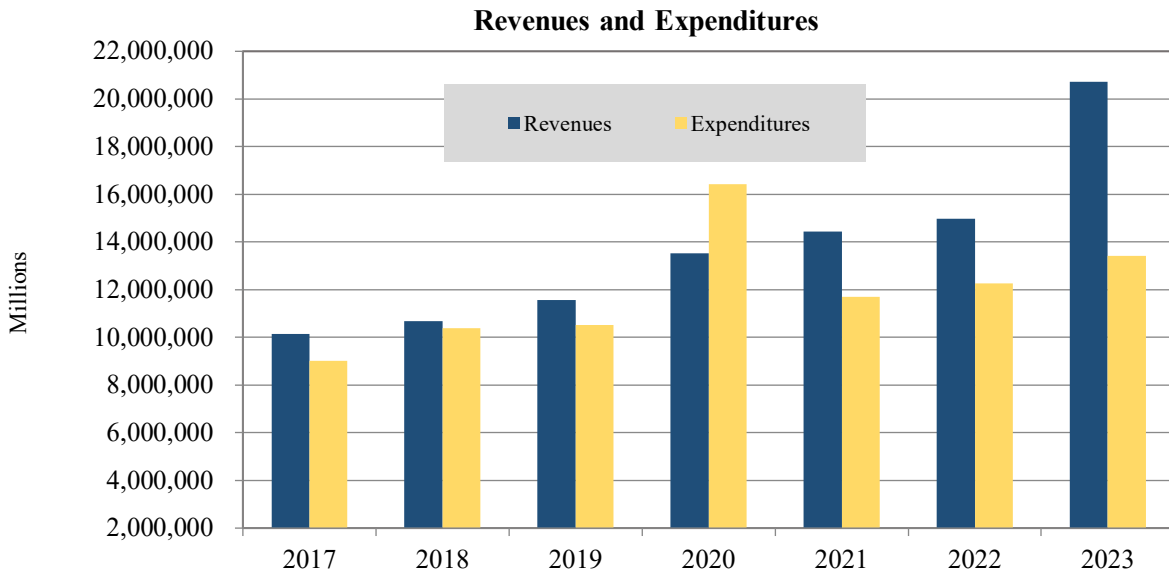
The following chart compares the change in property value and millage rates for the past seven years:



Fort Myers Beach Fire Control District
Management's Discussion and Analysis
(unaudited)

Government-Wide Financial Analysis, Continued

The following chart compares revenues and expenditures for the past seven years:



Budgetary Highlights

The following is a brief review of noteworthy budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 51-54). The final budget increased \$1,306,127 or 4.5% from the original budget. The increase to fund balance is a result of final accounting for the prior fiscal year and applied to the millage sustainment reserve.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 51-54.

Fort Myers Beach Fire Control District
Management's Discussion and Analysis
(unaudited)

Capital Assets

Non-depreciable capital assets include land; depreciable assets include buildings, vehicles, equipment, furniture and fixtures.

The following is a schedule of the District's capital assets as of September 30, 2023 and 2022:

Fort Myers Beach Fire Control District		
Capital Assets		
September 30, 2023 and 2022		
CAPITAL ASSETS	2023	2022
Land	\$ 5,437,744	\$ 5,437,744
Construction in progress	5,810	-
Total Capital Assets not depreciated	5,443,554	5,437,744
Buildings	6,312,430	6,236,562
Vehicles	3,340,229	2,948,735
Equipment	730,886	529,499
Total Capital Assets being depreciated	10,383,545	9,714,796
ACCUMULATED DEPRECIATION		
Buildings	(2,407,221)	(2,227,282)
Vehicles	(1,237,145)	(1,316,411)
Equipment	(227,194)	(237,872)
Total accumulated depreciation	(3,781,560)	(3,781,565)
CAPITAL ASSETS, NET	\$ 11,955,539	\$ 11,370,975

Major capital asset purchases during the current fiscal year included the following:

- Freightliner Ambulance (2) at a cost of \$718,386.
- Communications equipment purchased at a cost of \$84,360.
- Station 32 rear bay doors (3) at a cost of \$68,278.
- Ford Transit Van at a cost of \$53,363.
- Air fill station at a cost of \$64,679.

The District received a donation of a 2004 Pierce Pumper and 2015 Horton Ambulance from Jacksonville Fire and Rescue to replace the apparatus lost in Hurricane Ian. The District subsequently donated the Pierce Pumper to the Southwest Florida Public Service Academy.

Additional information on the District's capital assets can be found in Note E on page 33.

Fort Myers Beach Fire Control District
Management’s Discussion and Analysis
(unaudited)

Debt Administration

The District’s outstanding debt is comprised of notes and leases payable, compensated absences, a net OPEB (other post-employment benefit) obligation for retiree health insurance and net pension liability. The following is a summary schedule of the District’s outstanding debt at September 30, 2023 and 2022:

Fort Myers Beach Fire Control District
Debt Obligations
September 30, 2023 and 2022

	2023	2022
Net pension liability	\$ 13,106,198	\$ 12,212,214
Notes and leases payable	764,009	994,088
Compensated Absences	429,355	456,280
Net OPEB obligation	3,060,592	3,031,709
Total outstanding debt	\$ 17,360,154	\$ 16,694,291

Compensated absences decreased by \$26,925 or 5.9% in comparison to the prior year. This liability represents the total amount the District has due at the termination of all employees’ employment as of September 30, 2023. Notes payable decreased by \$230,079 or 23.1% in comparison to the prior year. Net pension liability increased by \$893,984 or 7.3% in comparison to the prior year. Net Other Post Employment Benefits (OPEB) increased by \$28,883 or 1.0% in comparison to the prior year.

Additional information on the District’s debt obligations can be found in Note F on pages 34-35.

Economic Factors and Next Year’s Budget

The following factors were considered when next year’s budget (2023-2024) was adopted:

- Overall property values within the District decreased \$2,123,658,168 or 40.05% to \$3,178,365,412.
- The District adopted the millage rate of 2.9851. This millage rate is unchanged from the prior four years. The original intent for this millage rate was to allocate a portion of additional revenues to fund the Station 31/Headquarters building project. On September 28, 2022 Hurricane Ian forever changed the landscape of Fort Myers Beach and surrounding areas. Unprecedented damage to property causing a significant decrease in values prompted the District to maintain the same millage rate to sustain continued operations.
- Station 31 located mid-island was destroyed in the storm as were many homes and businesses on the island, whereby reducing call volume, the District opted to maintain operations from the two remaining locations, Station 32 located on the mainland and Station 33 located at the south end of Fort Myers Beach.
- The State of Florida announced the District would receive a nine million dollar grant to rebuild Station 31. The original vision was to build a fire station and headquarters facility on the property purchased in the summer of 2020 known to local residents as the Topps property; adjacent to the Town Hall property. Hurricane Ian caused the District to revisit the future needs of the community as many properties sell to investors and corporations that may alter the population density, and consequently, the emergency service delivery model.
- The District will rebuild Station 31 as a stand-alone fire station on the frontage of the Topps property and seek to purchase land on the mainland for purposes of relocating the administrative office and public meeting space. A training tower is planned for this location as well.

Fort Myers Beach Fire Control District
Management's Discussion and Analysis
(unaudited)

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 Beach Fire Control District, Jane Thompson, Director of Finance and Administrative Services, 17891 San Carlos Blvd, Fort Myers, Florida, 33931, phone (239) 590-4200.

BASIC
FINANCIAL STATEMENTS

Fort Myers Beach Fire Control District
Statement of Net Position
September 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 19,480,905
Cash and cash equivalents - restricted	4,767
Investments	787,339
Accounts receivable	61,507
Due from other governments	1,504,372
Grants receivable	52,033
Deposits	238,765
Prepaid expenses	141,973
Total current assets	<u>22,271,661</u>

Noncurrent assets:

Capital assets:

Land	5,437,744
Construction in process	5,810
Depreciable Buildings, Equipment, and Vehicles (net of \$3,871,560 accumulated depreciation)	<u>6,511,985</u>
Total noncurrent asset	<u>11,955,539</u>
Total assets	<u>34,227,200</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of pension resources	<u>4,238,742</u>
Total assets and deferred outflows of resources	<u>38,465,942</u>

LIABILITIES

Current liabilities:

Accounts payable	213,307
Accrued expenses	445,213
Due to other governments	278,953
Unearned revenue	4,767
Current portion of long-term obligations	142,722
Total current liabilities	<u>1,084,962</u>

Noncurrent liabilities:

Noncurrent portion of long-term obligations	<u>17,217,432</u>
Total liabilities	<u>18,302,394</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of pension resources	<u>3,759,564</u>
Total liabilities and deferred inflows of resources	<u>22,061,958</u>

NET POSITION

Invested in capital assets, net of related debt	11,191,530
Unrestricted	5,212,454
Total net position	<u>\$ 16,403,984</u>

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Fire Control District
Statement of Activities
For the fiscal year ended September 30, 2023

EXPENSES

Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 10,472,490
Operating expenses	2,873,023
Depreciation	573,795
Interest and fiscal charges	29,386
Total program expenses	<u>13,948,694</u>

PROGRAM REVENUES

Charges for services	
Ambulance	188,814
Inspection fees	596,555
Operating grants and contributions	<u>2,242,500</u>
Net program expenses	<u>10,920,825</u>

GENERAL REVENUES

Ad valorem taxes	13,830,709
Impact fees	17,673
Interest	887,701
Compensation for loss of assets	2,869,951
Gain on the disposition of capital assets	6,967
Other	99,747
Total general revenues	<u>17,712,748</u>

CHANGE IN NET POSITION 6,791,923

NET POSITION - BEGINNING OF THE YEAR 9,612,061

NET POSTION - END OF THE YEAR \$ 16,403,984

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Fire Control District
Balance Sheet
September 30, 2023

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 19,480,905
Cash and cash equivalents - restricted	4,767
Investments	787,339
Accounts receivable	61,507
Due from other governments	1,504,372
Grants receivable	52,033
Deposits	238,765
Prepaid expenses	141,973
Total assets	<u>\$ 22,271,661</u>
 LIABILITIES & FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 213,307
Accrued expenses	445,213
Due to other governments	278,953
Unearned revenue	4,767
Total liabilities	<u>942,240</u>
 FUND BALANCE	
Nonspendable	141,973
Assigned	13,329,759
Unassigned	7,857,689
Total fund balances	<u>21,329,421</u>
 Total liabilities and fund balances	 <u>\$ 22,271,661</u>

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Fire Control District
Reconciliation of the Balance Sheet To the Statement of Net Position
September 30, 2023

Total fund balance for governmental funds		\$ 21,329,421
Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet:		
Capital assets not being depreciated:		
Land	\$ 5,437,744	
Construction in progress	<u>5,810</u>	5,443,554
Capital assets being depreciated:		
Building, Equipment, and Vehicles	10,383,545	
Less: Accumulated Depreciation	<u>(3,871,560)</u>	6,511,985
Deferred outflows of resources are not recognized in the general fund; however, they are recorded in the statement of net position under full accrual accounting:		
VEBA Assumptions	492,952	
OPEB Assumptions	796,093	
Pension Assumptions	<u>2,949,697</u>	4,238,742
Deferred inflows of resources are not recognized in the general fund; however, they are recorded in the statement of net position under full accrual accounting:		
VEBA Assumptions	(183,101)	
OPEB Assumptions	(2,040,564)	
Pension Assumptions	<u>(1,535,899)</u>	(3,759,564)
Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:		
Compensated Absences	(429,355)	
Net pension liability - FRS	(10,775,198)	
Net pension liability - HIS	(2,331,000)	
Notes payable	(764,009)	
Net OPEB liability	<u>(3,060,592)</u>	<u>(17,360,154)</u>
Net Position		<u>\$ 16,403,984</u>

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Fire Control District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the fiscal year ended September 30, 2023

	<u>General Fund</u>
REVENUES	
Ad Valorem taxes	\$ 13,830,709
Intergovernmental revenue:	
Firefighters supplemental income	22,892
State and federal grants	2,121,488
Charges for services	
Ambulance transport	188,814
Inspection fees	596,555
Impact fees	17,673
Interest Income	887,701
Compensation for loss of assets	2,869,951
Non-governmental grants	121,012
Other income:	
Donations	9,391
Miscellaneous	67,464
Total revenues	<u>20,733,650</u>
EXPENDITURES	
Public safety	
Personal services	9,126,481
Operating expenditures	2,873,023
Capital outlay	1,151,390
Debt Service	
Principal	230,076
Interest	29,386
Total expenditures	<u>13,410,356</u>
NET CHANGE IN FUND BALANCE	7,323,294
FUND BALANCE - OCTOBER 1, 2022	<u>14,006,127</u>
FUND BALANCE - SEPTEMBER 30, 2023	<u><u>\$ 21,329,421</u></u>

The accompanying notes are an integral and essential part of these financial statements.

**Fort Myers Beach Fire Control District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities
For the fiscal year ended September 30, 2023**

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

Net change in fund balance for governmental funds \$ 7,323,294

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. In addition, gains and losses on the disposition of capital assets are recorded on the statement of activities but not in the statement of revenues expenditures and changes in net position.

Capital outlay expenditure	\$ 1,151,390	
Less: depreciation expense	(573,795)	
Plus: gain on disposition of capital assets	<u>6,967</u>	584,562

The repayment of the principal of long-term debt is an expenditure in the Statement of Revenues, Expenditures and Changes in Fund Balance, but reduces long-term liabilities in the Statement of Net Position. 230,323

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 fund.

Increase in pension expense related to amortization of deferred inflows and deferred outflows	(1,436,002)	
Decrease in OPEB expense related to amortization of deferred inflows and deferred outflows	62,821	
Decrease in compensated absences	<u>26,925</u>	<u>(1,346,256)</u>

Change in net position of governmental funds \$ 6,791,923

The accompanying notes are an integral and essential part of these financial statements.

Fort Myers Beach Fire Control District
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2023

	Retiree Insurance VEBA Plan
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 132,391
Investments, at fair value	
Domestic equities - common stock and options	711,618
Fixed income corporate bonds	207,124
Government and GSE bonds	<u>112,439</u>
Total assets	<u>1,163,572</u>
LIABILITIES & NET POSITION	
LIABILITIES	
Accounts payable and accrued expenses	<u>2,036</u>
Total liabilities	2,036
NET POSITION	
Held in trust for VEBA retiree health insurance benefits	<u>1,161,536</u>
Total net position	<u><u>\$ 1,161,536</u></u>

Fort Myers Beach Fire Control District
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
September 30, 2023

	Retiree Insurance VEBA Plan
ADDITIONS	
Employer Contributions	\$ 74,326
Investment income:	
Net realized gain	8,235
Net unrealized gain/(loss)	104,402
Interest and dividends	24,691
	<u>137,328</u>
Less: investment expense	(10,022)
Net investment income	<u>127,306</u>
Total additions	<u>201,632</u>
DEDUCTIONS	
Benefits paid	105,606
Administrative expenses	21,139
Total deductions	<u>126,745</u>
CHANGE IN NET POSITION	74,887
NET POSITION - BEGINNING OF THE YEAR	<u>1,086,649</u>
NET POSITION - END OF THE YEAR	<u><u>\$ 1,161,536</u></u>

Fort Myers Beach Fire Control District

Notes to Financial Statements

September 30, 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Fort Myers Beach Fire Control District (the "District") is a independent special district established on May 1, 1951, by Laws of Florida, Chapter 51-27676, as amended, under the provisions of Florida Statute Chapter 633. Laws of Florida, Chapter 2000-422 codified, reenacted, amended and repealed its prior enabling acts and was effective June 5, 2000. The District's codified act was amended by Laws of Florida, Chapter 2008-275 which was approved by the Governor on June 17, 2008. This law approved a change in District boundaries by removing certain lands from within the District. The District has the general and special powers prescribed by Florida Statutes Chapters 189, 191 and 633.15 as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services for a certain designated area along coastal Lee County. The District also provides emergency medical and crash and rescue services including transport (ambulance) services. The District's service area includes the Town of Fort Myers Beach and certain adjacent areas of unincorporated 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 operates three (3) stations plus its administrative offices.

During the year ended September 30, 2008, the District established the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008. This is presented as a fiduciary fund in the financial statements.

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." This statement requires the financial statements of the District (the primary government) to include its components 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 84, the retiree insurance trust fund (VEBA) of the District are reported as Fiduciary Fund Component Units. All changes in the plans must be approved by their respective Board of Trustees. The plans were created for the exclusive benefit of the District.

These statements require the basic financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included. Therefore, no component units are included in the District's basic financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the District as a whole. Individual funds are not displayed, but the statements distinguish governmental activities, generally supported by intergovernmental and general revenues.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

Government-wide and Fund Financial Statements, Continued

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity.

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 operating activities or capital improvements of a particular function. Program revenues are considered to be revenues generated by services performed and/or by fees charged, such as inspection and ambulance fees, as well as operating and capital grants. Taxes and other revenue sources not properly included with program revenues are reported as general revenue.

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 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 and fiduciary 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. The General Fund is the District's primary operating fund and only governmental fund. It accounts for all financial resources of the District, including any impact fees collected.

The insurance trust fund (VEBA) accounts for the activities of the Retiree Insurance Trust, which accumulates resources for the payment of post-employment benefits other than pension for qualified retirees. This fiduciary fund is not reported in the government-wide financial statements, as the assets in this fund are held in trust for retirees and are not available for the operations of the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

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

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 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.

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.

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

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

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual are property taxes, ambulance fees, 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 and ambulance fees are recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued

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

The Fiduciary Fund - The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Restricted assets and liabilities related to restricted assets which are current in nature are reported with current assets and current liabilities in both the government-wide and fund financial statements.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Net Position

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position in the government-wide fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net positions represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balances

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. The governmental fund financial statements the District maintains include nonspendable, restricted, committed, 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.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

Fund Balances, Continued

The District's restricted fund balance consists of amounts that can be spent only on specific purposes stipulated by constitutional provisions or enabling legislation or externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed fund balance consists of amounts that can only be used for specific purposes pursuant to resolution of the District Board. Committed fund balance may be redirected by the District Board to other purposes as long as the original constraint is removed by a similar resolution. The resolution giving rise to the committed fund balance must be imposed by the end of the fiscal year.

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year.

The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2023, fund balance is also assigned for a variety of specific items by District Board action. Any use of the assigned fund balance requires the District's Board approval.

Unassigned fund balance is fund balance that has not been reported in any other classification within the General Fund.

Impact Fees

Through an interlocal agreement, the District levies an impact fee on new construction within the District. The intent of the fee is for growth within the District to pay for capital improvements needed due to the growth. The fee is collected by both Lee County and the Town of Fort Myers Beach and is 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, in the general fund, until the date of expenditure, at which time it is recognized as revenue and charged to growth related debt service in the fund financial statements and debt reduction in the government-wide financial statements.

During the year ended September 30, 2013, the District resolved to eliminate the Impact Fee Fund due to the small amount of impact fees collected annually. Impact fees imposed and collected by Lee County and the Town of Fort Myers Beach are based on new construction within the District. The fees are restricted and can only be used for certain capital expenditures and/or related debt associated with growth within the District. Any amounts collected are applied to the debt service of previously approved debt.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

**NOTE A - ORGANIZATION AND 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" (GASB 31), in which all investments are reported at fair value, other than those included in GASB Statement Number 79, "Certain External Investment Pools and Pool Participants," in which investments are reported at amortized cost. GASB Statement 40 "Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3," and GASB Statement Number 72, "Fair Value Measurement and Application." Specifically, the District has adopted a policy to adhere to Chapter 218.415(17), Florida Statutes.

Investments held by the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 may include marketable securities, bonds, time deposits, mutual funds, money market funds and depository accounts. On November 28, 2008, the VEBA fund adopted a separate investment policy from that of the District which was intended to be in compliance with Florida Statute Chapter 218.415(1-16).

Capital Assets

Capital assets, which include land, construction in progress, buildings and improvements, vehicles, and equipment, are reported in the government-wide Statement of Net Position, and are capitalized and depreciated. Expenditures for capital assets are recorded in the fund statements as current expenditures.

The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$5,000 or more and have a useful life in excess of one year.

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

Maintenance, repairs and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies is capitalized when the related expenditure is incurred. Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

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

<u>Asset</u>	<u>Years</u>
Improvements	20 - 40
Vehicles	5 - 20
Equipment	3 - 20

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

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 cost of personal leave benefits (compensated absences) are expended in the respective operating funds when payments are made to employees. However, the liability for all accrued personal leave benefits is recorded in the government-wide Statement of Net Position.

Retirement Plans and Post Employment Benefits other than Pension (OPEB) Plans

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, the net OPEB liability for the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, and the total OPEB liability for the OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments, (including refunds of employees contributions) are recognized when due and payable in accordance with the benefit terms. For purposes of measuring the net OPEB liability and total OPEB liability of the District's two OPEB plans: The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan") and OPEB for those who retired on or before September 30, 2008 and the Implicit Subsidy of the District (the Non-VEBA Plan"), deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the plan, if applicable, and additions to/deductions from fiduciary net position of the plan, if applicable, have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

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

Deferred Outflows/Inflows of Resources

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

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

Deferred Outflows/Inflows of Resources, Continued

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred amount on pensions and OPEB is reported only in the government-wide Statement of Net Position.

A deferred amount on pension and OPEB results from the difference in the expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on investments, employer specific amounts due to a change in employer proportion, and contributions subsequent to the measurement date. These amounts are deferred and amortized over time.

Budgetary Information

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

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

No budget was legally required for the Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008

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

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

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

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

Encumbrances

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

Management Estimates

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

Subsequent Events

Subsequent events have been evaluated through February 28, 2024, which is the date the basic financial statements were available to be issued.

On October 2, 2023, the Florida Division of Emergency Management (FDEM) awarded the District a grant of \$5,000,000 for the District's loss of revenue and a grant of \$9,000,000 to be utilized for the construction of Fire Station 31 for a total award amount of \$14,000,000 from the Hurricane Ian and Nicole Repair and Recovery Funding.

NOTE B - CASH AND CASH EQUIVALENTS

The District's deposit policy is in accordance with Florida Statute Chapter 218.415(17). At September 30, 2023, the District maintained deposits in checking accounts and money market savings accounts. These deposits were entirely covered during the year and at year-end by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute Chapter 280). District depositories are banks designated as qualified depositories by the State Treasurer. As of September 30, 2023, the carrying amount of the District's deposits including investments in the Local Government Surplus Funds Trust Fund- PRIME ("PRIME") administered by the Florida State Board of Administration ("SBA"), but exclusive of the Retiree Insurance Trust Fund VEBA was \$20,273,011, the bank balance was \$20,391,194 and cash on hand was \$300. Restricted cash consisted of \$4,767.

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, as later defined, held restricted cash and cash equivalents of \$132,391 (book and bank balance as well as deposits), at September 30, 2023, in a money market fund. This cash account is not subject to coverage under the Federal Depository Insurance (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

Fort Myers Beach Fire Control District

Notes to Financial Statements

September 30, 2023

NOTE C - INVESTMENTS

District Investments

Florida Statutes and District policy authorize investments in PRIME, an external 2a7-like investment pool. The Fund is publicly traded and may lose principal. PRIME is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate as a qualifying external investment pool. PRIME has a Standard & Poor's rating of AAAM at September 30, 2023 and meets all of the necessary criteria to elect to measure all of the investments in PRIME at amortized cost. In terms of interest rate risk, PRIME had a weighted average days to maturity (WAM) of 35 days and a weighted average life (WAL) of 75 days at September 30, 2023. PRIME was not exposed to any foreign currency risk nor did it participate in a securities lending program during the period from October 1, 2022 through September 30, 2023. There are currently no limitations as to the frequency of redemptions; however, PRIME has the ability to impose restrictions on withdrawals should a material event occur. Detailed information on the withdrawal restrictions that may be imposed and PRIME's responsibilities should such an event occur is described in Section 218.409(8)(a), Florida Statutes.

The District's investment in PRIME represented less than 1% of the PRIME's total investments. Investments held in PRIME include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

At September 30, 2023, the District reported PRIME investments of \$787,339 at amortized cost.

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan")

Cash and cash equivalents and investments of the VEBA Plan totaled \$132,391 and \$1,031,181 respectively, at September 30, 2023. Such investments are controlled by the VEBA Plan's Board policy.

VEBA Plan Investment Authorization

The VEBA Plan's investment policy is determined by its Board of Trustees. The policy provides for the use of investment managers to oversee the investments of the Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return.

The policy establishes certain investment objectives and asset class targets. The VEBA Plan is expected to earn a return over time exceeding the target rate of 7%. In addition, the VEBA Plan should earn a return greater than inflation, as measured by the Consumer Price Index, by 4% per year.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE C - INVESTMENTS, CONTINUED

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan")

The Board of Trustees adopted the following asset class targets, based on market value:

	<u>% Range</u>	<u>% Target</u>
Large cap domestic equity	20-50%	35%
Small/Mid Cap domestic equity	5-20%	13%
International equity	5-20%	13%
Convertibles	5-20%	10%
Intermediate fixed income	15-30%	20%
Short-term fixed income	5-20%	10%
		<u>100%</u>

VEBA Plan Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rates. As a means of limiting its exposure to interest rate risk, the VEBA Plan diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer with various durations of maturities.

VEBA Plan Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The VEBA Plan's investment policy utilizes portfolio diversification in order to control this risk.

VEBA Plan Concentration of Credit Risk:

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represented 10% or more of the fund's fiduciary net position at September 30, 2023.

VEBA Plan Custodial Credit Risk:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the Plan's investment policy, the investments are held by Plan's custodial bank and registered in the Plan's name.

VEBA Plan Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The VEBA Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds. The VEBA Plan reports international equity funds at market value of \$122,945.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE C - INVESTMENTS, CONTINUED

VEBA Plan Fair Value Measurements

The framework for measuring fair value provided a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE C - INVESTMENTS, CONTINUED

VEBA Plan Fair Value Measurements, Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at September 30, 2023.

- Common stock: Valued at the closing price reported on the New York Stock Exchange.
- US government securities: Valued at the closing price reported in the active market in which the individual security is traded.
- Corporate Bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.
- Master Limited Partnerships: Valued at the closing price reported on the New York Stock Exchange.

The following table sets forth by level, within the fair value hierarchy, the VEBA Plan's assets at fair value at September 30, 2023:

<u>Asset Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stock	\$ 711,618	\$ -	\$ -	\$ 711,618
Corporate bonds	207,124	-	-	207,124
Government securities	112,439	-	-	112,439
Total at fair value	<u>\$ 1,031,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,181</u>

NOTE D - RECEIVABLES, NET

Receivables, net consist of the following at September 30, 2023:

Ambulance Receivable and Other	<u>\$ 127,729</u>
Less: Allowance for Doubtful Accounts	<u>(71,800)</u>
Net Ambulance Receivables	55,929
Misc. Receivables	5,578
Receivables, Net	<u>\$ 61,507</u>

Receivables are considered doubtful when assigned to the third party collection agency. Subsequent payments recaptured on delinquent accounts are recorded when deposited and offset against the contra asset allowance for doubtful accounts.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE E - CAPITAL ASSET ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023
Capital assets not being depreciated:				
Land	\$ 5,437,744	\$ -	\$ -	\$ 5,437,744
Construction in progress	-	5,810	-	5,810
Total capital assets not being depreciated:	<u>5,437,744</u>	<u>5,810</u>	<u>-</u>	<u>5,443,554</u>
Capital assets being depreciated:				
Buildings and improvements	6,236,562	81,168	(5,300)	6,312,430
Equipment	529,499	232,665	(31,278)	730,886
Vehicles	2,948,735	831,749	(440,255)	3,340,229
Total capital assets being depreciated:	<u>9,714,796</u>	<u>1,145,582</u>	<u>(476,833)</u>	<u>10,383,545</u>
Less: Accumulated depreciation				
Buildings and improvements	(2,227,282)	(185,239)	5,300	(2,407,221)
Equipment	(237,872)	(61,567)	72,245	(227,194)
Vehicles	(1,316,411)	(326,989)	406,255	(1,237,145)
Total accumulated depreciation	<u>(3,781,565)</u>	<u>(573,795)</u>	<u>483,800</u>	<u>(3,871,560)</u>
Total capital assets being depreciated, net	<u>5,933,231</u>	<u>571,787</u>	<u>6,967</u>	<u>6,511,985</u>
Capital Assets, Net	<u>\$ 11,370,975</u>	<u>\$ 577,597</u>	<u>\$ 6,967</u>	<u>\$ 11,955,539</u>

Depreciation expense was charged to the following functions during the year ended September 30, 2023:

	Amount
General Government	<u>\$ 573,795</u>
Total depreciation expense	<u>\$ 573,795</u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE F - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2023:

	Balance Oct. 1, 2022	Additions	Deletions	Balance Sept. 30, 2023	Due within one year
Notes payable	\$ 994,088	\$ -	\$ (230,079)	\$ 764,009	\$ 142,722
Compensated absences	456,280	613,263	(640,188)	429,355	-
Net pension liability - FRS	10,541,740	2,769,813	(2,536,355)	10,775,198	-
Net pension liability - HIS	1,670,474	935,426	(274,900)	2,331,000	-
Net OPEB liability	3,031,709	771,973	(743,090)	3,060,592	-
Total long term liabilities	<u>\$ 16,694,291</u>	<u>\$ 5,090,475</u>	<u>\$ (4,424,612)</u>	<u>\$ 17,360,154</u>	<u>\$ 142,722</u>

Long-term liabilities are comprised of the following at September 30, 2023:

\$1,410,000 capital lease payable to a financial institution for the purchase of two fire trucks was entered into on September 27, 2018. The first payment of \$41,670 was due on December 27, 2018 and quarterly thereafter over ten years with an annual interest rate of 3.37%, with a final payment due September 27, 2028. The lease is collateralized by the respective fire trucks.	\$ 764,009
Compensated absences, Employees of the District are entitled to paid leave based on length of service and job classification.	429,355
Net pension liability - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	10,775,198
Net pension liability - HIS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	2,331,000
Net OPEB liability. Cumulative difference between annual OPEB cost and District payments toward the cost of post employment benefits other than pensions since the implementation of GASB No. 75.	<u>3,060,592</u>
Total long-term liabilities	<u>\$ 16,596,145</u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE F - LONG-TERM LIABILITIES, CONTINUED

The annual debt service requirements at September 30, 2023, were as follows:

Year Ending September 30,	Principal	Interest	Total
2024	\$ 142,722	\$ 23,956	\$ 166,678
2025	147,593	19,085	166,678
2026	152,630	14,048	166,678
2027	157,839	8,839	166,678
2028	163,225	3,452	166,677
	<u>764,009</u>	<u>\$ 69,380</u>	<u>\$ 833,389</u>
Compensated absences	429,355		
Net pension liability - FRS	10,775,198		
Net pension liability - HIS	2,331,000		
Net OPEB liability	<u>3,060,592</u>		
Total long-term liabilities	<u>\$ 17,360,154</u>		

Interest expenditures for the year ended September 30, 2023 totaled \$29,386 and was recorded in the General Fund. Principal and interest payment of \$17,673 was paid with impact fee revenue.

NOTE G - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2023 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2023, \$88,617 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

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE G - PROPERTY TAXES, CONTINUED

Property taxes payable - maximum discount (4.00%)	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 certifications sold by the Lee County Tax Collector	Prior to June 1

For the year ended September 30, 2023, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.9851 per \$1,000 of the 2023 net taxable value of real property located within the District.

NOTE H - IMPACT FEE ACTIVITY

During the year ended September 30, 2023, the District had the following transactions related to Impact Fees:

Unearned Revenue, October 1, 2022	\$ -
Impact Fee Receipts	17,673
Debt Service Interest and Principal	(17,673)
Unearned Revenue, September 30, 2023	<u>\$ -</u>

NOTE I - FUND BALANCE ALLOCATIONS

Fund balance was allocated the following purposes at September 30, 2023:

<u>Nonspendable Fund Balance</u>	<u>Amount</u>
General Fund	
Prepaid	\$ 141,973
Total Nonspendable Fund Balance	<u>\$ 141,973</u>
<u>Assigned Fund Balance</u>	
General Fund	
Millage Sustainment	\$ 2,506,127
Emergency/disaster (30-45 days)	1,200,000
Capital Sustainment	3,585,602
Firefighter Cancer Plan	50,000
Station 31/Headquarter Construction Project	5,988,030
Total Assigned Fund Balance - General Fund	<u>\$ 13,329,759</u>

Fort Myers Beach Fire Control District

Notes to Financial Statements

September 30, 2023

NOTE J - 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, and property are insured by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$1,000 to 5% of loss) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000.

Insurance programs for health, dental, vision, long-term disability, short-term disability and life are also insured through third party commercial insurance.

On April 1, 2010, the District elected to obtain a third party, fully insured group health, vision and dental plan administered by the Lee County Board of County Commissioners. The District paid premiums of \$1,121,313 which are net amounts paid by employees and retirees, during the year ended September 30, 2023. The District also provides life and disability insurance for the District's employees. The District incurred costs of \$44,976 for these additional coverages.

NOTE K - RETIREMENT PLANS

General Information about the Florida Retirement System

The District participates in two defined benefit pension plans that are administered by the State of Florida, Department of Management Services, Division of Retirement. The plans provide retirement, disability or death benefits to retirees or their designated beneficiaries. Chapter 121, Florida Statutes, establishes the authority for benefit provisions. Changes to the law can only occur through an act of the Florida Legislature. The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the plans. That report is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The Florida Retirement System (FRS) Pension Plan is a cost-sharing multiple-employer defined benefit pension plan with a Deferred Retirement Option Program ("DROP") available for eligible employees. The FRS was established with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state college, or district school board, unless restricted from FRS membership under Sections 121.053 or 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation by cities, municipalities, special districts, charter schools and metropolitan planning organizations is optional.

The Retiree Health Insurance Subsidy (HIS) Program is a cost-sharing, multiple-employer defined benefit pension plan established and administered in accordance with Section 112.363, Florida Statutes. The benefit is a monthly payment to assist retirees of the state-administered retirement systems in paying their health insurance costs. To be eligible to receive a HIS benefit, a retiree under a state-administered retirement system must provide proof of eligible health insurance coverage, which can include Medicare.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE K - RETIREMENT PLANS, CONTINUED

Benefits Provided

Benefits under the FRS Pension Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for 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 the retirement plan and/or class to which the member belonged when the service credit was earned.

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$7.50. The minimum payment is \$45 and the maximum payment is \$225 per month, pursuant to Section 112.363, Florida Statutes.

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2023, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular class	13.57%	2.00%
Special risk class	32.67%	2.00%
Senior management service class	34.52%	2.00%
DROP from FRS	21.13%	2.00%

The employer's contributions for the year ended September 30, 2023, were \$1,221,367 to the FRS Pension Plan and \$99,246 to this HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2023, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2023. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$10,775,198	\$ 2,331,000
Proportion at:		
Current measurement date	0.027042%	0.014678%
Prior measurement date	0.028332%	0.015772%
Pension expense	\$ 658,912	\$ 777,090

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE K - RETIREMENT PLANS, CONTINUED

Deferred Outflows/Inflows of Resources Related to Pensions

At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,011,698	\$ -	\$ 34,124	\$ (5,471)
Change of assumptions	702,417	-	61,281	(201,989)
Net difference between projected and actual earnings on pension plan investments	450,001	-	1,204	-
Changes in proportion and differences between District contributions and proportionate share of contributions	206,976	(1,164,657)	103,714	(163,782)
District contributions subsequent to the measurement date	350,901	-	27,381	-
	<u>\$ 2,721,993</u>	<u>\$ (1,164,657)</u>	<u>\$ 227,704</u>	<u>\$ (371,242)</u>

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date, and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2024. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Fiscal year ending September 30,</u>	FRS	HIS
2024	\$ 60,595	\$ (14,941)
2025	(430,111)	(3,484)
2026	1,482,503	(37,350)
2027	66,061	(64,188)
2028	27,388	(43,474)
Thereafter	-	(7,482)
	<u>\$ 1,206,435</u>	<u>\$ (170,919)</u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE K - RETIREMENT PLANS, CONTINUED

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2023. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2023. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	<u>FRS</u>	<u>HIS</u>
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.70%	N/A
Discount rate	6.70%	3.65%

Mortality assumptions for both plans were based on the PUB-2010 with Projection Scale MP-2018.

For both plans, the actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

The long-term expected investment rate of return was not based on historical returns, but instead was based on a forward-looking capital market economic model. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. For the FRS Pension Plan, the table below summarizes the consulting actuary's assumptions based on the long-term target asset allocation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	<u>100.0%</u>			
Assumed Inflation - Mean			2.4%	1.4%

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE K - RETIREMENT PLANS, CONTINUED

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.70%. FRS'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 is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.65% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

The following table demonstrates the sensitivity of the net pension liability to changes in the discount rate. The sensitivity analysis shows the impact to the employer's proportionate share of the net pension liability if the discount rate was 1.00% higher or 1.00% lower than the current discount rate.

	FRS		
	Current		
	1% Decrease (5.70%)	Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	\$ 18,406,232	\$ 10,775,198	\$ 4,390,925

	HIS		
	Current		
	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
District's proportionate share of the net pension liability	\$ 2,832,181	\$ 2,331,000	\$ 1,952,474

Pension Plans' Fiduciary Net Position

Detailed information about the pension plans' fiduciary net position is available in the state's separately issued financial reports.

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. FRS Investment Plan contributions for the fiscal year ended September 30, 2023 totaled \$202,617.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The District has two post employment other than pension (OPEB) plans:

The Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, pursuant to GASB 74.

OPEB for those who retired on or before September 30, 2008, pursuant to GASB 75.

The measurement date for GASB 74 and GASB 75 reporting is September 30, 2023.

The reporting period is October 1, 2022 through September 30, 2023.

The actuarial valuation date is October 1, 2022.

Plan Description

The District’s Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008 (the "VEBA Plan") is a single-employer defined benefit postemployment health care Plan that covers eligible retired employees of the District. The VEBA Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements to receive a monthly reimbursement, regardless of whether the retiree continues insurance coverage in the District’s Plan.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2022 using the following actuarial assumptions:

Discount rate	7.00% per annum, this rate was used to discount all future benefit payments and is based on the expected long-term return on assets
Expected long-term return on assets	7.00% per annum, (2.51% per annum is attributable to long-term inflation)
Salary increases	3.00% per annum
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for general and public safety employees, with full generational improvements in mortality using Scale MP-2020
Retirement	For firefighters, retirement is assumed to occur at the earlier of age 55 with six years of service or at any age with 25 years of service; for general employees, retirement is assumed to occur at the earlier of age 62 with six years of service or at any age with 30 years of service

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, pursuant to GASB 74, Continued

Actuarial Assumptions, Continued:

Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and Class 1 rates were used for general employees)
Changes	No assumptions were changed since the prior measurement date

Determination of the Long-Term Expected Rate of Return on Plan Assets

	Target Allocation	Real Return
Large cap equity	35.00%	6.00% per annum
SMID cap equity	12.50%	6.75% per annum
International equity	12.50%	6.75% per annum
Convertibles	10.00%	2.50% per annum
Intermediate fixed income	20.00%	2.25% per annum
Short-term fixed income	10.00%	0.00% per annum
Total or weighted arithmetic average	100.00%	4.49% per annum

Covered Individuals

At October 1, 2022, the following employees were covered by the benefit term:

Inactive Plan Members, Dependent Spouses, or Beneficiaries Currently Receiving Benefits	25
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Active Plan Members	52
	77

Contributions

The District makes periodic contributions to the VEBA Plan. No employee contributions are required.

Description of the Benefit Terms

Eligibility: Regular, full-time employees of the District who retire on or after October 1, 2008 with at least 15 years of service.

Retirement benefit provided: The VEBA Plan will provide \$450 per month for those individuals who have earned at least 25 years of service; benefit is reduced by 4% per year for each year of service less than 25; benefit is further reduced by 50% at age 65.

Payment frequency: Subsidy payments to eligible retirees are made annually as of each January 1.

Changes: The benefit terms did not change from the prior measurement date.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, pursuant to GASB 74, Continued

Net OPEB (VEBA) Liability as of September 30, 2023:

Total OPEB liability	\$ 1,356,174 *
Less: plan fiduciary net position	<u>(1,162,768)</u>
District's net OPEB liability	<u><u>\$ 193,406</u></u>

* This amount has been rolled forward from October 1, 2022

OPEB Expense for the 2022/23 Fiscal Year:

Service cost	\$ 23,395
Other recognized changes in net pension liability	
Expected interest growth	5,461
Investment gain/loss	42,451
Demographic gain/loss	44,665
Administrative expenses	29,911
Assumption changes	2,243
OPEB Expense	<u><u>\$ 148,126</u></u>

Deferred Inflows and Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2022	\$ 444,536	\$ 172,597
Changes due to:		
Amortization payments	(148,357)	(58,998)
Investment gain/loss	-	69,502.00
Demographic gain/loss	196,773.00	-
Total change	<u>48,416</u>	<u>10,504</u>
Balance as of September 30, 2023	<u><u>\$ 492,952</u></u>	<u><u>\$ 183,101</u></u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, pursuant to GASB 74, Continued

Balance Equation:

Net OPEB liability as of September 30, 2022	\$ 81,568
Plus OPEB expense for the 2022/23 fiscal year	148,126
Minus employer contribution for the 2022/23 fiscal year	(74,200)
Plus change in balance of deferred outflows of resources	48,416
Minus change in balance of deferred inflows of resources	(10,504)
Net OPEB liability as of September 30, 2023	<u>\$ 193,406</u>

Changes in Net OPEB (VEBA) Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of September 30, 2022	\$ 1,162,590	\$ (1,081,022)	\$ 81,568
Changes due to			
Service cost	23,395	-	23,395
Expected interest growth	79,022	(73,561)	5,461
Unexpected investment income	-	(69,502)	(69,502)
Demographic experience	196,773	-	196,773
Employer contribution	-	(74,200)	(74,200)
Benefit payments and refunds	(105,606)	105,606	-
Administrative expenses	-	29,911.00	29,911
Net changes	<u>193,584</u>	<u>(81,746)</u>	<u>111,838</u>
Balance as of September 30, 2023	<u>\$ 1,356,174</u>	<u>\$ (1,162,768)</u>	<u>\$ 193,406</u>

Comparison of Net OPEB (Asset)/Liability Using Alternative Discount Rate

	Discount Rate Minus 1.00%	Discount Rate 7.00%	Discount Rate Plus 1.00%
Total OPEB liability	\$ 1,488,515	\$ 1,356,174	\$ 1,243,749
Less: fiduciary net position	(1,162,768)	(1,162,768)	(1,162,768)
Net OPEB (asset)/liability	<u>\$ 325,747</u>	<u>\$ 193,406</u>	<u>\$ 80,981</u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, pursuant to GASB 74, Continued

Comparison of Net OPEB (Asset)/Liability Using Healthcare Cost Trend Rates

	Trend Rate Minus 1.00%	7.50% Graded Down to 5.00%	Trend Rate Plus 1.00%
Total OPEB liability	\$ 1,488,515	\$ 1,356,174	\$ 1,243,749
Less: fiduciary net position	(1,162,768)	(1,162,768)	(1,162,768)
Net OPEB (asset)/liability	<u>\$ 325,747</u>	<u>\$ 193,406</u>	<u>\$ 80,981</u>

OPEB for those who retired before September 30, 2008, pursuant to GASB 75

Plan Description

The District's OPEB for those who retired on or before September 30, 2008 (the "Non-VEBA Plan") is an unfunded single-employer defined benefit postemployment health care Plan that covers eligible retired employees of the District. The Non-VEBA Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under one of the District's retirement plans to continue medical, dental and/or vision insurance coverage as a participant in the District's Non-VEBA Plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Non-VEBA Plan does not meet the requirements for an OPEB plan administered through a trust, as no assets are accumulated. The contributions made to the program are assumed to be the benefits paid to retirees and administrative expenses. Any retiree that continues coverage on the District's health insurance still potentially may have an implicit cost, including any retiree eligible for the VEBA Plan which is reflected in these results.

Actuarial Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2022 using the following actuarial assumptions:

- Discount rate: 4.91% per annum, this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
- Salary increase: 3.00% per annum
- Cost of living increases: Retiree contributions, health insurance premiums, and the implicit subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
- Healthcare cost trend rates: Increases in healthcare costs are assumed to be 7.50% for the 2022/23 fiscal year graded down by 0.50% per year to 5.00% for the 2027/28 and later fiscal years.
- Age related morbidity: Healthcare costs are assumed to increase at the rate of 3.50% for each year of age.

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

OPEB for those who retired before September 30, 2008, pursuant to GASB 75, Continued

Actuarial Assumptions, Continued

Implied health subsidy:	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy of \$800 for the retiree and \$675 for the retiree's spouse has been assumed at age 62 for the 2022/23 fiscal year. At other ages, the implied subsidy was developed based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates.
Mortality basis:	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) with full generational improvements in mortality using Scale MP-2020.
Retirement:	For firefighters, retirement is assumed to occur at the earlier of age 55 with six years of service or at any age with 25 years of service; for general employees, retirement is assumed to occur at the earlier of age 62 with six years of service or at any age with 30 years of service.
Other decrements:	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 4 rates were used for firefighters and Class 1 rates were used for general employees).
Health coverage election:	50% of eligible future retirees are assumed to elect coverage for themselves upon retirement or disability until age 65. Current retirees who retired on or before September 30, 2008 are assumed to continue coverage for life. Current retirees who retired on or after October 1, 2008 are assumed to continue coverage until age 65. Spousal coverage is assumed in accordance with the employee's or retiree's current election.
Spouses and dependents:	Husbands are assumed to be three years older than wives. Retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation because the COBRA premium is determined periodically based on the plan experience. The COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes:	Since the prior measurement date, the discount rate increased from 4.77% per annum to 4.91% per annum and the implied monthly subsidy at age 62 for the retiree and his spouse for the 2022/23 fiscal year was decreased from \$891 and \$56, respectively, to \$800 and \$675, respectively

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

OPEB for those who retired before September 30, 2008, pursuant to GASB 75, Continued

Covered Individuals

At October 1, 2022, the following employees were covered by the benefit term:

Inactive plan members, dependent spouses, or beneficiaries currently receiving benefits	27
Active plan members	52
Total	<u>79</u>

Contributions

There are no required employer or employee contributions other than the amount required to be paid by the District as an explicit subsidy.

Description of the Benefit Terms

Explicit subsidy: Individuals who retired prior to October 1, 2008 receive an explicit subsidy from the District and/or from the Florida Retirement System (FRS) to pay for all or a portion of their health insurance premium for single coverage; the explicit subsidy from the District varies depending on the collective bargaining agreement that was applicable at the time of retirement; three individuals who retired on or before September 30, 2008 receive a subsidy equal to 100% of the single premium but must turn over to the District their FRS subsidy; two individuals who retired on or before September 30, 2008 receive no explicit subsidy other than the FRS subsidy.

Net OPEB (Non-VEBA) Liability as of September 30, 2023:

Total OPEB liability	\$ 2,867,186 *
Less: plan fiduciary net position	-
District's net OPEB liability	<u>\$ 2,867,186</u>

* This amount has been rolled forward from October 1, 2022

OPEB (Non-VEBA) Expense for the 2022/23 Fiscal Year:

Service cost	\$ 147,160
Other recognized changes in net pension liability	
Expected interest growth	147,576
Demographic gain/loss	(158,134)
Benefit payments and refunds	(185,565)
Assumption changes	(88,026)
OPEB (Non-VEBA) Expense (Benefit)	<u>\$ (136,989)</u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

OPEB for those who retired before September 30, 2008, pursuant to GASB 75, Continued

Deferred Inflows and Outflows of Resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2022	\$ 789,994	\$ 2,088,499
Changes due to:		
Amortization payments	(215,598)	(461,758)
Demographic gain/loss	221,697.00	-
Assumption Changes	-	413,823
Total change	<u>6,099</u>	<u>(47,935)</u>
Balance as of September 30, 2023	<u>\$ 796,093</u>	<u>\$ 2,040,564</u>

Balance Equation:

Net OPEB (Non-VEBA) liability as of September 30, 2022	\$ 2,950,141
Plus OPEB expense for the 2022/23 fiscal year	(136,989)
Plus change in balance of deferred outflows of resources	6,099
Minus change in balance of deferred inflows of resources	47,935
Net OPEB (Non-VEBA) liability as of September 30, 2023	<u>\$ 2,867,186</u>

Changes in Net OPEB (VEBA) Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of September 30, 2022	\$ 2,950,141	\$ -	\$ 2,950,141
Changes due to			
Service cost	147,160	-	147,160
Expected interest growth	147,576	-	147,576
Demographic experience	221,697	-	221,697
Benefit payments and refunds	(185,565)	-	(185,565)
Assumption changes	(413,823)	-	(413,823)
Net changes	<u>(82,955)</u>	<u>-</u>	<u>(82,955)</u>
Balance as of September 30, 2023	<u>\$ 2,867,186</u>	<u>\$ -</u>	<u>\$ 2,867,186</u>

Fort Myers Beach Fire Control District
Notes to Financial Statements
September 30, 2023

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION, CONTINUED

OPEB for those who retired before September 30, 2008, pursuant to GASB 75, Continued

Comparison of Net OPEB (Asset)/Liability Using Alternative Discount Rate

	Discount Rate Minus 1.00%	Discount Rate 4.91%	Discount Rate Plus 1.00%
Total OPEB liability	\$ 3,174,853	\$ 2,867,186	\$ 2,601,124
Less: fiduciary net position	-	-	-
Net OPEB (asset)/liability	<u>\$ 3,174,853</u>	<u>\$ 2,867,186</u>	<u>\$ 2,601,124</u>

Comparison of Net OPEB (Asset)/Liability Using Healthcare Cost Trend Rates

	Trend Rate Minus 1.00%	7.50% Graded Down to 5.00%	Trend Rate Plus 1.00%
Total OPEB liability	\$ 2,545,527	\$ 2,867,186	\$ 3,247,789
Less: fiduciary net position	-	-	-
Net OPEB (asset)/liability	<u>\$ 2,545,527</u>	<u>\$ 2,867,186</u>	<u>\$ 3,247,789</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

Fort Myers Beach Fire Control District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund - Summary Statement
September 30, 2023

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad Valorem taxes	\$ 15,035,717	\$ 15,035,717	\$ 13,830,709	\$ (1,205,008)
Impact fees	9,190	9,190	17,673	8,483
Intergovernmental revenues:				
Firefighters supplemental income	13,900	13,900	22,892	8,992
State and federal grants	-	-	2,121,488	2,121,488
Charges for services				
Ambulance transport	500,000	500,000	188,814	(311,186)
Inspection fees	304,300	304,300	596,555	292,255
Interest income	282,000	282,000	887,701	605,701
Non-governmental grants	-	-	121,012	121,012
Other income:				
Donations	-	-	9,391	9,391
Miscellaneous	45,000	45,000	2,937,415	2,892,415
Subtotal - revenues	16,190,107	16,190,107	20,733,650	4,543,543
Cash brought forward	12,700,000	14,006,127	-	(14,006,127)
Total revenues	28,890,107	30,196,234	20,733,650	(9,462,584)
EXPENDITURES				
Public safety				
Personal services	11,905,440	11,905,440	9,126,481	2,778,959
Operating	3,317,870	3,317,870	2,873,023	444,847
Capital outlay	1,383,695	1,383,695	1,151,390	232,305
Debt Service				
Principal reduction	230,080	230,080	230,076	4
Interest and fiscal charges	29,390	29,390	29,386	4
Reserves	12,023,632	13,329,759	-	13,329,759
Total expenditures	28,890,107	30,196,234	13,410,356	16,785,878
NET CHANGE IN FUND BALANCE	\$ -	\$ -	7,323,294	\$ 7,323,294
FUND BALANCE - OCTOBER 1, 2022			14,006,127	
FUND BALANCE - SEPTEMBER 30, 2023			\$21,329,421	

Fort Myers Beach Fire Control District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund - Detailed Statement
September 30, 2023

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
REVENUES				
Ad Valorem taxes	\$ 15,035,717	\$ 15,035,717	\$ 13,830,709	\$ (1,205,008)
Impact fees	9,190	9,190	17,673	8,483
Intergovernmental revenues:				
Firefighters supplemental income	13,900	13,900	22,892	8,992
State and federal grants	-	-	2,121,488	2,121,488
Charges for services				
Ambulance transport	500,000	500,000	188,814	(311,186)
Inspection fees	304,300	304,300	596,555	292,255
Interest income	282,000	282,000	887,701	605,701
Non-governmental grants	-	-	121,012	121,012
Other income:				
Donations	-	-	9,391	9,391
Miscellaneous	45,000	45,000	2,937,415	2,892,415
Subtotal - revenues	16,190,107	16,190,107	20,733,650	4,543,543
Cash brought forward	12,700,000	14,006,127	-	(14,006,127)
Total revenues	28,890,107	30,196,234	20,733,650	(9,462,584)
EXPENDITURES				
Public safety				
Personal services				
Elected officials	30,000	30,000	30,000	-
Firefighters and admin	7,482,900	7,482,900	5,649,777	1,833,123
Social security and medicare	574,700	574,700	425,793	148,907
Retirement	1,979,000	1,979,000	1,526,137	452,863
Health and life insurance	1,433,600	1,433,600	1,166,316	267,284
VEBA trust contribution	112,240	112,240	85,720	26,520
Workers compensation	234,600	234,600	215,207	19,393
Occupational health	58,400	58,400	27,531	30,869
Total personal services	11,905,440	11,905,440	9,126,481	2,778,959
Operating expenses				
Legal fees and expenses	80,250	80,250	17,000	63,250
Professional fees	870,100	870,100	316,859	553,241
Medical director	48,000	48,000	38,000	10,000
Audit & accounting	28,700	28,700	28,700	-

Fort Myers Beach Fire Control District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund - Detailed Statement
September 30, 2023

	General Fund			Variance
	Original	Final	Actual	Favorable
	Budget	Budget		(Unfavorable)
EXPENDITURES, CONTINUED				
Public safety, continued				
Operating expenses, continued				
Property appraiser fees	99,900	99,900	94,152	5,748
Tax collector fees	316,500	316,500	277,239	39,261
Other contractual services	45,450	45,450	34,848	10,602
Telephone	16,300	16,300	9,832	6,468
Communication charges, fees &	85,240	85,240	86,415	(1,175)
Postage and freight	1,600	1,600	1,755	(155)
Cable TV	12,500	12,500	7,178	5,322
Electricity & propane	44,800	44,800	32,214	12,586
Garbage service	12,000	12,000	7,339	4,661
Water/sewer	22,000	22,000	20,015	1,985
Commercial property& liability	188,500	188,500	187,592	908
EMS equipment	15,630	15,630	7,360	8,270
Suppression equipment	25,200	25,200	23,452	1,748
Vehicles	125,000	125,000	102,033	22,967
Office equipment	3,500	3,500	2,001	1,499
Buildings	134,000	134,000	74,725	59,275
Miscellaneous	28,690	28,690	23,250	5,440
Required advertising	5,000	5,000	3,581	1,419
Fuel	65,000	65,000	33,702	31,298
Medical	105,800	105,800	30,877	74,923
Suppression & protective gear	273,600	273,600	13,150	260,450
Communication	14,600	14,600	3,752	10,848
Prevention	9,750	9,750	2,086	7,664
Training	5,000	5,000	637	4,363
Office	9,000	9,000	3,956	5,044
Facilities/Housekeeping Suppli	17,800	17,800	17,299	501
FF&E under \$5,000	74,000	74,000	16,419	57,581
Uniforms	49,100	49,100	37,165	11,935
Software licenses and updates	107,450	107,450	68,682	38,768
Career development	49,000	49,000	20,548	28,452
In-Service Training	90,400	90,400	23,501	66,899
Conferences	38,300	38,300	1,244	37,056
Travel	78,160	78,160	5,451	72,709

Fort Myers Beach Fire Control District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund - Detailed Statement
September 30, 2023

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
EXPENDITURES, CONTINUED				
Public safety, continued				
Operating expenses, continued				
Licenses & certifications	8,200	8,200	5,119	3,081
Dues, memberships & subscrip	12,300	12,300	7,772	4,528
Storm expenses	1,550	1,550	1,137,430	(1,135,880)
Aid to other organizations	26,800	26,800	23,190	3,610
Ambulance billing expenses	46,800	46,800	25,194	21,606
Community outreach programs	26,400	26,400	309	26,091
Total operating expenses	<u>3,317,870</u>	<u>3,317,870</u>	<u>2,873,023</u>	<u>444,847</u>
Capital outlay				
Building improvements	167,000	167,000	81,168	85,832
Rolling equipment	1,010,000	1,010,000	751,827	258,173
Medical equipment	89,310	89,310	79,922	9,388
Communication equipment	52,285	52,285	-	52,285
Construction in progress	-	-	5,810	(5,810)
Disaster capital replacement	-	-	232,663	(232,663)
Prevention - life safety	15,900	15,900	-	15,900
Hardware/software	36,400	36,400	-	36,400
Furniture & fixtures	12,800	12,800	-	12,800
Total capital outlay	<u>1,383,695</u>	<u>1,383,695</u>	<u>1,151,390</u>	<u>232,305</u>
Debt service				
Principal payments	230,080	230,080	230,076	4
Interest	29,390	29,390	29,386	4
Total debt service	<u>259,470</u>	<u>259,470</u>	<u>259,462</u>	<u>8</u>
Reserves				
Assigned				
Millage Sustainment	1,200,000	2,506,127	-	2,506,127
Cap Sustainment/Op Bridg	3,585,602	3,585,602	-	3,585,602
ST31/HQ Construction Pr	5,988,030	5,988,030	-	5,988,030
Disaster/Emergency	1,200,000	1,200,000	-	1,200,000
Firefighter Cancer Plan	50,000	50,000	-	50,000
Total reserves	<u>12,023,632</u>	<u>13,329,759</u>	<u>-</u>	<u>13,329,759</u>
Total expenditures	<u>28,890,107</u>	<u>30,196,234</u>	<u>13,410,356</u>	<u>16,785,878</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>7,323,294</u>	<u>\$ 7,323,294</u>
FUND BALANCE - OCTOBER 1, 2022			<u>14,006,127</u>	
FUND BALANCE - SEPTEMBER 30, 2023			<u>\$21,329,421</u>	

Fort Myers Beach Fire Control District
Schedule of District Contributions
For the Last Ten Fiscal Years Ended September 30, 2023

Florida Retirement System (FRS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,221,367	\$ 1,191,507	\$ 1,170,530	\$ 1,011,961	\$ 1,044,334	\$ 852,309	\$ 799,467	\$ 731,434	\$ 611,946	\$ 600,356
Contributions in relation to contractually require contribution	(1,221,367)	(1,191,507)	(1,170,530)	(1,011,961)	(1,044,334)	(852,309)	(799,467)	(731,434)	(611,946)	(600,356)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,727,972	\$ 4,733,659	\$ 4,945,676	\$ 4,510,786	\$ 4,443,346	\$ 4,015,272	\$ 3,682,187	\$ 3,587,646	\$ 3,340,918	\$ 3,492,130
Contributions as a percentage of covered-employee payroll	25.83%	25.17%	23.67%	22.43%	23.50%	21.23%	21.71%	20.39%	18.32%	17.19%

Health Insurance Subsidy Program (HIS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 99,246	\$ 94,390	\$ 98,873	\$ 91,855	\$ 87,659	\$ 81,026	\$ 74,599	\$ 74,164	\$ 56,135	\$ 50,133
Contributions in relation to contractually require contribution	(99,246)	(94,390)	(98,873)	(91,855)	(87,659)	(81,026)	(74,599)	(74,164)	(56,135)	(50,133)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,652,036	\$ 5,686,162	\$ 5,956,233	\$ 5,533,436	\$ 5,280,660	\$ 4,881,075	\$ 4,493,936	\$ 4,467,715	\$ 4,123,409	\$ 4,122,582
Contributions as a percentage of covered-employee payroll	1.76%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%	1.22%

Fort Myers Beach Fire Control District
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Last Ten Fiscal Years Ended June 30, 2023

Florida Retirement System (FRS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.027042%	0.028332%	0.029651%	0.033619%	0.034129%	0.029433%	0.030114%	0.029686%	0.024750%	0.026057%
District's proportionate share of the net pension liability	\$10,775,198	\$10,541,740	\$ 2,239,783	\$14,571,021	\$11,753,697	\$ 8,865,373	\$ 8,910,612	\$ 7,495,637	\$ 3,196,778	\$ 1,589,840
District's covered-employee payroll	\$ 4,868,206	\$ 4,764,938	\$4,776,050	\$ 4,486,420	\$ 4,491,069	\$ 3,694,401	\$ 3,628,598	\$ 3,617,072	\$ 3,404,639	\$ 3,501,676
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	221.34%	221.24%	46.90%	324.78%	261.71%	239.97%	245.57%	207.23%	93.89%	45.40%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Health Insurance Subsidy Program (HIS)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.014678%	0.015772%	0.016262%	0.015753%	0.016086%	0.013762%	0.014017%	0.014370%	0.013783%	0.013765%
District's proportionate share of the net pension liability	\$ 2,331,000	\$ 1,670,474	\$1,994,827	\$ 1,923,433	\$ 1,799,826	\$ 1,456,600	\$ 1,498,734	\$ 1,674,769	\$ 1,405,621	\$ 1,287,084
District's covered-employee payroll	\$ 5,814,894	\$ 5,747,688	\$5,757,242	\$ 5,503,793	\$ 5,381,736	\$ 4,494,949	\$ 4,467,813	\$ 4,450,811	\$ 4,182,011	\$ 4,089,872
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	40.09%	29.06%	34.65%	34.95%	33.44%	32.41%	33.55%	37.63%	33.61%	31.47%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

**Fort Myers Beach Fire Control District
Schedule of Contributions - VEBA Post Employment Benefits Other Than Pension
For the Fiscal Year:**

**Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for
those who retired on or after October 1, 2008, pursuant to GASB 74**

	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined contribution	\$ 74,200	\$ 88,950	\$ 22,906	\$ 97,000	\$ 97,000	\$ 85,600
Contribution in relation to the actuarially determined contribution	<u>74,200</u>	<u>88,950</u>	<u>22,906</u>	<u>97,000</u>	<u>97,000</u>	<u>85,600</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule

Actuarially determined contribution rates shown above are calculated as of October 1 of the current fiscal year in which contributions are reported.

Until a full 10-year trend is compiled governments should present information for only years for which information is available.

Fort Myers Beach Fire Control District
Schedule of Changes in Net OPEB Liability and Related Ratios - VEBA
Post Employment Benefits Other Than Pension

Retiree Health Insurance Trust Fund Plan Voluntary Employee Benefit Association (VEBA) for those who retired on or after October 1, 2008, pursuant to GASB 74

Measurement Date	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Total OPEB Liability - VEBA						
Service cost	\$ 23,395	\$ 23,226	\$ 24,570	\$ 30,056	\$ 28,553	\$ 20,105
Interest	79,022	87,598	85,627	82,416	70,283	70,022
Demographic experience	196,773	(85,887)	14,956	37,721	148,840	21,920
Benefit payments	(105,606)	(144,089)	(93,502)	(94,922)	(94,922)	(115,700)
Assumption Changes	-	-	-	(1,578)	20,993	-
Net Change in Total OPEB Liability	193,584	(119,152)	31,651	53,693	173,747	(3,653)
Total OPEB Liability - Beginning	1,162,590	1,281,742	1,250,091	1,196,398	1,022,651	1,026,304
Total OPEB Liability - Ending	1,356,174	1,162,590	1,281,742	1,250,091	1,196,398	1,022,651
Plan Fiduciary Net Position						
Employer Contributions	74,200	88,950	22,906	97,000	97,000	85,600
Interest	73,561	96,480	-	-	-	-
Net Investment Income	69,502	(365,080)	247,908	68,348	21,063	102,593
Benefits Paid	(105,606)	(144,089)	(93,502)	(94,922)	(94,922)	(115,700)
Administrative Expenses	(29,911)	(1,230)	(29,827)	(35,815)	(20,199)	(9,371)
Net Change in Plan Fiduciary Net Position	81,746	(324,969)	147,485	34,611	2,942	63,122
Plan Fiduciary Net Position - Beginning	1,081,022	1,405,991	1,258,506	1,223,895	1,220,953	1,157,831
Plan Fiduciary Net Position - Ending	1,162,768	1,081,022	1,405,991	1,258,506	1,223,895	1,220,953
Net OPEB Liability/(Asset) - VEBA	\$ 193,406	\$ 81,568	\$ (124,249)	\$ (8,415)	\$ (27,497)	\$ (198,302)
Plan fiduciary net position, as a percentage of the total OPEB liability - VEBA	85.74%	92.98%	109.69%	100.67%	102.30%	119.39%

Until a full 10-year trend is compiled governments should present information for only years for which information is available.

Fort Myers Beach Fire Control District
Schedule of Changes in Net OPEB Liability and Related Ratios - Non-VEBA
Post Employment Benefits Other Than Pension

OPEB for those who retired before September 30, 2008, pursuant to GASB 75

Measurement Date	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Total OPEB Liability						
Service cost	\$ 147,160	\$ 166,024	\$ 252,480	\$ 354,254	\$ 264,344	\$ 127,897
Interest	147,576	205,347	124,843	98,031	126,449	120,273
Demographic experience	221,697	(728,639)	(353,127)	59,414	(333,580)	-
Assumption changes	(413,823)	(738,007)	(593,015)	324,441	1,080,448	-
Benefit payments	<u>(185,565)</u>	<u>(184,885)</u>	<u>(170,955)</u>	<u>(184,389)</u>	<u>(172,651)</u>	<u>(141,049)</u>
Net Change in Total OPEB Liability	(82,955)	(1,280,160)	(739,774)	651,751	965,010	107,121
Total OPEB Liability - Beginning	<u>2,950,141</u>	<u>4,230,301</u>	<u>4,970,075</u>	<u>4,318,324</u>	<u>3,353,314</u>	<u>3,246,193</u>
Total OPEB Liability - Ending	<u><u>\$2,867,186</u></u>	<u><u>\$2,950,141</u></u>	<u><u>\$4,230,301</u></u>	<u><u>\$4,970,075</u></u>	<u><u>\$4,318,324</u></u>	<u><u>\$3,353,314</u></u>

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, FL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Fort Myers Beach Fire Control District, (the "District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Districts basic financial statements, and have issued our report thereon dated February 28, 2024.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
February 28, 2024

Management Letter

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, FL

Report on the Financial Statements

We have audited the financial statements of the Fort Myers Beach Fire Control District, (the "District"), as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 28, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated February 28, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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 financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

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 this management letter, unless disclosed in the notes to the financial statements. The District had no component units as of September 30, 2023.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify 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(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. 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 review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6., Rules of the Auditor General, the District reported:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year is 45.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year is 5.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$5,649,777.
- d. All compensation earned by or awarded to nonemployee independent contractors in fiscal year under audit, whether paid or accrued, regardless of contingency is \$1,001,060.

Special District Component Units, continued

- e. Construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1, 2022, together with the total expenditures for such project includes the following. The District was awarded a \$9 million grant from the State of Florida to rebuild Station 31. Construction is estimated to begin in the summer of 2024 with a completion date no later than March of 2026. The District is actively looking to secure property on San Carlos Island for the purpose of relocating Headquarters and provide public meeting spaces. This property will include a fire training area as well. \$5,810 has been expended to-date for a zoning application.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is located on pages 50-53.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7., Rules of the Auditor General, the District reported:

- a. The mileage rate or rates imposed by the district is 2.9851 mills.
- b. The total amount of ad valorem taxes collected by or on behalf of the district is \$13,830,709.
- c. The District does not have any bonds.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
February 28, 2024



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Independent Accountant's Examination Report

Board of Commissioners
Fort Myers Beach Fire Control District
Fort Myers Beach, FL

We have examined the Fort Myers Beach Fire Control District's (the "District") compliance with Section 218.415, Florida Statutes, in regards to investments for the year ended September 30, 2023.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
February 28, 2024