

**GREATER NAPLES FIRE RESCUE DISTRICT
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

GREATER NAPLES FIRE RESCUE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Greater Naples Fire Rescue District
Naples, Florida

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Greater Naples Fire Rescue District, Naples, Florida (the "District") as of and for the fiscal year ended September 30, 2023, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of September 30, 2023, and the respective changes in financial position for the fiscal year ended September 30, 2023, in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Greater Naples Fire Rescue District Firefighters' Pension Plan (the "Plan") which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the Fiduciary Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Plan, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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

The District's management is responsible for the preparation and fair presentation of the 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 GAAS 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 GAAS, 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 and the other required supplementary information as detailed in the table of contents 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. 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of state financial assistance projects is presented for purposes of additional analysis as required by Chapter 10.550, *Rules of the Auditor General* of the State of Florida, and is not a required part of the basic financial statements.

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

Other Information Included in the Financial Report

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c), but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 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, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Bhav & Associates

June 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Greater Naples Fire Rescue District, Naples, Florida (the "District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2023. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The liabilities plus deferred inflows of resources of the District exceeded its assets plus deferred outflows of resources at the close of most recent fiscal year resulting in a net position deficit balance of (\$3,378,433).
- The change in the District's total net position in comparison with the prior fiscal year was (\$9,304,383), a decrease. The key components of the District's net position and change in net position are reflected in the table in the government-wide financial analysis section.
- At September 30, 2023, the District's governmental funds reported combined ending fund balances of \$21,997,940, an increase of \$3,107,845 in comparison with the prior fiscal year. A portion of fund balance is non-spendable for prepaid expenses and the property held for sale; a portion is restricted for impact fees and debt service; a portion is assigned for hydrant repairs and maintenance expenditures and the remainder is unassigned fund balance which is available for spending at the District's discretion.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Governmental Funds

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

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

The District maintains four governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, mile marker 63 fund, impact fund and the hydrant maintenance fund. The general, mile marker 63 and impact fee funds are considered major funds and the hydrant maintenance fund is considered to be a non-major fund.

The District adopts an annual appropriated budget for each major fund (general fund, special revenue/mile marker 63 fund, and special revenue/impact fee fund). A budgetary comparison schedule has been provided for the general fund, mile marker 63 fund and the impact fee fund to demonstrate compliance with the budgets.

Fiduciary Fund

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. In the case of the District, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources at the close of the most recent fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Key components of the District's net position are reflected in the following table:

NET POSITION SEPTEMBER 30,		
	Governmental Activities	
	2023	2022
Current and other assets	\$ 23,449,729	\$ 20,939,893
Capital assets, net of depreciation	23,355,562	22,676,036
Net pension asset	-	9,831,314
Total assets	<u>46,805,291</u>	<u>53,447,243</u>
Deferred outflows of resources	<u>26,384,446</u>	<u>18,831,677</u>
Liabilities:		
Current liabilities	1,072,376	1,257,825
Non-current liabilities	<u>70,232,793</u>	<u>55,249,901</u>
Total liabilities	<u>71,305,169</u>	<u>56,507,726</u>
Deferred inflows of resources	<u>5,263,001</u>	<u>9,845,244</u>
Net position:		
Net investment in capital assets	13,486,371	13,061,803
Restricted	8,525,860	7,919,254
Unrestricted	(25,390,664)	(15,055,107)
Total net position	<u>\$ (3,378,433)</u>	<u>\$ 5,925,950</u>

The District's net position reflects its investment in capital assets (e.g. land, land improvements, and infrastructure less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending.

The restricted portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

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

Key elements of the change in net position are reflected in the following table:

CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED SEPTEMBER 30,		
	Governmental Activities	
	2023	2022
Revenues and transfers:		
General Revenues		
Property taxes	\$ 42,269,322	\$ 37,306,523
Impact Fees	1,740,963	2,027,792
Unrestricted investment earnings	437,006	28,087
Rental and lease income	138,312	134,586
Miscellaneous	800,105	566,931
Gain (Loss) on disposition of capital assets	-	63,120
Program revenues		
Charges for services	1,112,350	1,286,648
Operating grants and contributions	<u>5,502,963</u>	<u>1,716,699</u>
Total revenues and transfers	<u>52,001,021</u>	<u>43,130,386</u>
Expenses:		
Public safety-fire and rescue services	60,869,176	44,303,815
Interest	<u>436,228</u>	<u>334,524</u>
Total expenses	<u>61,305,404</u>	<u>44,638,339</u>
Change in net position	<u>(9,304,383)</u>	<u>(1,507,953)</u>
Net position - beginning	<u>5,925,950</u>	<u>7,433,903</u>
Net position - ending	<u>\$ (3,378,433)</u>	<u>\$ 5,925,950</u>

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

As noted above and in the statement of activities, the cost of all governmental activities during the fiscal year ended September 30, 2023 was \$61,305,404. The costs of the District's activities were primarily funded by ad valorem taxes. Ad valorem taxes increased in the current year as a result of an increase in the total assessed property value within the District. The remainder of the revenue for the fiscal year ended September 30, 2023 relates primarily to impact fees, miscellaneous revenues, charges for services, and operating grants and contributions. In total, expenses, including depreciation expense, net pension expense and net OPEB expense, increased from the prior fiscal year, the majority of the increase was the result of an increase in personnel costs.

GENERAL BUDGETING HIGHLIGHTS

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted on a basis consistent with generally accepted accounting principles. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. The general fund budget for the fiscal year ended September 30, 2023 was amended to increase revenues by \$3,868,387, decrease use of fund balance by \$2,407,788, and increase appropriations by \$527,000. Actual general fund expenditures exceed appropriations for the fiscal year ended September 30, 2023 by \$2,053,819. The over expenditures were for the financed purchase of vehicles. Both the purchase and the financing were approved by the Board of Commissioners.

Operating budgets were also adopted for the District's Mile Marker 63 fund and impact fee fund. Actual Mile Marker 63 fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023. It is important to note that actual expenditures presented in the schedule are based on a September 30 fiscal year end while the budget in the schedule is based on a June 30 fiscal year end. The fund's expenditures were within the budget for the period July 1, 2022 to June 30, 2023 and in compliance with the contract with the Florida Department of Transportation. Actual impact fee fund expenditures for the fiscal year ended September 30, 2023 did not exceed appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the District had \$49,129,759 invested in land, building and improvements, equipment, vehicles, and right to use leased assets for its governmental activities. In the government-wide financial statements depreciation of \$25,774,197 has been taken, which resulted in a net book value of \$23,355,562. More detail information on the capital assets is presented in the notes to the financial statements.

Capital Debt

At September 30, 2023, the District had \$5,051,664 in equipment notes outstanding, \$712,694 in leases outstanding and \$4,817,527 in loans outstanding for its governmental activities. More detailed information about the District's capital debt is presented in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

It is anticipated that the general operations of the District will remain fairly constant in the subsequent fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. Questions regarding any information provided in this report should be directed to: James West, Finance Director, Greater Naples Fire Rescue District, 14575 Collier Blvd, Naples, FL 34119. Tel (239) 348-7540.

**GREATER NAPLES FIRE RESCUE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 11,680,202
Accounts receivable	971,946
Prepays	364,807
Land held for sale	1,000,000
Lease receivable	403,985
Restricted assets:	
Cash and cash equivalents	8,422,676
Accounts receivable	606,113
Capital assets:	
Non-depreciable	7,581,424
Depreciable, net	15,774,138
Total assets	46,805,291
DEFERRED OUTFLOWS OF RESOURCES	
Pension	24,865,068
Other Post Employment ("OPEB")	1,519,378
Total deferred outflows of resources	26,384,446
LIABILITIES	
Accounts payable	68,902
Accrued expenses	995,287
Accrued interest payable	8,187
Non-current liabilities:	
Due within one year:	
Equipment notes	833,618
Leases	220,502
Loans payable	1,031,872
Due in more than one year:	
Equipment notes	4,218,046
Leases	492,192
Loans payable	3,785,655
Compensated absences	3,921,730
Net pension liability	50,031,775
Net OPEB liability	5,697,403
Total liabilities	71,305,169
DEFERRED INFLOWS OF RESOURCES	
Pension	4,100,282
OPEB	774,419
Lease related	388,300
Total deferred inflows of resources	5,263,001
NET POSITION	
Net investment in capital assets	13,486,371
Restricted for debt service	696,723
Restricted for impact fees	7,829,137
Unrestricted	(25,390,664)
Total net position	\$ (3,378,433)

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
Primary government:				
Governmental activities:				
Public safety	\$ 60,869,176	\$ 1,112,350	\$ 5,502,963	\$ (54,253,863)
Interest on long-term debt	436,228	-	-	(436,228)
Total governmental activities	61,305,404	1,112,350	5,502,963	(54,690,091)
General revenues:				
Property taxes				42,269,322
Impact Fees				1,740,963
Unrestricted investment earnings				437,006
Rental and lease income				138,312
Miscellaneous				800,105
Total general revenues				45,385,708
Change in net position				(9,304,383)
Net position - beginning				5,925,950
Net position - ending				\$ (3,378,433)

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Major Funds			Non-Major	Total Governmental Funds
	General	Mile Marker 63	Impact Fee	Fund Hydrant Maintenance	
ASSETS					
Cash and cash equivalents	\$ 11,074,602	\$ 110,641	\$ 7,615,312	\$ 605,600	\$ 19,406,155
Accounts receivable	971,946	392,288	213,825	-	1,578,059
Due from other funds	500,685	-	-	-	500,685
Prepays	364,807	-	-	-	364,807
Land held for sale	1,000,000	-	-	-	1,000,000
Lease receivable	403,985	-	-	-	403,985
Cash and cash equivalents - restricted	696,723	-	-	-	696,723
Total assets	<u>\$ 15,012,748</u>	<u>\$ 502,929</u>	<u>\$ 7,829,137</u>	<u>\$ 605,600</u>	<u>\$ 23,950,414</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 68,299	\$ -	\$ -	\$ 603	\$ 68,902
Accrued expenses	993,043	2,244	-	-	995,287
Due to other funds	-	500,685	-	-	500,685
Total liabilities	<u>1,061,342</u>	<u>502,929</u>	<u>-</u>	<u>603</u>	<u>1,564,874</u>
Deferred inflows of resources:					
Lease related	388,300	-	-	-	388,300
Total deferred inflows of resources	<u>388,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>388,300</u>
Fund balances:					
Nonspendable:					
Land held for sale	1,000,000	-	-	-	1,000,000
Prepaid expenses	364,807	-	-	-	364,807
Restricted for:					
Debt service	696,723	-	-	-	696,723
Impact fees	-	-	7,829,137	-	7,829,137
Assigned to:					
Hydrant repair and maintenance	-	-	-	604,997	604,997
Unassigned	11,501,576	-	-	-	11,501,576
Total fund balances	<u>13,563,106</u>	<u>-</u>	<u>7,829,137</u>	<u>604,997</u>	<u>21,997,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,012,748</u>	<u>\$ 502,929</u>	<u>\$ 7,829,137</u>	<u>\$ 605,600</u>	<u>\$ 23,950,414</u>

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

Fund balance - governmental funds \$ 21,997,240

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

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

Cost of capital assets	49,129,759	
Accumulated depreciation	<u>(25,774,197)</u>	23,355,562

Deferred outflows of resources related to pensions are recorded in the statement of net position.		24,865,068
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Deferred inflows of resources related to pensions are recorded in the statement of net position.		(4,100,282)
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Deferred outflows of resources related to OPEB are recorded in the statement of net position.		1,519,378
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Deferred inflows of resources related to OPEB are recorded in the statement of net position.		(774,419)
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Liabilities not payable from current available resources are not reported as fund liabilities in governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Accrued interest payable		(8,187)
Equipment notes		(5,051,664)
Leases		(712,694)
Loans payable		(4,817,527)
Compensated absences		(3,921,730)
Net pension liability		(50,031,775)
Net OPEB liability		(5,697,403)
Net position of governmental activities		<u>\$ (3,378,433)</u>

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Major Funds			Non-Major Fund	Total
	General	Mile Marker 63	Impact Fee	Hydrant Maintenance	Governmental Funds
REVENUES					
Ad valorem taxes	\$ 42,269,322	\$ -	\$ -	\$ -	\$ 42,269,322
Intergovernmental	3,845,663	-	-	-	3,845,663
Impact fees	-	-	1,740,963	-	1,740,963
Charges for services	1,112,350	-	-	-	1,112,350
Interest	336,048	-	95,949	5,009	437,006
Rental and lease income	138,312	-	-	-	138,312
Grant revenue	305,819	1,681,117	-	-	1,986,936
Miscellaneous	800,105	-	-	-	800,105
Total revenues	<u>48,807,619</u>	<u>1,681,117</u>	<u>1,836,912</u>	<u>5,009</u>	<u>52,330,657</u>
EXPENDITURES					
Current:					
Public safety					
Personnel service	38,146,947	1,002,292	-	-	39,149,239
Personnel service - MM63 EMS	-	232,392	-	-	232,392
Operating expenditures	5,834,685	116,797	125,099	5,789	6,082,370
Capital outlay	3,705,274	-	8,874	-	3,714,148
Debt service:					
Principal payments	2,303,260	-	784,218	-	3,087,478
Interest expense	125,762	-	312,115	-	437,877
Total expenditures	<u>50,115,928</u>	<u>1,351,481</u>	<u>1,230,306</u>	<u>5,789</u>	<u>52,703,504</u>
Excess (deficiency) of revenues over (under) expenditures	(1,308,309)	329,636	606,606	(780)	(372,847)
OTHER FINANCING SOURCES (USES)					
Equipment note proceeds	3,103,775	-	-	-	3,103,775
Lease proceeds	376,917	-	-	-	376,917
Total other financing sources (uses)	<u>3,480,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,480,692</u>
Net change in fund balances	2,172,383	329,636	606,606	(780)	3,107,845
Fund balances - beginning	11,390,723	(329,636)	7,222,531	605,777	18,889,395
Fund balances - ending	<u>\$ 13,563,106</u>	<u>\$ -</u>	<u>\$ 7,829,137</u>	<u>\$ 604,997</u>	<u>\$ 21,997,240</u>

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Net change in fund balances - total governmental funds	\$ 3,107,845
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives.	3,750,066
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(3,070,540)
Certain revenues were unavailable for the governmental fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.	(329,636)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	
Governmental funds report the proceeds of debt and leases issued as financial resources when they are first issued, whereas these amounts are eliminated in the statement of activities and recognized as long-term liabilities in the statement of net position.	(3,480,692)
Repayment of long-term liabilities are reported as expenditures in the governmental fund, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.	3,087,478
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The details of the differences are as follows:	
Change in Net OPEB liability and deferred outflows and inflows of resources related to OPEB	201,128
Change in net pension asset, net pension liability, and deferred outflows and inflows of resources related to pensions	(11,955,977)
Change in accrued interest	1,649
Change in compensated absences	(615,704)
Change in net position of governmental activities	<u>\$ (9,304,383)</u>

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2023**

ASSETS	
Cash and cash equivalents	\$ 884,451
Receivables:	
Contributions-State of Florida	675,650
Accrued investment income	2,697
Other receivable	71,706
Prepaid insurance	1,428
Investments at fair value:	
Equity-type	23,287,277
Fixed income	16,768,922
Real estate	<u>2,906,817</u>
Total assets	<u>44,598,948</u>
 LIABILITIES AND NET POSITION	
Accounts payable	<u>27,454</u>
Total liabilities	<u>27,454</u>
 NET POSITION HELD IN TRUST FOR PENSION BENEFITS	
	<u><u>\$ 44,571,494</u></u>

See notes to the financial statements

**GREATER NAPLES FIRE RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

ADDITIONS

Contributions:	
District	\$ 897,213
Plan members	299,354
State of Florida	<u>1,917,967</u>
Total contributions	<u>3,114,534</u>
Net investment income*	2,929,260
Total additions to net position	<u>6,043,794</u>

DEDUCTIONS

Benefits paid to members	314,123
Share plan distribution	94,192
Administrative expenses	<u>200,737</u>
Total deductions	<u>609,052</u>

Change in net position	5,434,742
Net position - beginning	<u>39,136,752</u>
Net position - ending	<u>\$ 44,571,494</u>

* Net investment income includes net appreciation (depreciation), net realized gains (losses), interest and other investment related income (loss).

See notes to the financial statements

GREATER NAPLES FIRE RESCUE DISTRICT NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

Greater Naples Fire Rescue District (“the District”) is a local governmental unit created by the Florida Legislature to provide fire and rescue services to a certain prescribing area in Collier County, Florida. The District is an independent special district authorized and existing under the State of Florida enabling statute Chapter 2014-240. On November 4, 2014, the voters of East Naples Fire Control and Rescue District and the Golden Gate Fire Control and Rescue District (“the predecessor Districts”) approved by referendum, House Bill 951, merging the East Naples and Golden Gate Fire Control and Rescue Districts to create a new district known as the Greater Naples Fire Rescue District. The effective date of the merger was November 4, 2014.

The District is operated by a five-person Board of Commissioners (“Board”). The Board is elected by the owners of the property within the District. The Board of the District exercises all powers granted to the District pursuant to Chapter 191, Florida Statutes.

The Board has the responsibility for:

1. Assessing and levying property taxes
2. Approving budgets.
3. Exercising control over facilities and properties.
4. Controlling the use of funds generated by the District.
5. Approving the hiring and firing of key personnel.
6. Financing improvements.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The District's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the District; this fund is not incorporated into the government-wide financial statements.

Property Taxes

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

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Investment earnings are recognized when earned. All other revenue items are recognized when cash is received by the District, as any potential receivable amounts are not significant.

The District reports the following major governmental funds:

General Fund

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

Special Revenue Funds:

Mile Marker 63 Fund

This special revenue fund is used to account for revenues from the Florida Department of Transportation Grant to fund Station 63 at Mile Marker 63 on Alligator Alley that are legally restricted for expenditure for that particular purpose.

Impact Fund

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

The District also reports the following non-major governmental fund:

Hydrant Maintenance Fund

The special revenue fund is used to account for Hydrant maintenance fees that are designated to expenditure for a particular purpose.

The District also reports the following fiduciary fund:

The Firefighters' Pension Trust Fund

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and, therefore, are not available to support District programs. The firefighters' pension trust fund accounts for the activities of firefighters' retirement contributions, which accumulates resources for pension benefit payments on behalf of certain firefighters of the District. On November 18, 2014, the plan was effectively closed to new participants because of the merger.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity

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

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

Restricted Assets

These assets represent cash and investments set aside pursuant to Bond covenants or other contractual restrictions.

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand and demand deposits (interest and non-interest bearing).

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

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

Securities listed in paragraph c and d shall be invested to provide sufficient liquidity to pay obligations as they come due.

The District records all interest revenue related to investment activities in the respective funds and reports investments at fair value.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of more than one year. Such assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed in the subheading "Leases" below). Donated capital assets are recorded at acquisition value at the date of donation.

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

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

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	5-35
Furniture and Equipment	3-20
Vehicles and Trucks	5-15
Right-to-use leased assets	2-5

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Capital Assets (Continued)

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

Leases

Lessee: The District is a lessee for noncancellable leases of vehicles and a warehouse. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Lessor: The District is a lessor for a noncancellable ground and tower lease. The District recognizes lease receivables and a deferred inflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Compensated Absences

The District's employees accumulate paid personal leave based on years of continuous service and work day classification. Upon termination of employment, employees will receive compensation at regular rates of pay for all accumulated paid personal leave. The amount of compensated absences recorded as expenditures in the General Fund is the amount accrued during the year that would normally be liquidated with expendable available financial resources. Amounts not expected to be liquidated with expendable available resources are reported in the Statement of Net Position.

Impact Fees

The District receives impact fees in accordance with an Interlocal agreement with Collier County, Florida. Impact fees are remitted on a monthly basis to the District. The District may expend amounts collected on qualifying capital expenditures.

Deferred Outflows/Inflows of Resources

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

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

Fund Equity/Net Position

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

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

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

Assigned fund balance – Includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. The Board may also assign fund balance as it does when appropriating fund balance to cover differences in estimated revenue and appropriations in the subsequent year's appropriated budget. Assignments are generally temporary and normally the same formal action need not be taken to remove the assignment.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Disclosures

Use of Estimates

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

NOTE 3 – BUDGETARY INFORMATION

The District is required to establish a budgetary system and an approved Annual Budget. Annual Budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund, Mile Marker 63 fund and impact fee fund. All annual appropriations lapse at fiscal year-end.

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

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

Investments

As of September 30, 2023 the fiduciary fund includes the following investments:

	Total Fair Value	Level I	Level II	Level III
<u>Equity investments</u>				
Domestic Equities	\$ 17,703,152	\$ 17,703,152	\$ -	\$ -
International Equities	5,584,125	4,913,248	670,877	-
<u>Fixed income securities</u>				
High Yield Bond ETF	2,647,585	2,647,585	-	-
Convertible Securities ETF	2,145,327	2,145,327	-	-
Aggregate Bond ETF	11,976,010	11,976,010	-	-
<u>Real estate</u>				
American Core Realty	2,906,817	-	-	2,906,817
Total investments	<u>\$ 42,963,016</u>	<u>\$ 39,385,322</u>	<u>\$ 670,877</u>	<u>\$ 2,906,817</u>

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

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

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

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

Equity Type Investments

The Firefighters' Pension Trust Plan (the "Fiduciary Fund") invests in various equity investments. The Fiduciary Fund's investments are recorded at fair market value in accordance with the reporting requirements governing the fund. All such investments are subject to various market and economic risk factors as well as the national and global economies and may lose value and/or principal.

The Fiduciary Fund's investment policy allows investment in equity securities listed on one or more of the recognized national exchanges or on the National Market System of the NASDAQ or the OTC market. The total of equity-type investments of the Fiduciary Fund is not to exceed 70% of the Fund's total market value. In addition, the equity position in any one company's equities shall not exceed 5% of the Fund's total investment in equities. Foreign securities at market value shall not exceed 25% of the Fund's total investment. The policy further limits the equity position of each portfolio manager to investments of not more than 10% in the equity securities of any one company's total equity issues outstanding.

The Fiduciary Fund's investment policy allows investment in fixed income securities. These fixed income securities are limited to 53% of the Plan's total market value.

Custodial credit risk – For an investment, 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 the investments or collateral securities that are in the possession of an outside party. The Plan utilizes the services of individual investment managers for its investments in an effort to mitigate market risk. The investments held by these investment managers are uninsured and unregistered, with securities held by the counterparty's agent in the Plan's name.

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

As of September 30, 2023 the credit ratings of the fixed investments in the fiduciary fund were as follows:

	<u>Rating within Fund</u>
<u>Fixed income mutual funds</u>	
High Yield Bond ETF	Ba1/BB+ or below
Convertible Securities ETF	Baa or higher
Aggregate Core Bond ETF	*

* Information not available for fund.

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Concentration risk – The Fiduciary Fund’s investment policy is that the equity position in any one company’s equities shall not exceed 5% of the Plan’s total assets at cost. Foreign securities at market value shall not exceed 25% of the Plan’s assets at market value.

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 Fiduciary Fund 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>6 to 10</u>	<u>Over 10</u>
High Yield Bond ETF	\$ 2,647,585	\$ -	\$ -	\$ 2,647,585	\$ -
Convertible Securities ETF	2,145,327	-	2,145,327	-	-
Aggregate Core Bond ETF	11,976,010	-	-	11,976,010	-
	<u>\$ 16,768,922</u>	<u>\$ -</u>	<u>\$ 2,145,327</u>	<u>\$ 14,623,595</u>	<u>\$ -</u>

Foreign currency risk – Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars and the carrying value of foreign investments. The plan’s exposure to foreign currency risk derives mainly from its investments in international equity funds. The Plan owns international equity funds and the Plan’s exposure to foreign currency risk related to foreign equity funds as of September 30, 2023 are as follows:

	<u>Fair Value</u>
Foreign Equity	\$ 1,138,148
American Europacific	4,245,977
	<u>\$ 5,384,125</u>

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2023 was as follows:

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 7,581,424	\$ -	\$ -	\$ 7,581,424
Total capital assets, not being depreciated	7,581,424	-	-	7,581,424
Capital assets, being depreciated				
Buildings and improvements	18,269,348	47,334	-	18,316,682
Furniture and equipment	5,170,505	154,593	-	5,325,098
Vehicles and trucks	13,692,555	3,171,222	-	16,863,777
Right-to-use leased assets	793,794	376,917	(127,933)	1,042,778
Total capital assets, being depreciated	37,926,202	3,750,066	(127,933)	41,548,335
Less accumulated depreciation for:				
Buildings and improvements	12,016,936	363,990	-	12,380,926
Furniture and equipment	3,425,326	526,525	-	3,951,851
Vehicles and trucks	7,153,168	1,928,841	-	9,082,009
Right-to-use leased assets	236,160	251,184	(127,933)	359,411
Total accumulated depreciation	22,831,590	3,070,540	(127,933)	25,774,197
Total capital assets, being depreciated, net	15,094,612	679,526	-	15,774,138
Governmental activities capital assets, net	\$ 22,676,036	\$ 679,526	\$ -	\$ 23,355,562

Depreciation expense was all charged to public safety in the amount of \$3,070,540.

NOTE 6 – LONG-TERM LIABILITIES

Equipment Notes

In fiscal year 2018, the District entered into a seven year financing agreement with the Bancorp Bank for the purchase of one 2017 E-One Typhoon Rescue Pumper Truck totaling \$399,900. Based on the agreement, the note was recorded as a financed purchase in the accompanying financial statements.

In fiscal year 2022, the District entered into a six year financing agreement with Leasing 2 for the purchase of five Fire Engines totaling \$2,659,385. Based on the agreement, the note was recorded as a financed purchase in the accompanying financial statements.

In fiscal year 2022, the District entered into a five year financing agreement with the Zoll Medical Corporation for the purchase of eight Defibrillators and accessories totaling \$288,214. Based on the agreement, the note was recorded as a financed purchase in the accompanying financial statements.

In fiscal year 2023, the District entered into a six year financing agreement with Leasing 2 for the purchase of five Pierce Enforcer Pumpers totaling \$3,103,775. Based on the agreement, the note was recorded as a financed purchase in the accompanying financial statements.

Leases

The District is a lessee for noncancellable leases of vehicles and a warehouse. At September 30, 2023, the District is leasing 33 vehicles from Enterprise. In general the Enterprise leases are five year leases. The Enterprise leases were entered into at different times; and therefore, have varying end dates and interest rates. The warehouse lease was entered into on March 6, 2021 and has a term of three years.

NOTE 6 – LONG-TERM LIABILITIES (Continued)

Iberiabank Loan

On April 1, 2011, one of the Predecessor Districts entered into a lease purchase agreement with Fifth Third Bank as a means to refinance the then outstanding principal balance of \$6,691,912 of an original \$8 million promissory note, the proceeds of which were originally used to finance the construction and equipping of two fire stations #72 and #73. On March 11, 2016, the District entered into a \$6,000,000 loan agreement with Iberiabank to refinance the then outstanding principal and interest balance of \$5,974,477 of the 2011 Fifth Third lease purchase agreement. The Iberiabank loan carries a fixed interest rate of 3.0%. Payments of principal and interest are due quarterly beginning June 11, 2016 until final maturity on March 11, 2026. The District's operating funds and impact fees received each year are used as the source of debt service for such loan. The Loan agreement established a debt service reserve requirement. The District agreed to establish an account and maintain its balance at \$696,723 for the sole purpose of paying debt service on the Loan to the extent other legally available funds are not available. The District was in compliance with the requirement at September 30, 2023.

First Horizon loan

On April 22, 2021, the District entered into a \$4,000,000 loan agreement and used the proceeds towards the \$5,300,000 purchase of the white lake property. The loan carries a fixed interest rate of 2.125%. Payments of principal and interest are due quarterly beginning June 1, 2021 until final maturity on June 1, 2031. The loan is payable from pledged revenues which are impact fees and any investment earnings on impact fees.

Changes in long-term liability activity for the fiscal year ended September 30, 2023 were as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Equipment notes	\$ 3,792,088	\$ 3,103,775	\$ 1,844,199	\$ 5,051,664	\$ 833,618
Leases	574,438	376,917	238,661	712,694	220,502
Iberiabank loan	2,306,684	-	634,618	1,672,066	653,872
First Horizon loan	3,515,461	-	370,000	3,145,461	378,000
Compensated absences	3,306,026	2,903,682	2,287,978	3,921,730	-
Total	<u>\$ 13,494,697</u>	<u>\$ 6,384,374</u>	<u>\$ 5,375,456</u>	<u>\$ 14,503,615</u>	<u>\$ 2,085,992</u>

September 30, 2023, the scheduled debt service requirements on long-term liabilities were as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 2,085,992	\$ 293,163	\$ 2,379,155
2025	2,020,801	227,293	2,248,094
2026	1,708,594	166,000	1,874,594
2027	2,027,128	120,568	2,147,696
2028	1,563,908	57,130	1,621,038
2029-2031	1,175,462	37,772	1,213,234
Total	<u>\$ 10,581,885</u>	<u>\$ 901,926</u>	<u>\$ 11,483,811</u>

NOTE 7 - CELLULAR TOWER LEASE AGREEMENTS

The District is a lessor for two noncancellable cellular tower leases. One lease has terms including option periods set to expire in December 2030. Another lease has terms including option periods set to expire in September 2025. The District recognized \$84,573 in lease revenue and \$12,033 in interest revenue related to these leases during the fiscal year ended September 30, 2023. As of September 30, 2023, the District's receivable related to these leases was \$403,985. Also, the District has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was \$388,300.

NOTE 8 – RETIREMENT PLANS

Florida Retirement System (FRS)

General Information about the FRS

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

All District employees hired after November 18, 2014 are eligible to enroll as members of the FRS. Also, all Greater Naples employees who were Golden Gate Fire Control and Rescue District employees before November 4, 2014 or who were East Naples Fire Control and Rescue District certified employees prior to January 1, 1996 are participants in the plan. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and FRS Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of the two cost-sharing, multiple-employer defined benefit plans and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's pension expense related to the Florida Retirement System totaled \$12,316,498 for the fiscal year ended September 30, 2023.

FRS Pension Plan

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

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

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

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

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

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

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

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

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

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the fiscal year ended September 30, 2023 were as follows:

<u>Class</u>	<u>Percent of Gross Salary</u> <u>October 1, 2022 to June 30, 2023</u>		<u>Percent of Gross Salary</u> <u>July 1, 2023 to September 30, 2023</u>	
	<u>Employee</u>	<u>Employer (1)</u>	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	11.91	3.00	11.91
FRS, Special Risk	3.00	27.83	3.00	32.67
FRS, DROP	0.00	18.60	0.00	18.60

(1) Employer rates include a postemployment HIS contribution rate of 1.66% for October 1, 2022 to June 30, 2023 and 2.0% for July 1, 2023 to September 30, 2023, and administrative costs of .06% for the Investment plan through September 30, 2023.

The District's contributions to the Plan totaled \$3,834,372 for the fiscal year ended September 30, 2023. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the District reported a liability of \$33,523,160 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net pension liability was based on the District's contributions for the year ended June 30, 2023 relative to the contributions made during the year ended June 30, 2022 of all participating members. At June 30, 2023, the District's proportionate share was .084%, which was an increase of .002% from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023 the District recognized pension expense of \$7,943,775 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 3,147,535	\$ -
Change of assumptions	2,185,318	-
Net difference between projected and actual earnings on FRS pension plan investments	1,400,018	-
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	2,979,187	(788,592)
District FRS contributions subsequent to the measurement date	1,219,790	-
Total	<u>\$ 10,931,848</u>	<u>\$ (788,592)</u>

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) - The deferred outflows of resources related to pensions, totaling \$1,219,790 resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2024	\$ 1,599,131
2025	152,885
2026	6,049,255
2027	944,105
2028	178,090
Thereafter	-
Total	\$ 8,923,466

Actuarial Assumptions – The total pension liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 valuation were based in the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	2.6%	2.9%	1.1%
Fixed income	19.8%	4.4%	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	100.0%			
Assumed inflation - mean			2.4%	1.4%

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

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

FRS Pension Plan (Continued)

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

Sensitivity of the District's Proportionate Share of the Net Position Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of net pension liability	\$ 57,264,383	\$ 33,523,160	\$ 13,660,786

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

HIS Pension Plan

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

Benefits Provided – For the fiscal year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2023, the contribution rate was 1.66% of payroll from October 1, 2022 to June 30, 2023 and 2% from July 1, 2023 to September 30, 2023, pursuant to section 112.363, Florida Statutes. The District contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The District's contributions to the HIS Plan totaled \$258,395 for the fiscal year ended September 30, 2023.

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

HIS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2023, the District reported a net pension liability of \$7,492,883 for its proportionate share of the HIS Plan’s net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District’s proportionate share of the net pension liability was based on the year ended June 30, 2023 contributions relative to the year ended June 30, 2022 contributions of all participating members. At June 30, 2023, the District’s proportionate share was .047%, which was a 0.001% decrease from its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$3,202,530 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 109,691	\$ (17,587)
Change of assumptions	196,986	(649,284)
Net difference between projected and actual earnings on HIS pension plan investments	3,869	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	911,957	(42,643)
District HIS contributions subsequent to the measurement date	95,242	-
Total	<u>\$ 1,317,745</u>	<u>\$ (709,514)</u>

The deferred outflows of resources related to pensions, totaling \$95,242, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2024	\$ 220,791
2025	164,587
2026	119,777
2027	30,127
2028	(15,464)
Thereafter	(6,829)
Total	<u>\$ 512,989</u>

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

HIS Pension Plan (Continued)

Actuarial Assumptions – The total pension liability in the July 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.65%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2023 valuation were based in the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate – The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
District's proportionate share of net pension liability	\$ 8,548,210	\$ 7,492,883	\$ 6,618,088

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

FRS – Defined Contribution Pension Plan

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

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

NOTE 8 – RETIREMENT PLANS (Continued)

Florida Retirement System (FRS) (Continued)

FRS – Defined Contribution Pension Plan (Continued)

Allocations to the investment member's accounts during the fiscal year ended September 30, 2023, were as follows:

<u>Class</u>	<u>Percent of Gross Compensation October 1, 2022 to June 30, 2023</u>	<u>Percent of Gross Compensation July 1, 2023 to September 30, 2023</u>
FRS, Regular	6.30%	8.30%
FRS, Special Risk	7.67%	9.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members.

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

The District's Investment Plan pension expense totaled \$1,170,193 for the fiscal year ended September 30, 2023.

Firefighters' Pension Plan

Description of Plan

The following description of Greater Naples Fire Rescue District Firefighters' Pension Plan (the "Plan") provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan's provisions.

The Plan is a single employer defined benefit pension plan covering all eligible employees (firefighters), as later defined, of Greater Naples Fire Rescue District ("Employer and Plan Sponsor and District"). The Plan was originally adopted on July 29, 1996 by East Naples Fire Control and Rescue Resolution 96-03 and has been amended on several occasions. The Plan is intended to provide participants with future retirement benefits. The Plan was established in accordance with the provisions of Florida Statutes Chapters 112 and 175 and by the authority of Chapter 95-338 of the Laws of Florida.

Basis of Accounting

The Pension Plan is accounted for on the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. District contributions are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plans.

NOTE 8 – RETIREMENT PLANS (Continued)

Firefighters' Pension Plan (Continued)

Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price. Net depreciation in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Dividends and interest income are recognized as earned. Purchases and sales of investments are recorded on a trade-date basis.

Plan Administration

The administration of the Plan was the responsibility of the Greater Naples Fire Rescue District Firefighters' Pension Plan's Board of Trustees ("Trustees"). The Trustees of the Plan are comprised of certain employees of the Employer and other individuals designated by the plan sponsor.

Effective January 1, 2013, the Trustees changed Plan custodians to Salem Trust Company. As part of this transition, the investment consultant was changed to Burgess, Chambers and Associates (BCA) and three new investment managers were hired to provide advice on active investments. In addition, BCA recommended and the Board approved various passive investments including American Core Realty.

The Plan contracted an accountant to maintain routine accounting records and to report to the Board of Trustees. The Plan also contracted a consultant to routinely coordinate Plan activities as well as to advise the Board of Trustees. The Plan further contracts for other professionals such as legal counsel, actuaries and auditors.

The Plan issues a stand-alone financial audited report. Copies of the report may be obtained from the District by contacting James West, Finance Manager, Greater Naples Fire Rescue District, 14575 Collier Blvd, Naples, FL 34119. Tel (239) 348-7540.

Contributions

Greater Naples Fire Rescue District (Employer and/or District) is required to contribute an actuarially determined amount equal to or greater than the difference between the total contributions from all other sources for the year and the actuarially determined cost including any unfunded past service liability. The District's actuarially determined contributions for the past three years were as follows:

Fiscal Year	(1) Actuarially Determined Contribution (ADC)	(2) Contributions in relation to the ADC	(3) Difference Between (1) and (2)	Covered Employee Payroll	Column (2) as a Percentage of Covered Payroll
2021	1,470,826	1,470,826	-	4,461,103	32.97%
2022	1,469,666	1,469,668	2	4,519,268	32.52%
2023	1,576,311	1,576,312	1	4,788,308	32.92%

The Plan's participants are required to make regular contributions to the Plan. As a result of Resolution 2013-2, the contribution rate was changed from 1% to 3% of covered salary effective September 2, 2013.

State of Florida contributions are received each year by the Plan pursuant to Chapter 175. These contributions consist of hazard insurance premium taxes imposed on the insured properties within the boundaries of the District. Any state premium tax revenues received in excess of the amount that was received for calendar year 1997 must first be used to fund the cost of compliance with minimum benefits. Any additional revenues must be used to provide extra benefits for the firefighters included in the Plan.

Plan Eligibility

All full time firefighters hired by the predecessor District, East Naples Fire Control and Rescue District, on or after January 1, 1996, shall be eligible for membership into the Plan on the date of their employment. However, as of November 18, 2014, the Board of Fire Commissioners voted to place all newly hired full-time firefighters in the Florida Retirement System (FRS). This effectively closed the Chapter 175 plan to new participants.

NOTE 8 – RETIREMENT PLANS (Continued)

Firefighters' Pension Plan (Continued)

Credited Service

Credited service is equal to the qualified employees' total length of service with the Employer. Certain options exist to purchase credited service.

Plan Membership

Employee membership as of October 1, 2023, (the date of the most recent actuarial evaluation) was as follows:

Inactive members:	
Members or beneficiaries currently receiving benefits	7
Members entitled to but not yet receiving benefits	9
Active plan members	<u>37</u>
Total	<u>53</u>

Vesting

A member of the Plan vests after completing six (6) years of credited service.

Pension Benefits

Any member who has attained the age of 55 with six years of credited service or 25 years of credited service, regardless of age, may retire with normal retirement benefits for life. Upon normal retirement a member will receive a benefit based on average monthly salary and credited service. Normal retirement date is the month in which the circumstances noted above occur. The monthly retirement benefit shall equal 3% of average final compensation for each year of credited service if member retired before October 1, 2022 or, if the member retired on or after October 1, 2022, 3.50% of average final compensation for each year of credited service.

Early Retirement

A member who has attained age 50 and completed six years of credited service may retire at any time with reduced benefits. Upon early retirement a member will receive a benefit for life based on the accrued benefit reduced by 3% for each year prior to normal retirement if retired prior to October 1, 2022 and 3.5% per year if retired after October 1, 2022.

Late Retirement

A member may continue to work past the normal retirement date.

Dollar Limitation

Annual benefits cannot exceed \$160,000.

Disability Retirement

If a member becomes totally and permanently disabled as provided by the Plan, the member may retire on a non-service incurred disability and be eligible for benefits only if the member has at least eight years of credited service. If disability is the result of a line of duty Injury a member may retire and receive retirement benefits regardless of length of service.

Death Benefits

Upon the death of a vested member, a survivor benefit will be payable to the designated beneficiary. The accrued benefit is payable for ten years. Upon the death of a non-vested member designated beneficiary will receive a refund of the member's accumulated contributions.

Vested Retirement Benefit

Normal retirement benefit is equal to 3% of members Average Final Compensation (AFC) which is one twelfth (1/12) of the AFC of the five (5) best years of credited service multiplied by number of years of credited service plus an additional benefit of \$5 per month multiplied by the number of years of credited service (see below).

NOTE 8 – RETIREMENT PLANS (Continued)

Firefighters' Pension Plan (Continued)

Vested Retirement Benefit (Continued)

Compensation is defined as cash compensation paid for services rendered including up to 300 hours of overtime excluding lump sum payments for unused leave time, effective October 1, 2012. Any member who terminates employment for reasons other than retirement, disability or death may be entitled to a benefit. If a member has more than six years of credited service, this benefit will be equal to the member's accrued benefit. If a member has less than six years of credited service, they will receive a refund of their own contributions.

The monthly benefit of each retiree and beneficiary receiving the above benefits under the Plan shall be increased by 3% at the beginning of each fiscal year.

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The District's net pension asset for the Firefighters' pension plan is measured as the total pension liability less the pension plans' fiduciary net position. At September 30, 2023, the District reported a net pension liability of \$9,015,732 related to the plan. The net pension liability at September 30, 2023 was measured as of September 30, 2022, using an annual actuarial valuation as of October 1, 2021 rolled forward to September 30, 2022 using standard update procedures. For the fiscal year ended September 30, 2023, the District recognized pension expense of \$8,299,381.

NOTE 8 – RETIREMENT PLANS (Continued)**Firefighters' Pension Plan (Continued)****Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

The changes in the Net Pension Asset of the District for year ended September 30, 2023 follow:

Measurement date September 30,	2022
Total pension liability	
Service cost	\$ 1,717,634
Interest	3,240,258
Share Plan Allocation	333,133
Changes of benefit terms	4,807,338
Difference between expected and actual experience	1,776,782
Benefit payments and refunds	631,966
Changes in assumptions	<u>(371,949)</u>
Net change in total pension liability	12,135,162
Total pension liability - beginning	<u>36,017,322</u>
Total pension liability - ending (a)	<u><u>\$ 48,152,484</u></u>
 Plan fiduciary net position	
Contributions - Employer	\$ 790,570
Contributions - State	1,012,232
Contributions - Employee	135,578
Net investment income (loss)	(8,049,887)
Benefits payments and refunds	(371,949)
Administrative expense	<u>(228,427)</u>
Net Change in Plan Fiduciary Net Position	(6,711,883)
Plan Fiduciary Net Position - Beginning	<u>45,848,635</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 39,136,752</u></u>
 Net Pension Liability (Asset) - Ending (a) - (b)	<u><u>\$ 9,015,732</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.28%
 Covered Employee Payroll	<u><u>\$ 4,519,268</u></u>
 Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	199.50%

NOTE 8 – RETIREMENT PLANS (Continued)

Firefighters' Pension Plan (Continued)

Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes due to:		
Differences between expected and actual experience	\$ 2,100,501	\$ (2,279,148)
Changes of assumptions	955,110	(323,028)
Net difference between projected and actual earnings on pension plan investments	6,744,684	-
Employer and State contributions subsequent to the measurement date	2,815,180	-
Total	<u>\$ 12,615,475</u>	<u>\$ (2,602,176)</u>

The deferred outflows of resources related to pensions, totaling \$2,815,180, resulting from District contributions to the Firefighters' pension plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2024	\$ 1,663,660
2025	1,495,011
2026	1,595,518
2027	2,443,930
Total	<u>\$ 7,198,119</u>

Actuarial Methods and Significant Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions applied to all measurement periods.

Inflation	2.70%
Salary increases	Service based
Investment Rate of Return	7.55%
Mortality Rate Healthy Active Lives:	Female: PubS.H-2010 for Employees, set forward one year. Male: PubS.H-2010 for Employees, set forward one year.
Mortality Rate Healthy Inactive Lives:	Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.
Mortality Rate Disabled Lives:	80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

The actuarial assumptions used in the October 1, 2022 valuation were based on the results of an actuarial experience study dated August 4, 2014.

NOTE 8 – RETIREMENT PLANS (Continued)

Firefighters' Pension Plan (Continued)

Actuarial Methods and Significant Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, the measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic equity	40.0%	7.2%
International equity	10.0%	2.9%
Bonds	28.0%	1.7%
High yield bonds	6.0%	4.1%
Convertibles	5.0%	5.9%
Private real estate	5.0%	5.9%
Infrastructure	5.0%	5.1%
Cash	1.0%	-0.1%
	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.55 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the discount rate, the following presents the District's net pension asset, calculated using the current discount rate, as well as what the plan's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Discount Rate	1% Increase
Net pension liability (asset)	\$ 16,103,534	\$ 9,015,732	\$ 3,260,210

Defined Contribution Plan

The District maintains a single-employer defined contribution pension plan through Nationwide Insurance for the benefit of District employees who were non-firefighter employees of East Naples Fire Control and Rescue District hired after January 1, 1996. The plan is administered by the District. Changes to the plan may be made by trustees of the plan with cooperation from the Board of Fire Commissioners of the District. The plan is for full-time employees and has certain eligibility provisions. Pension expense related to this plan was for the fiscal year ended September 30, 2023 was \$37.168. The contribution rates for the fiscal year ended September 30, 2023 was 10.23% for civilians. Vesting occurs over six years at 20% per year beginning after 2 years of service for all participants except commissioners who are 100% vested upon entering plan. Forfeitures are disposed of in the plan year in which the forfeiture occurs. Forfeitures may first be used to pay administrative expenses. Forfeitures are allocated to all participants eligible to share in the allocations of District contributions or forfeitures in the same proportion that each participant's compensation for the plan year bears to the compensation of all participants for such year.

NOTE 9 – DEFERRED COMPENSATION PLANS

For fiscal year 1999, the District adopted the Statement of Government Accounting Standards Board No. 32 "Reporting for Section 457 Deferred Compensation Plans", which requires the removal of the related asset and liability of the deferred compensation plans since such funds are held in trust and are not the property of the District. The District administers two deferred compensation plans. The District's contributions to the plans for the fiscal year ended September 30, 2023 were \$212,050.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

OPEB Plan Provisions

Pursuant to Section 112.081, Florida Statutes, the District is required to permit eligible retirees and their eligible dependents to participate in the District's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees.

Certain retirees and employees who chose to freeze accrued benefits receive one month of retiree medical coverage for each 2 months of service. These employees also receive life insurance in an amount up to \$50,000 at the time of his or her severance of employment but not less than \$10,000 if under the age of 70. If the retiree is over the age of 70 they receive half of that amount. Other employees are in the District's Post-Employment Health Plan (PEHP) and as required by Florida Law, when they retire under age 65 are required to have access to their current health insurance plan if they pay the full premium. This is a benefit to retirees because the cost of health insurance for retirees under age 65 exceeds the full premium.

Employees hired prior to July 1, 2011 with 25 years of service or age 55 with 6 years of service can retire under the plan. Employees hired on or after July 1, 2011 with 30 years of service or age 60 with 8 years of service can retire under the plan.

The District has not set up a trust to prefund these benefits ("OPEB Plan"). They will pay benefits on a pay-as-you-go basis and not contribute to a trust. The PEHP assets are not considered OPEB Plan assets. The OPEB Plan does not issue a separate financial report.

At October 1, 2022, the actuarial valuation date, the following employees were covered by benefit terms:

Active employees	235
Retirees in Pay Status	<u>29</u>
Total	<u>264</u>

The net OPEB liability at September 30, 2023 was determined using the following actuarial assumptions:

Valuation date	October 1, 2022
Measurement date	September 30, 2023
Actuarial cost method	Entry Age Normal
Discount rate	4.63 percent
Inflation	2.5 percent per year
Healthcare cost trend rates	6.00 percent initial, grading down to the ultimate trend rate of 3.94 percent in FY 2075
Demographic assumptions	Assumptions are based on Florida Retirement System assumptions.
Election Percentage and Age of Spouse	Actual spousal coverage is used for retirees, 66% of active participants are assumed to cover a spouse upon retirement; females assumed 3 years younger than male spouse. 10% of PEHP employees are assumed to elect to participate in the plan upon retirement/disability.

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Changes in the net OPEB liability during the fiscal year ended September 30, 2023 were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of September 30, 2019	\$ 6,076,521	\$ -	\$ 6,076,521
Changes due to:			
Service cost	76,513	-	76,513
Interest	253,228	-	253,228
Experience Losses/(Gains)	-	-	-
Contribution/Benefits Paid - Employer	-	642,674	(642,674)
Changes of Assumptions	(66,185)	-	(66,185)
Benefit Payments (net of retiree contributions)	(642,674)	(642,674)	-
Balance as of September 30, 2020	<u>\$ 5,697,403</u>	<u>\$ -</u>	<u>\$ 5,697,403</u>

For the year ended September 30, 2023 the District recognized OPEB expense of \$441,546. At September 30, 2023 the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes due to:		
Differences between expected and actual experience	\$ 1,275,923	\$ -
Changes of assumptions	243,455	(774,419)
Balance as of September 30, 2021	<u>\$ 1,519,378</u>	<u>\$ (774,419)</u>

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

Year Ending September 30:	Amount
2024	\$ 111,805
2025	111,805
2026	111,805
2027	111,805
2028	123,455
Thereafter	174,284
Total	<u>\$ 744,959</u>

Sensitivity of the net OPEB liability to changes in the discount rate and health-care cost trend rates- The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

1% Decrease (3.63%)	Current Discount Rate (4.63%)	1% Increase (5.63%)
\$ 5,990,567	\$ 5,697,403	\$ 5,419,174

NOTE 10 – POST EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Sensitivity of the net OPEB liability to the changes in the healthcare cost trend rates- The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Healthcare Cost Trend	1% Increase
(2.94%)	(3.94%)	(4.94%)
\$ 5,314,939	\$ 5,697,403	\$ 6,128,203

NOTE 11 – RISK MANAGEMENT AND CONTINGENCIES

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There have been no claims from these risks that exceeded commercial insurance coverage over the past three years.

The District is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of the District's management, will have a material effect on the District's financial position.

NOTE 12 – JOINT VENTURES

The District is involved in three joint venture agreements with Collier County and North Collier Fire Control and Rescue District. All of the joint ventures relate to the construction of various fire stations.

The first joint venture occurred in 1991 between the District and Collier County. The property construction cost division was allocated between the District and the County at 64.67% and 39.16%, respectively. Any shared expenses for common areas are paid using the usage percentages which are 60.84% for the District and 39.16% for the County. The agreement can be terminated if agreed to by both parties in writing.

The second joint venture occurred in 2001 between the District, North Collier Fire Control and Rescue District (North Collier) and Collier County. Each entity paid for one-third of the construction costs and are each responsible for one third of the expenses. The agreement may be terminated if agreed to by all of the parties in writing.

The third joint venture occurred in 2004 between the District and Collier County. The property construction cost division was 63% to the District and 37% to the County. However, the property is owned by the District. Expenses are shared in the same proportion. The agreement can be terminated with 60 days written notice by either party.

Both North Collier and Collier County are independent governmental entities and issue independent audited financial statements. Copies of the reports may be obtained from North Collier Fire Control and Rescue District, 1885 Veterans Park Drive, Naples, FL 34109. Tel (239)-597-3222 and Collier County Government, 8075 Lely Cultural Parkway Naples FL 34113. Tel (239)-252-3740.

NOTE 13 - SUBSEQUENT EVENTS

Subsequent to September 30, 2023, the District and Collier County entered into an agreement, effective October 1, 2022, revising the terms under which the District provides services to the Ochopee Municipal Fire Services Taxing District ("Ochopee MSTU").

**GREATER NAPLES FIRE RESCUE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Non-operating revenue	\$ 43,510,151	\$ 47,378,538	\$ 46,114,985	\$ (1,263,553)
Charges for services	939,600	939,600	1,112,350	172,750
Grant revenue	60,000	60,000	305,819	245,819
Miscellaneous	617,570	617,570	1,274,465	656,895
Total revenues	45,127,321	48,995,708	48,807,619	(188,089)
EXPENDITURES				
Current:				
Public safety:				
Personnel service	39,081,809	39,081,809	38,146,947	934,862
Operating expenditures	5,761,503	6,236,503	5,834,685	401,818
Capital outlay	601,100	653,100	3,705,274	(3,052,174)
Debt service	2,090,697	2,090,697	2,429,022	(338,325)
Total expenditures	47,535,109	48,062,109	50,115,928	(2,053,819)
Excess (deficiency) of revenues over (under) expenditures	(2,407,788)	933,599	(1,308,309)	(2,241,908)
OTHER FINANCING SOURCES (USES)				
Carry forward	2,407,788	-	-	-
Equipment note proceeds	-	-	3,103,775	3,103,775
Lease proceeds	-	-	376,917	376,917
Total other financing sources (uses)	2,407,788	-	3,480,692	3,480,692
Net change in fund balances	\$ -	\$ 933,599	2,172,383	\$ 1,238,784
Fund balances - beginning			11,390,723	
Fund balances - ending			\$ 13,563,106	

See notes to required supplementary information

**GREATER NAPLES FIRE RESCUE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – MILE MARKER 63 FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts Original & Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Grant Revenue	\$ 1,400,000	\$ 1,681,117	\$ 281,117
Total revenues	1,400,000	1,681,117	281,117
EXPENDITURES			
Current:			
Public safety:			
Personnel service	823,500	1,002,292	(178,792)
Personnel service - MM63 EMS	380,970	232,392	148,578
Operating expenditures	195,530	116,797	78,733
Total expenditures	1,400,000	1,351,481	48,519
Excess (deficiency) of revenues over (under) expenditures	\$ -	329,636	\$ 329,636
Fund balances - beginning		(329,636)	
Fund balances - ending		\$ -	

See notes to required supplementary information

**GREATER NAPLES FIRE RESCUE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – IMPACT FEE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Impact fees	\$ 1,200,000	\$ 1,740,963	\$ 540,963
Interest	1,000	95,949	94,949
Total revenues	<u>1,201,000</u>	<u>1,836,912</u>	<u>635,912</u>
EXPENDITURES			
Current:			
Operating expenditures	-	125,099	(125,099)
Capital outlay	4,890,681	8,874	4,881,807
Debt service	1,080,762	1,096,333	(15,571)
Total expenditures	<u>5,971,443</u>	<u>1,230,306</u>	<u>4,741,137</u>
Excess (deficiency) of revenues over (under) expenditures	(4,770,443)	606,606	5,377,049
OTHER FINANCING SOURCES			
Use of fund balance	4,770,443	-	(4,770,443)
Total other financing sources	<u>4,770,443</u>	<u>-</u>	<u>(4,770,443)</u>
Net change in fund balances	<u>\$ -</u>	606,606	<u>\$ 606,606</u>
Fund balances - beginning		<u>7,222,531</u>	
Fund balances - ending		<u>\$ 7,829,137</u>	

See notes to required supplementary information

**GREATER NAPLES FIRE RESCUE DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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

The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Board of Commissioners. The general fund budget for the fiscal year ended September 30, 2023 was amended to increase revenues by \$3,868,387, decrease use of fund balance by \$2,407,788, and increase appropriations by \$527,000. Actual general fund expenditures exceed appropriations for the fiscal year ended September 30, 2023 by \$2,053,819. The over expenditures were for the financed purchase of vehicles. Both the purchase and the financing were approved by the Board of Commissioners.

Operating budgets were also adopted for the District's Mile Marker 63 fund and impact fee fund. Actual Mile Marker 63 fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2023. It is important to note that actual expenditures presented in the schedule are based on a September 30 fiscal year end while the budget in the schedule is based on a June 30 fiscal year end. The fund's expenditures were within the budget for the period July 1, 2022 to June 30, 2023 and in compliance with the contract with the Florida Department of Transportation. Actual impact fee fund expenditures for the fiscal year ended September 30, 2023 did not exceed appropriations.

**GREATER NAPLES FIRE RESCUE DISTRICT
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2023
(UNAUDITED)**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the FRS net pension liability	0.084%	0.082%	0.069%	0.075%	0.074%	0.072%	0.060%	0.047%	0.036%
District's proportionate share of the FRS net pension liability	\$ 33,523,160	\$ 30,647,044	\$ 5,233,068	\$ 32,334,073	\$ 25,345,788	\$ 21,647,507	\$ 17,857,998	\$ 11,934,891	\$ 4,639,901
District's covered employee payroll net pension liability as a percentage of its covered employee payroll	\$ 14,475,312	\$ 13,162,409	\$ 10,878,404	\$ 9,925,275	\$ 9,438,875	\$ 8,970,403	\$ 7,251,035	\$ 5,428,969	\$ 4,463,836
FRS plan fiduciary net position as a percentage of the total pension liability	231.59%	232.84%	48.11%	325.78%	268.53%	241.32%	246.28%	219.84%	103.94%
	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the HIS net pension liability	0.047%	0.048%	0.040%	0.037%	0.037%	0.037%	0.031%	0.025%	0.021%
District's proportionate share of the HIS net pension liability	\$ 7,492,883	\$ 5,031,639	\$ 4,868,496	\$ 4,480,422	\$ 4,133,192	\$ 3,873,342	\$ 3,313,097	\$ 2,862,746	\$ 2,126,479
District's covered employee payroll net pension liability as a percentage of its covered employee payroll	\$ 14,475,312	\$ 13,162,409	\$ 10,878,404	\$ 9,925,275	\$ 9,438,875	\$ 8,970,403	\$ 7,251,035	\$ 5,428,969	\$ 4,463,836
FRS plan fiduciary net position as a percentage of the total pension liability	51.76%	38.23%	44.75%	45.14%	43.79%	43.18%	45.69%	52.73%	47.64%
	4.12%	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

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

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

**GREATER NAPLES FIRE RESCUE DISTRICT
FLORIDA RETIREMENT SYSTEM PENSION LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2023
(UNAUDITED)**

		Schedule of the District Contributions - Florida Retirement System Pension Plan Last 10 Fiscal Years (1) (2)									
		2023	2022	2021	2020	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$	3,834,372	\$ 3,107,776	\$ 2,500,906	\$ 2,141,558	\$ 2,141,558	\$ 2,025,053	\$ 1,802,309	\$ 1,511,669	\$ 1,031,152	\$ 824,264
FRS contributions in relation to the contractually required contribution	(3,834,372)	(3,107,776)	(2,500,906)	(2,141,558)	(2,141,558)	(2,025,053)	(1,802,309)	(1,511,669)	(1,031,152)	(824,264)	
FRS contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$	14,801,077	\$ -	\$ 11,533,132	\$ 9,997,319	\$ 9,997,319	\$ 9,630,281	\$ 9,053,926	\$ 8,035,384	\$ 5,783,772	\$ 4,671,619
FRS contributions as a percentage of covered employee payroll		25.91%	23.46%	21.68%	21.42%	21.42%	21.03%	19.91%	18.81%	17.83%	17.64%

		Schedule of the District Contributions - Health Insurance Subsidy Pension Plan Last 10 Fiscal Years (1) (2)									
		2023	2022	2021	2020	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$	258,395	\$ 219,878	\$ 191,451	\$ 165,955	\$ 165,955	\$ 159,863	\$ 150,297	\$ 133,389	\$ 96,011	\$ 89,164
HIS contributions in relation to the contractually required contribution	(258,395)	(219,878)	(191,451)	(165,955)	(165,955)	(159,863)	(150,297)	(133,389)	(96,011)	(89,164)	
HIS contribution deficiency (excess)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$	14,801,077	\$ 13,245,692	\$ 11,533,132	\$ 9,997,319	\$ 9,997,319	\$ 9,630,281	\$ 9,053,926	\$ 8,035,384	\$ 5,783,772	\$ 4,671,619
HIS contributions as a percentage of covered employee payroll		1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.91%

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

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

**GREATER NAPLES FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
FIREFIGHTERS' PENSION PLAN
LAST TEN FISCAL YEARS*
(UNAUDITED)**

Fiscal year ending September 30, Measurement date September 30,	2023 2022	2022 2021	2021 2020	2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Total pension liability	\$ 1,717,634	\$ 1,402,260	\$ 1,477,056	\$ 1,446,030	\$ 1,342,939	\$ 1,227,285	\$ 1,229,729	\$ 1,309,059	\$ 1,076,925
Service cost	3,240,258	2,627,742	2,456,202	2,205,413	1,857,351	1,734,319	1,538,231	1,249,582	1,073,926
Interest	333,133	310,220	171,399	119,997	109,049	-	-	-	-
Share plan allocation	4,807,338	-	-	403,334	-	-	-	-	-
Changes of benefit terms	1,776,782	(1,229,306)	(1,118,760)	(455,419)	786,769	(1,417,628)	(686,689)	1,408,146	-
Difference between expected and actual experience	(371,949)	478,370	(565,297)	-	-	587,813	-	-	-
Assumption changes	-	-	-	-	-	43,503	-	-	-
Contributions - Buy Back	631,966	(152,097)	(112,675)	(109,451)	(113,369)	(117,882)	(155,063)	(170,839)	(62,080)
Benefit payments and refunds	12,135,162	3,437,189	2,307,925	3,609,904	3,982,739	1,469,597	2,514,021	3,795,948	2,088,771
Net change in total pension liability	\$ 36,017,322	\$ 32,580,133	\$ 30,272,208	\$ 26,662,304	\$ 22,679,565	\$ 21,209,968	\$ 18,695,947	\$ 14,899,999	\$ 12,811,228
Total pension liability - beginning	\$ 48,152,484	\$ 36,017,322	\$ 32,580,133	\$ 30,272,208	\$ 26,662,304	\$ 22,679,565	\$ 21,209,968	\$ 18,695,947	\$ 14,899,999
Total pension liability - ending (a)	\$ 84,169,806	\$ 68,597,455	\$ 62,852,341	\$ 56,934,512	\$ 49,341,869	\$ 43,889,533	\$ 40,105,915	\$ 33,595,946	\$ 27,711,227
Plan fiduciary net position	\$ 790,570	\$ 791,727	\$ 645,071	\$ 578,816	\$ 545,619	\$ 449,665	\$ 575,788	\$ 517,177	\$ 506,016
Contributions - Employer	-	-	-	(147,713)	(20,205)	167,918	-	-	-
Excess (applied excess) contributions - Employer **	1,012,232	989,319	850,498	799,096	788,148	699,305	531,384	661,600	720,074
Contributions - State	135,578	133,799	120,305	118,114	116,307	112,022	107,493	113,635	110,558
Contributions - Employee	-	-	-	-	-	43,503	-	-	-
Contributions - Buy Back	-	-	-	-	-	-	-	-	-
Net investment income	(8,049,887)	7,196,149	3,036,048	1,534,107	1,974,377	2,520,285	1,918,305	(143,909)	1,574,687
Benefits payments and refunds	(371,949)	(152,097)	(112,675)	(109,451)	(113,369)	(117,882)	(155,063)	(170,839)	(62,080)
Administrative expense	(228,427)	(204,005)	(186,349)	(176,349)	(181,341)	(157,893)	(160,474)	(163,984)	(164,656)
Net Change in Plan Fiduciary Net Position	(6,711,883)	8,754,892	4,352,898	2,596,620	3,109,536	3,716,923	2,817,433	813,680	2,684,599
Plan Fiduciary Net Position - Beginning	\$ 45,848,635	\$ 37,093,743	\$ 32,740,845	\$ 30,144,225	\$ 27,034,689	\$ 23,317,766	\$ 20,500,333	\$ 19,686,653	\$ 17,002,054
Plan Fiduciary Net Position - Ending (b)	\$ 39,136,752	\$ 45,848,635	\$ 37,093,743	\$ 32,740,845	\$ 30,144,225	\$ 27,034,689	\$ 23,317,766	\$ 20,500,333	\$ 19,686,653
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 9,015,732	\$ (9,831,313)	\$ (4,513,610)	\$ (2,468,637)	\$ (3,481,921)	\$ (4,355,124)	\$ (2,107,798)	\$ (1,804,386)	\$ (4,786,654)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.28%	127.30%	113.85%	108.15%	113.06%	119.20%	109.94%	109.65%	132.13%
Covered Employee Payroll	\$ 4,519,268	\$ 4,461,103	\$ 4,008,990	\$ 3,939,136	\$ 3,876,917	\$ 3,734,059	\$ 3,583,083	\$ 3,787,836	\$ 3,685,271
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	199.50%	-220.38%	-112.59%	-62.67%	-89.81%	-116.63%	-58.83%	-47.64%	-129.89%

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

** Excess employer contributions of \$167,918 were recorded as unearned revenue by the pension fund in fiscal year 2018 and then applied to revenue in fiscal years 2019 and 2020 in the amounts of \$20,205 and \$147,713, respectively. However, for purposes of measuring the net pension liability the \$167,918 was considered a contribution in fiscal year 2018.

**GREATER NAPLES FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF ACTUARIALLY DETERMINED CONTRIBUTIONS -
FIREFIGHTERS' PENSION PLAN
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	(1) Actuarially Determined Contribution (ADC)	(2) Contributions in relation to the ADC	(3) Difference Between (1) and (2)	Covered Employee Payroll	Column (2) as a Percentage of Covered Payroll
2014	\$ 1,226,090	\$ 1,226,090	\$ -	\$ 3,685,271	33.27%
2015	1,178,777	1,178,777	-	3,787,836	31.12%
2016	1,107,172	1,107,172	-	3,583,083	30.90%
2017	1,148,970	1,316,888	(167,918)	3,734,059	35.27%
2018	1,224,718	1,204,513	20,205	3,876,917	31.07%
2019	1,257,915	1,110,202	147,713	3,937,136	28.20%
2020	1,324,170	1,324,170	-	4,008,990	33.03%
2021	1,470,826	1,470,826	-	4,461,103	32.97%
2022	1,469,666	1,469,668	(2)	4,519,268	32.52%
2023	1,576,311	1,576,312	(1)	4,788,308	32.92%

**GREATER NAPLES FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
AND RELATED RATIOS
SEPTEMBER 30, 2023
(UNAUDITED)**

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 76,513	\$ 120,342	\$ 111,396	\$ 102,239	\$ 80,601	\$ 78,835
Interest	253,228	132,679	152,232	160,569	224,317	222,187
Experience Losses/(Gains)	-	768,514	-	998,635	-	-
Assumption changes	(66,185)	(705,431)	81,317	(124,590)	368,629	(116,510)
Benefit payments and refunds	(642,674)	(595,982)	(610,439)	(707,652)	(675,376)	(676,393)
Net change in total OPEB liability	(379,118)	(279,878)	(265,494)	429,201	(1,829)	(491,881)
Total OPEB liability - beginning	6,076,521	6,356,399	6,621,893	6,192,692	6,194,521	6,686,402
Total OPEB liability - ending (a)	\$ 5,697,403	\$ 6,076,521	\$ 6,356,399	\$ 6,621,893	\$ 6,192,692	\$ 6,194,521

Plan Fiduciary Net Position

Net change in plan fiduciary net position

Contributions - employer	\$ 642,674	\$ 595,982	\$ 610,439	\$ 707,652	\$ 675,376	\$ 676,393
Benefit payments (net of retiree contributions)	(642,674)	(595,982)	(610,439)	(707,652)	(675,376)	(676,393)
Plan fiduciary net position - beginning	-	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

District's net OPEB liability - ending (a) - (b)

	\$ 5,697,403	\$ 6,076,521	\$ 6,356,399	\$ 6,621,893	\$ 6,192,692	\$ 6,194,521
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Covered payroll

	\$ 23,928,133	\$ 21,811,742	\$ 19,113,795	\$ 16,800,450	\$ 16,437,373	\$ 15,916,631
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Net OPEB liability as a percentage of covered payroll

	23.81%	27.86%	33.26%	39.41%	37.67%	38.92%
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Information is only available for the years presented

**GREATER NAPLES FIRE RESCUE DISTRICT
OTHER INFORMATION – DATA ELEMENTS
REQUIRED BY FL STATUTE 218.39(3)(C)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
UNAUDITED**

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	245
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	7
Employee compensation	\$25,016,236
Independent contractor compensation	\$89,410
Construction projects to begin on or after October 1; (\$65K)	Not applicable
Budget variance report	See the Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General, Mile Marker 63 and Impact Fee Funds
Ad Valorem taxes;	
Millage rate	1.5
Ad valorem taxes collected	\$42,269,322
Outstanding Bonds:	Not applicable
Non ad valorem special assessments;	Not applicable



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

To the Board of Commissioners
Greater Naples Fire Rescue District
Naples, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the remaining fund information of Greater Naples Fire Rescue District, Naples, Florida ("District") as of and for the fiscal year ended September 30, 2023, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 7, 2024. Other auditors audited the financial statements of the District's Firefighters' Pension Plan, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

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

B *han & Associates*

June 7, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY CHAPTER 10.550 RULES OF THE AUDITOR GENERAL**

To the Board of Commissioners
Greater Naples Fire Rescue District
Naples, Florida

Report on Compliance for the Major State Project

We have audited Greater Naples Fire Rescue District's, Naples, Florida (the "District") compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the District's major state project for the fiscal year ended September 30, 2023. The District's major state project is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, laws, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Chapter 10.550, Rules of the Auditor General. Those standards and Chapter 10.550 Rules of the Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal award and state project. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major State Project

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the fiscal year ended September 30, 2023.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major state project and to test and report on internal control over compliance in accordance with Chapter 10.550, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Chapter 10.550, Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Bhav & Associates

June 7, 2024

**GREATER NAPLES FIRE RESCUE DISTRICT
 SCHEDULE OF EXPENDITURES OF
 STATE FINANCIAL ASSISTANCE
 FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>State Agency,</u> Pass-through Entity <i>State Project</i>	CSFA Number	Expenditures
State Financial Assistance		
Florida Department of Transportation		
<i>Alligator Alley Mile Marker 63 Fire Station</i>	55.036	\$ 1,351,481
Total Expenditures of State Financial Assistance		<u>\$ 1,351,481</u>

See accompanying notes to schedule of expenditures of state financial assistance.

**GREATER NAPLES FIRE RESCUE DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of state financial assistance includes the state grant activity of Greater Naples Fire Rescue District, Naples, Florida (the “District”) under the state project for the fiscal year ended September 30, 2023. The information in this schedule is presented in accordance with the requirements of Chapter 10.550, Rules of the Auditor General. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting.

**GREATER NAPLES FIRE RESCUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS -
STATE PROJECTS
FISCAL YEAR ENDED SEPTEMBER 30, 2023**

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Greater Naples Fire Rescue District, Naples, Florida (the "District").
2. No significant deficiencies relating to the audit of the financial statements are reported in the independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the District were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major state project are reported in the independent auditor's report on compliance for each major project and on internal control over compliance required by Chapter 10.550, rules of the Auditor General.
5. The independent auditor's report on compliance with requirements that could have a direct and material effect on the major federal programs and state project for the District expresses an unmodified opinion.
6. Audit findings relative to the major state project for the District are reported in Parts C and D of this Schedule.
7. The state project tested as major includes:

<u>State Project</u>	<u>CSFA#</u>
Florida Department of Transportation: Alligator Alley Mile Marker 63 Fire Station	55.036
8. The dollar threshold used to distinguish between Type A or Type B for major state projects was \$405,444.

B. FINDINGS –FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR STATE PROJECTS

None

D. OTHER ISSUES

No corrective action plan is required because there were no findings required to be reported under Chapter 10.550, rules of the Auditor General.

E. PRIOR YEAR FINDINGS - MAJOR STATE PROJECTS

None



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

To the Board of Commissioners
Greater Naples Fire Rescue District
Naples, Florida

We have examined Greater Naples Fire Rescue District, Naples, Florida ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance based on our examination. We were not engaged to audit the financial statements of the District's Firefighters' Pension Plan; accordingly, we did not examine the District's Firefighters' Pension Plan's compliance with the requirements of Section 218.415, Florida Statutes, required by Rule 10.556(10) of the Auditor General of the State of Florida. This report does not include a report on the District's Firefighter's Pension Plan's compliance with the requirements of Section 218.415, Florida Statutes, required by Rule 10.556(10) of the Auditor General of the State of Florida.

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

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

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

Grau & Associates

June 7, 2024



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

To the Board of Commissioners
Greater Naples Fire Rescue District
Naples, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of Greater Naples Fire Rescue District ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 7, 2024. Other auditors audited the financial statements of the District's Firefighters' Pension Plan, as described in our report on the District's financial statements. This report does not include other auditors' management letter reported separately by those auditors.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 7, 2024, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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

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

Grau & Associates

June 7, 2024

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2022.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2023.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2023.

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

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

6. We applied financial condition assessment procedures and no deteriorating financial conditions were noted as of September 30, 2023. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements.

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Nicole Chesser, who being duly sworn, deposes and says on oath that:

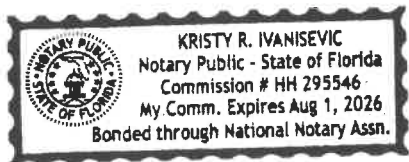
1. I am the Chief of Staff for the Greater Naples Fire Rescue District, which is an independent special district of the State of Florida;
2. The governing body of Greater Naples Fire Rescue District adopted Resolution No. 2022-11 implementing an impact fee; and
3. Greater Naples Fire Rescue District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

Nicole Chesser
 Nicole Chesser, Chief of Staff

STATE OF FLORIDA
COUNTY OF COLLIER

SWORN TO AND SUBSCRIBED before me this 21st day of June, 2024.



Kristy R. Ivanisevic
 NOTARY PUBLIC
 Print Name Kristy Ivanisevic

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires: Aug. 1, 2026