

**LEHIGH ACRES FIRE CONTROL  
AND RESCUE DISTRICT**

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

**YEAR ENDED  
SEPTEMBER 30, 2023**

**TABLE OF CONTENTS**

	<u>Page(s)</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	1-4
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&amp;A)</b> .....	i-viii
<b><u>BASIC FINANCIAL STATEMENTS</u></b>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	5
Statement of Activities.....	6
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet - Governmental Funds.....	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	10
NOTES TO THE FINANCIAL STATEMENTS.....	11-56
<b><u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&amp;A</u></b>	
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	57
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	58-60
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	61
Schedule of Expenditures of Federal Awards - Year Ended September 30, 2023.....	62
Notes to the Schedule of Expenditures of Federal Awards .....	63
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS).....	64
Schedule of District Contributions - Florida Retirement System Pension Plan (FRS).....	64
Schedule of District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS).....	65
Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS).....	65
Notes to the Required Supplementary Information.....	66-67
Schedule of Changes in the Net OPEB Liability and Related Ratios GASB 75 and Related Notes to the Schedule.....	68
<b><u>ADDITIONAL REPORTS</u></b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> .....	69-70
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	71-73
Schedule of Findings and Questioned Costs - Federal Awards.....	74-75
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	76
Independent Auditor's Report to Management.....	77-79
Management's Response to Independent Auditor's Report to Management.....	Exhibit 1
Florida Rules of the Auditor General - Rule 10.554(1)(i)6-8 Compliance - Unaudited.....	Exhibit 2



**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT**

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

**Opinions**

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

***Summary of Opinions***

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

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

**Matter of Emphasis**

During the year ended September 30, 2023, the District implemented GASB Statement No. 96 "Subscription-based Information Technology Arrangements (SBITA's)" as further described in Note T. The net position was not required to be restated as of October 1, 2022.

**Basis for Opinions**

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

We did not audit the financial statements of Florida Retirement Systems Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2023. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2023 and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lehigh Acres Fire Control and Rescue District's government-wide financial statements, is based on the report of the other auditors.

***Management's Responsibility for the Financial Statements***

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

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

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

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

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

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

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

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

***Other Matters***

***Required Supplementary Information***

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

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

*Other Required Supplementary Information*

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

Our audit was conducted for the purpose of forming an opinion on the financial statements of Lehigh Acres Fire Control and Rescue District that collectively comprise the Lehigh Acres Fire Control and Rescue District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards - year ended September 30, 2023 and related notes thereto as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of Federal Awards and related notes thereto for the year ended September 30, 2023 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

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

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

***Other Reporting Required by Section 218.415, Florida Statutes***

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 29, 2024, on our consideration of Lehigh Acres Fire Control & Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes.

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

In accordance with Government Auditing Standards, we have also issued our report dated February 29, 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, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lehigh Acres Fire Control and Rescue District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
February 29, 2024

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

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2023

As management of the Lehigh Acres Fire Control and Rescue District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2023.

### INTRODUCTION

The District responded to approximately 17,277 calls, with approximately 24% being fire service related and 76% being rescue related. This was an increase in total call volume of 7% over the previous fiscal year (2021/2022). The District transported 8,929 patients to area hospitals in Lee County. This is an increase of 10% from the previous fiscal year. Gulf Coast Medical Center received 52% of the patients transported. The busiest zone of Lehigh Acres is Station 103 at 308 Gunnery Road S.

In fiscal year 2022/2023, the District for the eighth consecutive year did use the Non Ad Valorem Assessment based form of taxation as a revenue source which was approved through voter referendum in November 2014. The District is still facing various challenges as call volume and growth continue to increase. As such, the District has opened new fire station (#106) and completed the process of building the new station (#102). The District continues to focus on providing the highest level of service while maintaining fiscal responsibility and exploring other areas of obtaining revenue and reducing expenditures.

### Performance Measures

Fiscal Year	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Total Alarms	11,682	13,259	12,013	12,081	13,362	15,640	16,139	17,277
Response Times	6.65	7.05	8.06	9.28	8.51	6.12	12.25	6.55
Fire Related Incidents	2,890	3,549	2,986	2,951	3246	4223	3874	4146
EMS % Incidents	75.00%	73.00%	75.00%	76.00%	75.00%	73.00%	76.00%	76.00%

### Forward-Looking Statements

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



# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2023

### FINANCIAL HIGHLIGHTS

At the close of fiscal year 2023:

- The District's net position was \$17,290,787.
- The District's total net position increased \$509,283.
- The District had \$38,312,284 of total fund balance. Of this amount \$12,113,740 is restricted for construction and \$139,447 is non-spendable. The District has an assigned fund balance total of \$13,400,805 or approximately 35% of the total. The District also has an unassigned fund balance total of \$12,658,292 or approximately 33% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$40,574,066 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$3,515,859 from EMS transports.
- Total governmental revenues increased \$3,343,985 or 10%, in comparison to prior year.
- Total governmental expenses decreased \$4,299,745 or 13%, in comparison to prior year.
- Effective September 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75 "*Accounting and Financial Reporting of Post Employment Benefits Other than Pensions (OPEB)*" (Statement No. 75). This accounting standard requires the District to annually report its actuarially determined net OPEB liability in the government-wide financial statements of the District.

At the close of fiscal year 2022:

- The District's net position was \$16,781,504.
- The District's total net position increased \$1,465,043.
- The District had \$35,796,659 of total fund balance. Of this amount \$12,272,508 is restricted for construction and \$1,617,236 is non-spendable. The District has an unassigned fund balance total of \$5,431,005 or approximately 15% of the total. The District also has an assigned fund balance total of \$16,475,910 or approximately 46% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$38,058,441 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$2,675,816 from EMS transports.
- Total governmental revenues increased \$2,147,269, in comparison to prior year.
- Total governmental expenses increased \$10,804,181, in comparison to prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the Lehigh Acres Fire Control and Rescue District financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2023. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes to the financial statements. We hope this will

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2023

assist readers in identifying significant financial issues and changes in the District's financial position.

### Government-wide Financial Statements

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

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

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

### Governmental Fund Financial Statements

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

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

### Notes to the Financial Statements

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

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2023

### GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

Assets:	<u>2022</u>	<u>2023</u>
Current and other assets	\$ 40,715,125	\$ 45,440,696
Non current assets	<u>26,277,395</u>	<u>29,015,255</u>
Total Assets	<u>66,992,520</u>	<u>74,455,951</u>
Deferred outflows of resources	<u>12,547,490</u>	<u>11,432,631</u>
Liabilities:		
Current liabilities	6,165,368	8,412,968
Non-current liabilities	<u>55,040,355</u>	<u>58,790,295</u>
Total liabilities	<u>61,205,723</u>	<u>67,203,263</u>
Deferred inflows of resources	<u>1,552,783</u>	<u>1,394,532</u>
Net position:		
Net investment in capital assets	16,528,187	19,879,112
Unrestricted (deficit)	<u>253,317</u>	<u>(2,588,325)</u>
Total net position	<u>\$ 16,781,504</u>	<u>\$ 17,290,787</u>

Current and other assets represent 61% and 61% of total assets for the years 2022 and 2023, respectively. For 2023 current assets were comprised of unrestricted cash and cash equivalents of \$9,773,527, restricted cash of \$16,859,644 and investments of \$16,366,262, due from other governments of \$1,951,037, net receivables from ambulance transports and inspection fees of \$225,968, deposits of \$139,447 and right of use-subscriptions of \$124,811. For 2022 current assets were comprised of cash and cash equivalents of \$20,427,455 and investments of \$17,644,819, due from other governments of \$778,288, net receivables from ambulance transports and inspection fees of \$247,327, and deposits of \$1,617,236.

The net investment in capital assets represent the portion of net position for the years ended 2022 and 2023 and are comprised of capital assets net of accumulated depreciation and long term debt

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**

Management's Discussion and Analysis

September 30, 2023

related to those capital assets. Unrestricted net position was \$253,317 in 2022 as a result of recording the net pension liability and OPEB liability. The unrestricted net position (deficit) was \$(2,588,325) at September 30, 2023 as a result of recording the reduction in the District's net pension liability and OPEB liability.

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

Revenues:	2022	2023
General Revenues		
Non-ad valorem assessments	\$ 26,535,622	\$ 28,388,886
Miscellaneous		
Interest	132,548	1,442,567
Impact fees	1,165,515	262,288
Other	352,739	293,581
Program Revenues		
Charges for services		
Ambulance	2,675,816	3,515,859
Inspection fees	72,199	69,560
Operating grants	2,658,165	2,963,848
Total Revenues	33,592,604	36,936,589
Expenses:		
Public Safety - Fire and Rescue Services	32,127,561	36,427,306
Increase (Decrease) in net position	1,465,043	509,283
Net Position – Beginning	15,316,461	16,781,504
Net Position - Ending	\$ 16,781,504	\$ 17,290,787

Total revenues increased \$3,343,985 and \$2,147,269 or 9% and 7% for the fiscal years ended 2023 and 2022, respectively. This increase in revenue for FY 23 was substantially due to an increase in the non-ad valorem assessment fee (approximately \$1.9 million), an increase in interest income of approximately \$1.3 million and ambulance revenue of approximately \$800,000. The increase in revenues for FY 22 was substantially due to use of impact fees and an increase in grant revenue. Total expenses increased \$4,299,745 and increased \$10,804,181 or 12% and 51% for fiscal years ended 2023 and 2022, respectively.

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2023

The unearned revenue balances for impact fees at September 30, 2022 and 2023 were \$3,451,454 and \$5,066,504, respectively. This balance consists of impact fees collected by the District but not yet spent for capital improvements.

### **BUDGETARY HIGHLIGHTS**

The following is a brief review of the FY23 budgeting changes from the original budget to the final budget for the General Fund (see supplementary information on pages 57-63). The final budget had a total overall increase due to: the increase in the cash brought forward balance and an increase in the assigned Capital balance. Budget changes can be briefly summarized as follows:

- The (General Fund) budgeted cash brought forward increased by \$8,056,490.
- Budgeted capital outlay for construction was increased by approximately \$7,000,000 to provide funding for construction of Station 107 and other capital assets including the general and impact fee funds.

General Fund budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 57-63. No major variances from budgeted amounts were noted.

### **CAPITAL ASSETS**

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

# LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

## Management's Discussion and Analysis

September 30, 2023

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

Capital Assets	2022	2023
Land	\$ 817,178	\$ 1,079,466
Construction in progress	163,270	834,616
Buildings	24,284,403	25,081,955
Improvements other than buildings	174,485	174,485
Equipment	2,901,351	3,158,314
Vehicles	10,110,436	12,172,857
Total Capital Assets	<u>38,451,123</u>	<u>42,501,693</u>
Accumulated Depreciation		
Buildings	(3,577,510)	(4,170,401)
Improvements other than buildings	(145,928)	(149,512)
Equipment	(1,325,969)	(1,632,024)
Vehicles	(7,124,321)	(7,663,108)
Total accumulated depreciation	<u>(12,373,311)</u>	<u>(13,615,045)</u>
Capital Assets, Net	<u>\$ 26,277,395</u>	<u>\$ 28,886,648</u>

The District's major purchases consisted of continued construction of Station 107 and purchased land during the year ended September 30, 2023. The District also purchased an aerial, tanker, 5 officer vehicles as well as 1 ambulance reclassified.

During the year ended September 30, 2022, the District completed re-construction of station 102 and construction of station 106. Initial site work and pre-construction activities are occurring on station 107, and the training tower facility.

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

### LONG TERM LIABILITIES

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

	2022	2023
Net Pension Liability - FRS	\$ 25,300,775	\$ 27,335,429
Net Pension Liability - HIS	4,092,538	6,025,808
Compensated Absences	1,279,339	1,391,604
Net OPEB Obligation	2,422,401	2,971,834
Loans Payable	7,500,116	6,801,276
Bonds Payable	14,630,000	14,320,000
	<u>\$ 55,225,169</u>	<u>\$ 58,845,951</u>

# **LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**

Management's Discussion and Analysis

September 30, 2023

The net pension liability related to the District's participation in the State's Retirement Plan (FRS) increased by \$3,967,924 due to the Plan experiencing a 7.58% positive return on its investments for FY 2023.

The net pension liability related to the District's participation in the State's Retirement Plan (FRS) increased by \$21,283,595 due to the Plan experiencing a (7.2%) negative return on its investments for FY 2022.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

- The District held a successful referendum on August 8, 2020 to amend its method of non-ad valorem assessment which will allow the District to better plan for growth. The District expects to continue using the new assessment methodology.
- The District expects to complete construction of Station 107 and start construction of the training tower facility.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF NET POSITION**  
**September 30, 2023**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 9,773,527
Cash and cash equivalents - restricted	16,859,644
Investments	16,366,262
Receivables, net	225,968
Due from other governments	1,951,037
Deposits	139,447
Right of use subscription asset, current	<u>124,811</u>
Total current assets	<u>45,440,696</u>
Noncurrent assets:	
Right of use subscription asset, net of current	128,607
Capital assets:	
Land	1,079,466
Construction in progress	834,616
Depreciable buildings, vehicles, and equipment (net of \$13,615,045 accumulated depreciation)	<u>26,972,566</u>
Total noncurrent assets	<u>29,015,255</u>
<b>TOTAL ASSETS</b>	<u><b>74,455,951</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>11,432,631</b></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	388,771
Accrued expenses	1,525,703
Accrued interest payable	316,825
Retainage payable	22,623
Unearned revenue - impact fees	5,066,504
Current portion of long-term obligations	967,731
Right of use subscription liability, current	<u>124,811</u>
Total current liabilities	8,412,968
Noncurrent liabilities:	
Right of use subscription liability, noncurrent	128,607
Noncurrent portion of long-term obligations	<u>58,661,688</u>
<b>TOTAL LIABILITIES</b>	<u><b>67,203,263</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u><b>1,394,532</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	19,879,112
Unrestricted	<u>(2,588,325)</u>
<b>TOTAL NET POSITION</b>	<u><u><b>\$ 17,290,787</b></u></u>

The accompanying notes are an integral part of this statement.



**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**Year Ended September 30, 2023**

	<u>Governmental Activities</u>
<b>EXPENSES</b>	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 29,443,026
Operating expenses	4,277,550
Depreciation	1,822,729
Interest and fiscal charges	884,001
<b>TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES</b>	<u>36,427,306</u>
<b>PROGRAM REVENUES</b>	
Charges for services	
Ambulance	3,515,859
Inspection fees	69,560
Fire prevention fees	-
Operating grants and other government support	2,958,848
Capital grants	5,000
<b>TOTAL PROGRAM REVENUES</b>	<u>6,549,267</u>
<b>NET PROGRAM EXPENSES</b>	<u>29,878,039</u>
<b>GENERAL REVENUES</b>	
Non-ad valorem assessments	28,388,886
Impact fees	262,288
Interest	1,442,567
Other	293,581
<b>TOTAL GENERAL REVENUES</b>	<u>30,387,322</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	509,283
<b>NET POSITION - Beginning of the year</b>	<u>16,781,504</u>
<b>NET POSITION - End of the year</b>	<u>\$ 17,290,787</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**September 30, 2023**

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,773,527	\$ -	\$ 9,773,527
Cash and cash equivalents - restricted	12,113,740	4,745,904	16,859,644
Investments	16,366,262	-	16,366,262
Receivables, net	225,968	-	225,968
Due from other governments	1,368,151	582,886	1,951,037
Due from other funds	2,524,068	-	2,524,068
Deposits	139,447	-	139,447
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL ASSETS	<u>\$ 42,511,163</u>	<u>\$ 5,328,790</u>	<u>\$ 47,839,953</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 388,771	\$ -	\$ 388,771
Accrued expenses	1,525,703	-	1,525,703
Retainage payable	22,623	-	22,623
Due to other funds	-	2,524,068	2,524,068
Unearned revenue	-	5,066,504	5,066,504
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES	<u>1,937,097</u>	<u>7,590,572</u>	<u>9,527,669</u>
 <b>FUND BALANCE (DEFICIT)</b>			
Nonspendable	2,401,229	(2,261,782)	139,447
Restricted	12,113,740	-	12,113,740
Assigned	13,400,805	-	13,400,805
Unassigned	12,658,292	-	12,658,292
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL FUND BALANCE (DEFICIT)	<u>40,574,066</u>	<u>(2,261,782)</u>	<u>38,312,284</u>
	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 42,511,163</u>	<u>\$ 5,328,790</u>	<u>\$ 47,839,953</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
September 30, 2023**

	<u>Amount</u>	
Total fund balance for governmental funds	\$ 38,312,284	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Right of use-subscription asset	<u>253,418</u>	253,418
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated		
Land		1,079,466
Construction in progress (CIP)		834,616
Capital assets being depreciated:		
Building, vehicles, and equipment	40,587,611	
Less accumulated depreciation	<u>(13,615,045)</u>	
		26,972,566
Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	10,678,817	
Deferred outflows related to OPEB	<u>753,814</u>	
		11,432,631
Deferred inflows related to pensions	(834,899)	
Deferred inflows related to OPEB	<u>(559,633)</u>	
		(1,394,532)
Accrued interest payable that will not be liquidated with current financial resources and, therefore, is not reported in the governmental funds.		
		(316,825)
Right of use-subscription liability	<u>(253,418)</u>	(253,418)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability - FRS	(27,335,429)	
Net pension liability - HIS	(6,025,808)	
Compensated absences	(1,391,604)	
Loan payable (construction)	(6,619,305)	
Loan payable (15 stretchers)	(181,971)	
Bond payable	(14,320,000)	
Unamortized bond payable	(783,468)	
Net OPEB obligation	<u>(2,971,834)</u>	
		(59,629,419)
Elimination of interfund amounts:		
Due to other funds	(2,524,068)	
Due from other funds	<u>2,524,068</u>	
		-
Total net position of governmental activities	<u>\$ 17,290,787</u>	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**Year Ended September 30, 2023**

	General Fund	Impact Fee Fund	Total Governmental Funds
<b>REVENUES</b>			
Non-ad valorem assessments	\$ 28,388,886	\$ -	\$ 28,388,886
Impact fees	-	262,288	262,288
Intergovernmental revenue:			
Grants - Local	5,000	-	5,000
F/F supplemental income	44,614	-	44,614
Federal Grants	2,327,706	-	2,327,706
Other government revenue PEMT	586,528	-	586,528
Charges for services - ambulance	3,515,859	-	3,515,859
Inspection fees	69,560	-	69,560
Interest income	1,442,567	-	1,442,567
Other income:			
Insurance proceeds	31,971	-	31,971
Miscellaneous	261,610	-	261,610
TOTAL REVENUES	<u>36,674,301</u>	<u>262,288</u>	<u>36,936,589</u>
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	23,856,796	-	23,856,796
Operating expenditures	4,318,785	-	4,318,785
Capital outlay	4,169,694	262,288	4,431,982
Debt service			
Principal reduction	1,008,840	-	1,008,840
Interest and fiscal charges	804,561	-	804,561
TOTAL EXPENDITURES	<u>34,158,676</u>	<u>262,288</u>	<u>34,420,964</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,515,625	-	2,515,625
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from disposition of capital assets	-	-	-
Proceeds from issuance of debt - bonds	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	2,515,625	-	2,515,625
FUND BALANCE (DEFICIT) - Beginning of the year	<u>38,058,441</u>	<u>(2,261,782)</u>	<u>35,796,659</u>
FUND BALANCE (DEFICIT) - End of the year	<u>\$ 40,574,066</u>	<u>\$ (2,261,782)</u>	<u>\$ 38,312,284</u>

The accompanying notes are an integral part of this statement.

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

**Year Ended September 30, 2023**

	<u>Amount</u>	
Net change (excess of revenues and other financing sources over (under) expenditures and other financing uses) in fund balance - total governmental funds	\$ 2,515,625	
The increase in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, the gain/loss on the sale of capital assets is recorded on the Statement of Activities but not in the governmental funds.		
Plus: expenditures for capital assets	4,431,982	
Less: proceeds from disposition of capital assets	-	
Less: current year depreciation	(1,822,729)	
Less: loss on disposition of capital assets	<u>-</u>	
		2,609,253
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Repayments (principal retirement):		
Plus: Loan payable (stretchers)	180,556	
Loan payable (construction)	518,284	
Bond Payable	<u>310,000</u>	
		1,008,840
Plus: Bond premium amortization	<u>41,235</u>	
		41,235
Interest on bonds payable on the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is paid, and thus requires the use of certain financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues.		
		(79,440)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) decrease in net pension liability - FRS	(2,034,654)	
(Increase) decrease in net pension liability - HIS	(1,933,270)	
Increase (decrease) in deferred outflows - Pensions	(1,593,750)	
(Increase) decrease in deferred inflows - Pensions	136,968	
Net (increase) decrease in compensated absences	(112,265)	
(Increase) decrease in net OPEB liability	(549,433)	
Increase (decrease) in deferred outflows - OPEB	478,891	
(Increase) decrease in deferred inflows - OPEB	<u>21,283</u>	
		<u>(5,586,230)</u>
Increase (decrease) in net position of governmental activities	<u>\$ 509,283</u>	

The accompanying notes are an integral part of this statement.

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

**Organization**

Lehigh Acres Fire Control and Rescue District (the "District") is an independent special taxing district established May 23, 1963 by Laws of Florida, Chapter 63-1546. Laws of Florida, Chapter 2000-406 codified, reenacted, amended and repealed its prior enabling acts and was effective July 3, 2000. The District adopted Resolution 15-05-01 which provided for the District to convert its revenue generation method from ad valorem based taxation to non-ad valorem assessment (assessment fee) based taxation (F.S. Chapter 197.3631) and set the assessment amounts. This change was initially effective for the year ended September 30, 2016. The District's codification was further amended by Laws of Florida, Chapter 2017-210 which released a small portion of the District's service area to another fire district in closer proximity to the specified area. The District has the general and special powers prescribed by Florida Statutes, Chapters 189, 191, 200 and 633.15, as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services, as well as crash and rescue services, for a certain unincorporated designated area in northeastern Lee County, Florida known as Lehigh Acres. The District also provides emergency medical and rescue services, including transport (ambulance) services. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District operates six (6) station houses plus an administration facility.

**Summary of Significant Accounting Policies**

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

**Reporting Entity**

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

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

**Government-Wide Financial Statements**

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

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

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

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

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

**Government-Wide Financial Statements, continued**

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

**Fund Financial Statements**

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

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

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

**Governmental Funds**

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

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



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

**Governmental Funds, continued**

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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

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

**Non-Current Government Assets/Liabilities**

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

**Major Funds**

The District reports the following major governmental funds:

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

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

**Budgetary Information**

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

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

**Cash and Investments**

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

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

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

**Capital Assets**

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

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

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

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

**Capital Assets, continued**

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

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

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

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

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

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

**Budgets and Budgetary Accounting**

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

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

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

General Fund budget amendments were approved during the fiscal year ended September 30, 2023. Budget amendments increased the total budgeted revenues and expenditures in the General Fund by \$9,373,153 and in the Impact fee fund by \$3,570,586.

**Impact Fees/Unearned Revenue**

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

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

**Impact Fees/Unearned Revenue, continued**

or debt service in the fund financial statements and capital assets or liability reduction and interest charges in the government-wide financial statements. During the year ended September 30, 2008, the Impact Fee Fund borrowed \$2,659,280 (net) from the General Fund to extinguish long term debt. The District's Impact Fee Fund has been paying the General Fund as such fees are collected and as directed by the Board. At September 30, 2023, the Impact Fee Fund reflects a deficit fund balance of \$2,261,782 including an amount due to the General Fund of \$2,524,068. It is the District's intent to collect and retain impact fees to repay the loan.

**Due To/From Other Funds**

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

**Due From Other Governments**

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

**Compensated Absences**

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

**Encumbrances**

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

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

**Management Estimates**

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

**Net Position**

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

**Fund Balances**

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

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2023, fund balance is also assigned for a variety of specific items by District Board action. Any use or change of the assigned fund balance requires the District's Board approval.

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

**Interfund Transactions**

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

**Pensions**

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

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

**Deferred Outflows/Inflows of Resources**

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



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

**Deferred Outflows/Inflows of Resources, continued**

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

**Leases**

During the year ended September 30, 2022, the District adopted GASB Statement 87 - Leases. This Statement requires the recognition of certain lease assets and liabilities in the Statement of Net Position for leases that previously were classified as operating leases. The District determined that their current lease agreements to be immaterial and/or did not meet the recording criteria, therefore, there was no effect from GASB 87 at September 30, 2023.

**New Accounting Guidance**

*GASB 94: Public-Private and Public-Public Partnerships and Availability  
Payment Arrangements*

In March 2020, the GASB issued Statement No. 94 (*Public-Private and Public-Public Partnerships and Availability Arrangements*) to bring a uniform guidance on how to report public-private and public-public partnership arrangements, will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred.

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

**New Accounting Guidance, continued**

This Statement also provides guidance for accounting and financial reporting for availability payment arrangement in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange or exchange-like transaction. The provisions of this Statement are effective for the District's financial statements for the year ended September 30, 2023. The District, however, had no arrangements that met this Statement's reporting criteria and/or the related arrangement costs were considered immaterial.

GASB 96: Subscription-Based Information Technology Arrangements (SBITAs)  
In May 2020, the GASB issued Statement No. 96 ( Subscription-Based Information Technology Arrangements (SBITAs)), which defined the SBITAs and provides accounting and financial reporting for SBITAs by governments. This Statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for the SBITAs. The provisions of this Statement are effective for the District's financial statements for the year ended September 30, 2023. The District had arrangements that met this Statement's reporting criteria and have reported them as right of use - subscription asset and liability, respectively, on the Government-Wide financial statements. For further discussion see Note T.

**Subsequent Events**

Subsequent events have been evaluated through February 29, 2024, which is the date the financial statements were available to be issued.

**NOTE B - CASH AND CASH EQUIVALENTS**

At September 30, 2023, cash and cash equivalents were \$26,633,171, which included restricted cash of \$16,859,644 including impact fees of \$4,745,904 (Impact Fee Fund), which are restricted for capital asset acquisition and/or improvement due to growth within the District and repayment of a loan from the General Fund and \$12,113,740 in the General Fund. The General Fund restricted cash (and restricted fund balance) consists of proceeds of \$400,854 in the General Fund from a construction loan which are restricted for construction related costs (restricted fund balance), bond proceeds of \$10,505,815 for future construction projects, a debt reserve of \$317,071 for bond payable, and a debt reserve of \$890,000 for the construction loan.

**NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED**

**Deposits**

At September 30, 2023, the carrying amount of the District's deposits were \$21,887,267 in the General Fund and the bank balance was \$21,984,152. The bank balance consists of \$8,793,948 in money markets, \$12,269,625 in demand deposits and \$920,579 in certificates of deposit. At September 30, 2023, the carrying amount and the bank balance of the District's deposits were \$4,745,904 in the Impact Fee Fund. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

**NOTE C - INVESTMENTS**

Florida Statutes and the District's investment policy authorize investments in the Florida Fixed Income Trust (FL FIT). Specifically, the District's investment policy is consistent with Florida Statutes, Chapter 218.415(17). At September 30, 2023, the District's investments in the FL FIT-Cash Pool (CP) consist of the following:

	Cost Basis	Fair Value (NAV)/ Carrying Amount
<u>General Fund</u>		
Florida Fixed Income Trust		
FL FIT - Cash Pool (CP)	\$ 16,366,262	\$ 16,366,262
Total investments - General Fund	<u>\$ 16,366,262</u>	<u>\$ 16,366,262</u>

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

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

**NOTE C - INVESTMENTS, CONTINUED**

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

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

At September 30, 2023, the Cash Pool's investments consisted of the following: 48% with commercial paper; 23% with institutional money market deposits and insured money deposits; 29% with certificates of deposit.

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

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

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

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

Valuation: Fair value of the investments in the FL FIT-Cash Pool is determined on a daily basis. Fair value increases and decreases are included in the change in unrealized gains and losses during the period. Net realized gains and losses on sales

**NOTE C - INVESTMENTS, CONTINUED**

of securities are computed based on specific identification. Mutual fund securities are recorded at fair value as determined by using net position value as furnished by a pricing service and the number of shares owned.

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

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

Redemption Fees: As of September 30, 2023, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

Foreign Currency Risk: Florida Fixed Income Trust (FL FIT) Cash Pool was not exposed to foreign currency risk during the year ended September 30, 2023.

Securities Lending: Florida Fixed Income Trust (FL FIT) Cash Pool did not participate in securities lending program during the period October 1, 2022 through September 30, 2023.

Florida Fixed Income Trust (FL FIT) Cash Pool does provide separate audited financial statements for the year ended June 30, 2023.

At September 30, 2023, the District reported Florida Fixed Income Trust (FL FIT) Cash Pool investments of \$16,366,262. The Florida Fixed Income Trust (FL FIT) Cash Pool carried a credit rating of AAAs/S1 by Fitch Rating and had a dollar weighted average days to maturity (WAM) of 23 days at September 30, 2023. The weighted average life (WAL) at September 30, 2023 was 94 days. The Cash Pool's duration is as follows: expected target duration 0-.5 years; effective duration of .26 years. Rule 2a7 allows funds to use a constant NAV of \$1.00 per share. This fund is not currently rated.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE D - RECEIVABLES**

Receivables consist of the following at September 30, 2023:

	Ambulance User Fees	Inspection Fees	Totals
Accounts receivable	\$ 3,462,993	\$ 37,311	\$ 3,500,304
Less: allowance for doubtful accounts	<u>(3,274,336)</u>	<u>-</u>	<u>(3,274,336)</u>
Receivables - net	<u>\$ 188,657</u>	<u>\$ 37,311</u>	<u>\$ 225,968</u>

The allowance for doubtful accounts on ambulance billings is computed by management based on historical experience rates. The aforementioned allowance total at September 30, 2023, includes estimated uncollectible balances and Medicare and Medicaid adjustments.

**NOTE E - DEPOSITS**

Deposits as of September 30, 2023, in the amount of \$139,447, represents two (2) vehicle upfittings, equipment and hoses to be delivered upon acceptance in the subsequent fiscal year. The deposits balance is also reflected as nonspendable fund balance in the General Fund.

**NOTE F - DUE TO/FROM OTHER FUNDS**

Interfund receivables and payables at September 30, 2023, are as follows:

	Due from other funds	Due to other funds
General Fund:		
Impact Fee Fund	\$ 2,524,068	\$ -
Total General Fund	<u>2,524,068</u>	<u>-</u>
Impact Fee Fund:		
General Fund	<u>-</u>	2,524,068
Total Impact Fee Fund	<u>-</u>	<u>2,524,068</u>
Totals	<u>\$ 2,524,068</u>	<u>\$ 2,524,068</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE G - DUE FROM OTHER GOVERNMENTS**

Amounts due from other governments consist of the following at September 30, 2023:

	<u>Amount</u>
General Fund:	
Annual assessment fees including excess fees	\$ 35,971
Annual assessment interest	81,371
Grant Revenue - FEMA	<u>1,250,809</u>
	1,368,151
Impact Fee Fund:	
Impact fees	<u>582,886</u>
Totals	<u>\$ 1,951,037</u>

**NOTE H - IMPACT FEE FUND ACTIVITY**

During the year ended September 30, 2023, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2022	\$ 3,451,454
Impact fee receipts	1,175,447
Due from other governments	582,886
Interest receipts	119,005
Capital outlay	<u>(262,288)</u>
Unearned revenue, September 30, 2023	<u>\$ 5,066,504</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE I - CAPITAL ASSETS ACTIVITY**

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

	Balance October 1 2022	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2023
Capital Assets Not Being Depreciated:					
Land	\$ 817,178	\$ 262,288	\$ -	\$ -	\$ 1,079,466
Construction in progress	<u>163,270</u>	<u>671,346</u>	<u>-</u>	<u>-</u>	<u>834,616</u>
Total Capital Assets Not Being Depreciated	<u>980,448</u>	<u>933,634</u>	<u>-</u>	<u>-</u>	<u>1,914,082</u>
Capital Assets Being Depreciated:					
Buildings	24,284,403	797,552	-	-	25,081,955
Improvements other than buildings	174,485	-	-	-	174,485
Equipment and furniture	2,901,351	286,851	(29,888)	-	3,158,314
Vehicles	<u>10,110,436</u>	<u>2,413,945</u>	<u>(351,524)</u>	<u>-</u>	<u>12,172,857</u>
Total Capital Assets Being Depreciated	<u>37,470,675</u>	<u>3,498,348</u>	<u>(381,412)</u>	<u>-</u>	<u>40,587,611</u>
Less Accumulated Depreciation:					
Buildings	(3,577,510)	(592,891)	-	-	(4,170,401)
Improvements other than buildings	(145,928)	(3,584)	-	-	(149,512)
Equipment and furniture	(1,325,969)	(335,943)	29,888	-	(1,632,024)
Vehicles	<u>(7,124,321)</u>	<u>(890,311)</u>	<u>351,524</u>	<u>-</u>	<u>(7,663,108)</u>
Total Accumulated Depreciation	<u>(12,173,728)</u>	<u>(1,822,729)</u>	<u>381,412</u>	<u>-</u>	<u>(13,615,045)</u>
Total Capital Assets Being Depreciated, Net	<u>25,296,947</u>	<u>1,675,619</u>	<u>-</u>	<u>-</u>	<u>26,972,566</u>
Capital Assets, Net	<u>\$26,277,395</u>	<u>\$ 2,609,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>28,886,648</u>
				Related debt and restricted cash	<u>(9,007,536)</u>
				Net investment in capital assets	<u>\$ 19,879,112</u>



**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

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

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

	<u>Amount</u>
General Government	
Total Depreciation Expense	<u>\$ 1,822,729</u>

**NOTE J - LONG-TERM LIABILITIES**

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

	Balance October 1 2022	Additions	Retirements / Adjustments	Balance September 30 2023	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 25,300,775	\$ 2,034,654	\$ -	\$ 27,335,429	\$ -
Net Pension Liability - HIS	4,092,538	1,933,270	-	6,025,808	-
Compensated Absences	1,279,339	112,265	-	1,391,604	-
Loan payable (construction)	7,137,589	-	(518,284)	6,619,305	535,760
Loan payable (stretchers)	362,527	-	(180,556)	181,971	181,971
Bonds Payable	14,630,000	-	(310,000)	14,320,000	250,000
Net OPEB liability	2,422,401	549,433	-	2,971,834	-
	<u>\$ 55,225,169</u>	<u>\$ 4,629,622</u>	<u>\$ (1,008,840)</u>	<u>\$ 58,845,951</u>	<u>\$ 967,731</u>

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

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 27,335,429
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	6,025,808
Compensated absences, employees of the District are entitled to paid leave (sick and vacation) based on length of service and job classification.	1,391,604

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE J - LONG-TERM LIABILITIES, CONTINUED**

<p>\$8,900,000 loan payable semi-annually, for 15 years to a financial institution in the amount of \$376,545 including fixed interest at 3.35% to finance construction and rehab costs for stations. This loan is collateralized by all ambulance revenue. Final payment is due December 1, 2033.</p>	6,619,305
<p>\$543,790 loan payable annually, for 3 years to a financial institution in the amount of \$181,263 including interest at 0% to finance the purchase of eleven (11) life packs and eight (8) stretchers. The loan is collateralized by the respective equipment. Final payment due September 30, 2024.</p>	181,971
<p>\$14,630,000 Series 2022, Non-Ad Valorem Assessment Revenue Bonds, issued May 12, 2022. Principal annually beginning April 1, 2023 through April 1, 2042; interest payable semi-annually at scheduled rates of 3.00%-5.00%; collateralized by the non-ad valorem assessment revenues of the District. The Bond was issued at a net premium of \$824,703 that will be amortized at straight-line rate for the life of the bond.</p>	14,320,000
<p>Net OPEB liability - GASB #75 actuarially determined.</p>	<u>2,971,834</u>
<p>Total Long-Term Liabilities</p>	58,845,951
<p>Unamortized Net Bond Premium</p>	783,468
<p>Current Portion</p>	<u>(967,731)</u>
<p>Noncurrent Portion</p>	<u>\$ 58,661,688</u>

The construction loan and bond agreements contain certain provisions and restrictive covenants including debt service reserve account. The bond issue requires a certain debt service reserve requirement which was met at bond issuance closing by procurement of an Assured Guaranty Policy in lieu of a cash deposit. Management believes that it has complied, in all material respects, with these covenants. The District was in substantial compliance with these covenants at September 30, 2023.

The bond premium was amortized in the amount of \$41,235 for the year ended September 30, 2023.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE J - LONG-TERM LIABILITIES, CONTINUED**

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

Years Ending September 30	Total Principal	Total Interest	Total
2024	\$ 967,731	\$ 850,979	\$ 1,818,710
2025	808,859	825,380	1,634,239
2026	822,568	799,021	1,621,589
2027	861,910	772,179	1,634,089
2028	891,905	744,084	1,635,989
2029-2033	4,918,907	3,247,239	8,166,146
2034-2038	5,959,396	2,219,703	8,179,099
2039-2043	<u>5,890,000</u>	<u>644,900</u>	<u>6,534,900</u>
Total notes payable	21,121,276	10,103,485	31,224,761
Net Pension Obligation - FRS	27,335,429	-	27,335,429
Net Pension Obligation - HIS	6,025,808	-	6,025,808
Compensated Absences	1,391,604	-	1,391,604
Net OPEB Liability	<u>2,971,834</u>	<u>-</u>	<u>2,971,834</u>
	<u>\$ 58,845,951</u>	<u>\$ 10,103,485</u>	<u>\$ 68,949,436</u>

Interest expense related to the notes payable for the year ended September 30, 2023 was \$804,561.

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

**General Information about the Florida Retirement System**

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

Essentially all regular employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2023, is available from the Florida Department of Management Services' website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The District's total pension expense, \$9,547,128 for the year ended September 30, 2023, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$4,122,422, \$3,676,107 and \$2,680,659 for the years ended September 30, 2023, 2022 and 2021, respectively. The District contributed 100% of the required contributions.

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

**FRS Pension Plan**

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

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

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

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for those members classified as special risk who are eligible for normal retirement benefits at age 55 and 6 years of service or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 and 8 years of service or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 with 8 years of service or at any age after 30 years of service. However, effective July 1, 2023, for special risk who enrolled on or after July 1, 2011, normal retirement date changed to the earlier of 25 years of creditable service (Pension and HIS) may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost of living adjustments to eligible participants.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly

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

**FRS Pension Plan, continued**

benefit payments while continuing employment with an FRS employer. An employee may participate in DROP at any time after reaching normal retirement date.

Effective July 1, 2023, an employee may participate in DROP for a period not to exceed 96 months (8 years) after electing to participate except for certain instructional personnel who can participate for 120 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. Interest accrues at 4% on DROP accumulation held on or after July 1, 2023 and at 1.3% prior. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits. The restricted 12 month election window was removed. Participants may elect to enter DROP at anytime after becoming fully vested and reaching normal retirement age.

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

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>%Value</u>
Regular Class and elected members initially enrolled before July 1, 2011	
Retirement up to age 62, or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68

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

**FRS Pension Plan, continued**

Regular Class and elected members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Senior Management Service Class	2.00
Elected Officer's Class	3.00

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

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

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	11.91	13.57
Florida Retirement System, Senior Management Service	3.00	31.57	34.52
Florida Retirement System, Special Risk	3.00	27.83	32.67
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	18.60	21.13
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	57.00	58.68

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/22 - 6/30/23.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 2.0 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/23 - 6/30/24.

\* As defined by the Plan.

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

**FRS Pension Plan, continued**

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

September 30, 2023, the District reported an FRS pension liability of \$27,335,429 for its proportionate share of the 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 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At September 30, 2023, the District's proportionate share was .068601256 percent, which was an increase of .000603109 percent from its proportionate share measure as of September 30, 2022.

For the year ended September 30, 2023, the District recognized pension expense of \$8,974,300. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,566,561	\$ -
Change of assumptions	1,781,950	-
Net difference between projected and actual earnings on pension plan investments	1,141,602	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,010,392	232,169
District contributions subsequent to the measurement date	<u>885,009</u>	<u>-</u>
Total	<u>\$ 9,385,514</u>	<u>\$ 232,169</u>



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

**FRS Pension Plan, continued**

The deferred outflows of resources related to the pensions, totaling \$885,009, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 5.3 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2024	\$ 1,942,781
2025	1,942,781
2026	1,942,781
2027	1,942,779
2028	1,657,380
Thereafter	<u>(1,160,166)</u>
Total	<u>\$ 8,268,336</u>

**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:

Vaulation date	July 1, 2023
Measurement date	June 30, 2023
Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Individual entry age

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

The actuarial assumptions used in the July 1, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

**FRS Pension Plan, continued**

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	<u>3.8%</u>	6.3%	6.1%	7.7%
Total	<u>100%</u>			
Assumed inflation - Mean		2.4%		1.4%

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

**Money-weighted Rate of Return.** The annual money-weighted rate of return on the FRS Pension Plan investments was 7.58% for the year ended June 30, 2023.

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

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

**FRS Pension Plan, continued**

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	<u>\$ 46,694,479</u>	<u>\$ 27,335,429</u>	<u>\$ 11,139,268</u>

**Pension Plan Fiduciary Net Position.** Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2023.

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

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

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

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

**Payables to the Pension Plan.** At September 30, 2023, the District reported a payable of \$504,636 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2023.

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

**HIS Plan**

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

**Benefits Provided.** For the year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan.** At September 30, 2023, the District reported a HIS liability of \$6,025,808 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net HIS liability was based on the

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

**HIS Plan, continued**

District's 2022-23 fiscal year contributions relative to the total 2022-23 fiscal year contributions of all participating members. At September 30, 2023, the District's proportionate share was .037942709 percent, which was a decrease of .000696772 percent from its proportionate share measured as of September 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized HIS expense of \$572,828. 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	\$ 88,214	\$ 14,143
Change of assumptions	158,416	522,157
Net difference between projected and actual earnings on HIS pension plan investments	3,112	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	974,527	66,430
District contributions subsequent to the measurement date	<u>69,034</u>	<u>-</u>
Total	<u>\$ 1,293,303</u>	<u>\$ 602,730</u>

The deferred outflows of resources related to HIS, totaling \$69,034, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 6.3 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2024	\$ 117,463
2025	117,463
2026	117,463
2027	117,463
2028	116,685
Thereafter	<u>35,002</u>
Total	<u>\$ 621,539</u>

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

**HIS Plan, continued**

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

Inflation	2.40 percent
Real payroll growth	0.85 percent
Salary Increases	3.25 percent, average, including inflation
Municipal Bond Rate	3.65 percent
Actuarial cost method	Individual entry age

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

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

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

**Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate.** The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 3.65 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
District's proportionate share of the net HIS liability	<u>\$ 6,874,507</u>	<u>\$ 6,025,808</u>	<u>\$ 5,322,294</u>

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

**HIS Plan, continued**

**Pension Plan Fiduciary Net Position.** Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2023.

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

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

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

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

**Payables to the Pension Plan.** At September 30, 2023, the District reported a payable of \$32,211 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2023.

**FRS - Defined Contribution Pension Plan**

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

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

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

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

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2022-23 fiscal year were as follows:

Class	Percent of Gross Salary*		
	Employee	Employer (1)	Employer (3)
Florida Retirement System, Regular	3.00	6.3	8.3
Florida Retirement System, Senior Management Service	3.00	7.67	9.67
Florida Retirement System, Special Risk	3.00	14.0	16
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	11.34	13.34

Notes:

- (1) Employer rates include 1.66 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/22 - 6/30/23.
- (2) Contribution rates are dependent upon retirement class in which reemployed.
- (3) Employer rates include 2.0 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/23 - 6/30/24.

\* As defined by the Plan.

Effective July 1, 2023, employer contribution rates increased by 2% in all membership classes.

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



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

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

forfeit the accumulated account balance. For the fiscal year ended September 30, 2023, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$844,957 for the fiscal year ended September 30, 2023.

Payables to the Investment Plan. At September 30, 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2023.

**NOTE L - NON AD VALOREM ASSESSMENTS (ASSESSMENTS)**

Non ad valorem assessments are levied under Florida Statute 197.3631 after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on assessments are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid assessments and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all assessments is performed for the District by the Lee County Tax Collector. No accrual for the assessments becoming due in November 2023, is included in the accompanying basic financial statements, since such assessments are collected to finance expenditures of the subsequent period.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 September 30, 2023**

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

Procedures for collecting delinquent assessments, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after non-ad valorem assessments become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2023, \$117,342 was due from the Lee County Tax Collector to the District for non-ad valorem assessments.

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2023, the Board of Commissioners of the District levied an annual non-ad valorem assessment (F.S.197.3631) at the following rates:

<u>Category</u>	<u>Number and Type of Billing Units</u>	<u>Annual Assessment</u>
Tier 1	\$0.98/\$1,000 of relative improvement value (not land)	variable
Tier 2	1 parcel(s) x \$168.00 per parcel	fixed
Sub-Total	(1) plus (2) above	final rate

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

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

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

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

All retired full-time employees, with at least 20 years of credited service with the District, are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2023, there were twenty-six (26) retirees eligible to receive benefits and nineteen (19) retirees receiving these benefits. The benefits are provided both with contractual or labor agreements. The benefits may require contribution from the retirees, depending on certain specified criteria and, in particular, length of creditable employment. The District pays the retiree \$5 per month for each year of service except bargaining unit district #6 which is capped at \$125 per month. Certain limited exceptions to this general policy are permitted. The Fire Chief has his (single coverage) health insurance fully paid by the District up to Medicare age. Functionally, the District pays 100% of the participating retiree District health insurance premium coverage (single) and absorbs (explicit subsidy) the cost of the OPEB benefit noted above. The retiree reimburses the District for the balance of the health insurance premium. The retiree may purchase dependent coverage through the District. At age 65 the retiree then must move to Medicare but may continue to purchase life, dental and vision coverage through the District. Surviving spouses and beneficiaries are not eligible for the OPEB benefits. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. There is no separate trust for these benefits.

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

The retiree's premiums for these benefits totaled \$220,176 during the year ended September 30, 2023, of which the District paid \$33,566.

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

**Funding Policy**

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

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

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

**Actuarial Methods and Assumptions**

At September 30, 2023, the District's net OPEB liability of \$2,971,834 was measured as of October 1, 2022, and was determined by an actuarial valuation as of June 1, 2023. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Salary Increases	.9% - 5.30%
Discount Rate	4.40% (2023) 2.19% (2022) 2.41% (2021) 2.75% (2020) 3.83% (2019) 3.50% (2018)
Inflation Rate	2.50%
Health Care Trend	3.94%

Annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with an initial rate of 7.5% per year trending to 4.65% by 2050.

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

Entry age normal cost method was used.

The FRS salary scale was used.

Mortality rates were based on the RP-2000 Generational Healthy Mortality Table with scale MP-2021.

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

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

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

**Actuarial Methods and Assumptions, continued**

Measurement Date: October 1, 2022  
 Actuarial Valuation Date: June 1, 2023

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

**Changes in the Net OPEB Liability**

	<u>Amount</u>
Balance at September 30, 2022	\$ 2,422,401
Changes for the year:	
Service Cost	142,543
Interest	51,362
Change in benefit terms	-
Difference Between Expected and Actual Experience	540,768
Changes in Assumptions	(30,992)
Contributions from Employer	<u>(154,248)</u>
Net Changes	549,433
Balance at September 30, 2023	<u><u>\$ 2,971,834</u></u>

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	3.40%	4.40%	5.40%
Net OPEB Liability	\$ 3,160,066	\$ 2,971,834	\$ 2,790,262

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

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

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

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
	2.94.%	3.94%	4.94%
Net OPEB Liability	\$ 2,705,859	\$ 2,971,834	\$ 3,270,448

For the year ended September 30, 2023, the District recognized OPEB expense credit of \$203,507. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 590,726	\$ -
Changes in Assumptions	163,088	559,633
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>\$ 753,814</u>	<u>\$ 559,633</u>

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

Years Ended September 30:	<u>Amount</u>
2024	\$ 9,602
2025	9,602
2026	9,602
2027	9,602
2028	9,602
Total Thereafter	<u>146,171</u>
	<u>\$ 194,181</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE N - FUND BALANCE**

Fund balance, in the General Fund, was categorized as follows at September 30, 2022:

<u>Nonspendable fund balance</u>	<u>Amount</u>	
General Fund receivable from Impact Fee Fund	\$ 2,261,782	
Deposits	<u>139,447</u>	
Total Nonspendable Fund Balance	<u>\$ 2,401,229</u>	**
<u>Restricted fund balance</u>		
Construction loan related restricted cash	\$ 400,854	
Bond debt reserve restricted cash	317,071	
Bond proceeds restricted cash	10,505,815	
Construction loan debt reserve balance restricted cash	<u>890,000</u>	
Total Restricted Fund Balance	<u>\$ 12,113,740</u>	
<u>Assigned fund balance</u>	<u>Amount</u>	
Capital reserves	\$ 4,100,805	
Debt service	2,000,000	
Ninety (90) day carryforward	5,500,000	
Disaster reserves (30 day all-out)	<u>1,800,000</u>	
Total Assigned Fund Balance	<u>\$ 13,400,805</u>	
<u>Unassigned fund balance</u>	<u>Amount</u>	
Unassigned	\$ 12,658,292	
Total Unassigned Fund Balance	<u>\$ 12,658,292</u>	

\*\* Nonspendable fund balance includes deposits and monies previously expended by the General Fund on behalf of the Impact Fee Fund. The receivable amount of \$2,261,782 is owed to the General Fund at September 30, 2023 and is reflected in the Due To/From Other Funds. Since management does not anticipate any significant repayment of the balance due in the foreseeable future, this receivable serves to reduce the balance in the General Fund unassigned fund balance to reflect the reduction in General Fund cash and equivalents that is available and spendable for future years.

**NOTE O - RISK MANAGEMENT**

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

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

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

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

In accordance with Governmental Accounting Standards Board Statement No. 10, (GASB 10) which recognizes the funding of outstanding liabilities at full value, the pool retained Insurance Industry Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2023. The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2023.

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



**NOTE P - CONTINGENCIES**

**Litigation/Administrative Hearing**

The District, from time to time, is involved as a defendant in certain litigation, assertions and/or claims arising in the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities, if estimable, will not materially affect the financial position of the District. At September 30, 2023, it appears any potential unfavorable outcome from asserted claims may be paid, in full or in part through insurance coverage. At September 30, 2023, no liability has been accrued for such losses, if any. The District intends to vigorously pursue all potential claims.

**NOTE Q - DEFICIT FUND BALANCE - IMPACT FEE FUND**

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

During the year ended September 30, 2023, the General Fund was repaid \$0 from the Impact Fee Fund to reduce the liability owed to the General Fund. Therefore, the "Due to General Fund" liability balance at September 30, 2023 was \$2,524,068 and the Impact Fee Fund continued to reflect a deficit fund balance of \$2,261,782. This deficit will be reduced as future impact fee collections are used to repay the General Fund.

**NOTE R - DEFICIT UNRESTRICTED NET POSITION (NET ASSETS)**

During the year ended September 30, 2023, the District's unrestricted net position (net assets) decreased to a balance of \$(2,588,325) due substantially to the recording the current year actuarially determined net pension liability of \$33,361,237 and its net OPEB liability of \$2,971,834. This District's unrestricted net position at September 30, 2022 was \$253,317. The District's total available fund balance less restricted and non-spendable fund balance remains approximately equal to nine (9) months of actual expenditures. However, the Board has assigned \$13,400,805 of the \$38,312,284 for specific purposes.

**NOTE S - COMMITMENT**

Station 107: Construction of the new station is underway with an anticipated completion date in April 2024. This project has \$779,906 paid in construction costs as of September 30, 2023.

Training Tower: Construction of the training tower is planned with an anticipated completion date in fiscal year 2025. This project has \$54,710 paid in preconstruction costs as of September 30, 2023. The District changed the location of the tower and has closed on the intended parcel of land.

During the fiscal year ended September 30, 2020, the District entered into an agreement with a construction company with the intent of performing long term construction projects on the District's stations. Per the agreement, the District may terminate the agreement, after giving the contractor seven (7) days written notice, if the contractor fails to meet specific requirements stated in the agreement. This agreement was extended and will expire on September 30, 2028.

**NOTE T - SUBSCRIPTION LIABILITY**

The District entered into multiple subscription-based information technology arrangements for various software. The software have 1 year terms and have fixed payments. The District aggregated the subscriptions for reporting purposes. The District used a discount rate of 3.00% (incremental borrowing rate) to record the present value of the future minimum payments as of the date of implementation.

The District is capitalizing the arrangements over a 3 year term consistent with its fixed asset capitalization policy.

The future minimum subscription payments as of September 30, 2023 is as follows:

Years Ending September 30	Amount
2024	\$ 132,519
2025	132,519
	<u>265,038</u>
Impact of present value discount	(11,620)
Present value	<u>\$ 253,418</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2023**

**NOTE T - SUBSCRIPTION LIABILITY, CONTINUED**

The amortization of the right of use - subscription liability for the year ended September 30, 2023 was \$11,379.

At September 30, 2023 the right of use subscription asset and right of use - subscription liability balances are as follows:

	<u>Amount</u>
Right of use subscription asset, current	\$ 124,811
Right of use subscription asset, noncurrent	<u>128,607</u>
	<u>\$ 253,418</u>
Right of use subscription liability, current	\$ 124,811
Right of use subscription liability, noncurrent	<u>128,607</u>
	<u>\$ 253,418</u>

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

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - SUMMARY STATEMENT**  
**Year Ended September 30, 2023**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Non-ad valorem assessments	\$ 27,394,828	\$ 27,394,828	\$ 28,388,886	\$ 994,058
Intergovernmental revenue:				
Grants	15,000	15,000	5,000	(10,000)
F/F supplemental income	30,840	30,840	44,614	13,774
Federal Grants	1,744,270	1,744,270	2,327,706	583,436
Other government revenue PEMT	-	586,663	586,528	(135)
Charges for services - ambulance	2,780,000	3,000,000	3,515,859	515,859
Inspection fees	60,000	60,000	69,560	9,560
Interest income	90,000	600,000	1,442,567	842,567
Other income:				
Insurance proceeds	-	-	31,971	31,971
Miscellaneous	245,000	245,000	261,610	16,610
Cash brought forward	30,001,951	38,058,441	-	(38,058,441)
<b>TOTAL REVENUES</b>	<b>62,361,889</b>	<b>71,735,042</b>	<b>36,674,301</b>	<b>(35,060,741)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
Personnel services	25,773,381	25,773,381	23,856,796	1,916,585
Operating expenditures	20,196,826	25,206,453	4,318,785	20,887,668
Capital outlay	14,577,602	18,941,128	4,169,694	14,771,434
Debt service				
Principal reduction	1,244,354	1,244,354	1,008,840	235,514
Interest and fiscal charges	569,726	569,726	804,561	(234,835)
<b>TOTAL EXPENDITURES</b>	<b>62,361,889</b>	<b>71,735,042</b>	<b>34,158,676</b>	<b>37,576,366</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2,515,625</b>	<b>2,515,625</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from disposition of capital assets	-	-	-	-
Proceeds from issuance of debt - bonds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,515,625</b>	<b>\$ 2,515,625</b>
FUND BALANCE, October 1, 2022			38,058,441	
FUND BALANCE, September 30, 2023			\$ 40,574,066	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND - DETAILED STATEMENT**  
**Year Ended September 30, 2023**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>				
Non-ad valorem assessments	\$ 27,394,828	\$ 27,394,828	\$ 28,388,886	\$ 994,058
Intergovernmental revenue:				
Grants	15,000	15,000	5,000	(10,000)
F/F supplemental income	30,840	30,840	44,614	13,774
Federal grants	1,744,270	1,744,270	2,327,706	583,436
Other government revenue PEMT	-	586,663	586,528	(135)
Charges for services - ambulance (net)	2,780,000	3,000,000	3,515,859	515,859
Inspection fees	60,000	60,000	69,560	9,560
Interest income	90,000	600,000	1,442,567	842,567
Other income:				
Insurance proceeds	-	-	31,971	31,971
Miscellaneous	245,000	245,000	261,610	16,610
Cash brought forward	30,001,951	38,058,441	-	(38,058,441)
<b>TOTAL REVENUES</b>	<b>62,361,889</b>	<b>71,735,042</b>	<b>36,674,301</b>	<b>(35,060,741)</b>
<b>EXPENDITURES</b>				
Current				
Public safety				
<b>PERSONNEL SERVICES</b>				
Salaries				
Elected officials	30,000	30,000	30,000	-
Administrative	2,109,373	2,109,373	2,097,654	11,719
Regular	13,185,723	13,185,723	12,136,850	1,048,873
Holidays	486,004	486,004	464,085	21,919
Overtime	389,500	389,500	221,536	167,964
Annual sick time pay	110,000	110,000	101,396	8,604
Subtotal - Salaries	<u>16,310,600</u>	<u>16,310,600</u>	<u>15,051,521</u>	<u>1,259,079</u>
Benefits				
Payroll taxes	1,208,920	1,208,920	1,130,564	78,356
Retirement	4,289,049	4,289,049	4,122,422	166,627
Retirement liability	14,000	14,000	10,596	3,404
Group insurance	3,510,812	3,510,812	3,170,421	340,391
Workers compensation	435,000	435,000	370,829	64,171
Unemployment compensation	5,000	5,000	443	4,557
Subtotal - Benefits	<u>9,462,781</u>	<u>9,462,781</u>	<u>8,805,275</u>	<u>657,506</u>
Personnel reserve contingencies				
Personnel reserves	-	-	-	-
<b>SUBTOTAL - PERSONNEL SERVICES</b>	<u>25,773,381</u>	<u>25,773,381</u>	<u>23,856,796</u>	<u>1,916,585</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT, CONTINUED  
Year Ended September 30, 2023**

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
<b>OPERATING</b>				
Professional services				
Legal fees	130,000	130,000	64,217	65,783
Medical director	48,000	48,000	48,000	-
Physicals	130,951	130,951	94,171	36,780
Land taxes	1,400	1,400	1,467	(67)
Tax collector fees	186,460	186,460	181,117	5,343
Actuarial study	7,000	7,000	5,600	1,400
Miscellaneous	16,720	16,720	11,446	5,274
Audit and accounting	39,000	39,000	39,000	-
Professional services	50,000	50,000	69,739	(19,739)
Payroll Processing fees	64,800	64,800	21,129	43,671
Payment Processing Fees	-	-	3,562	(3,562)
Contract services				
Ambulance billing	160,000	160,000	176,743	(16,743)
Travel/Commission	10,000	10,000	-	10,000
Communications	232,184	232,184	250,951	(18,767)
Utilities				
Electricity	120,000	120,000	109,143	10,857
Water and garbage	45,000	45,000	59,741	(14,741)
Rentals and leases	10,660	10,660	7,159	3,501
Insurance (general)	375,000	375,000	419,593	(44,593)
Maintenance				
Buildings	150,000	150,000	175,816	(25,816)
Equipment	45,500	45,500	30,064	15,436
Vehicles	600,000	600,000	664,089	(64,089)
Maintenance contracts	515,343	515,343	421,610	93,733
IT computer support	30,000	30,000	13,030	16,970
Promotional	14,750	14,750	16,084	(1,334)
Fire assessment study fee	103,000	103,000	121,038	(18,038)
Other current charges and obligations				
Training (motel, per diem)	59,533	59,533	54,457	5,076
Training (instruction, etc)	212,910	212,910	48,420	164,490
Administrative (commission)	4,995	4,995	4,885	110
Cadets	500	500	4,048	(3,548)
Contingencies	65,175	65,175	-	65,175
Administrative (office)	69,930	69,930	46,406	23,524
Office				
Office supplies	10,000	10,000	2,718	7,282
Postage/freight	10,000	10,000	12,511	(2,511)
Operating supplies				
Department	238,779	238,779	214,800	23,979
Paramedic	263,000	263,000	325,556	(62,556)
Gas and oil	350,000	350,000	372,815	(22,815)
Uniforms	123,475	123,475	88,170	35,305
Propane	20,000	20,000	21,609	(1,609)
Computer supplies	91,540	91,540	33,321	58,219
Janitorial supplies	35,000	35,000	24,146	10,854
Training supplies	52,825	52,825	22,426	30,399

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - DETAILED STATEMENT, CONTINUED  
Year Ended September 30, 2023**

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
<b>OPERATING (continued)</b>				
Shop supplies	10,000	10,000	13,338	(3,338)
Protective clothing ensambles	235,000	235,000	19,539	215,461
Collection fees	40,000	40,000	5,111	34,889
Operating reserve contingencies:				
Debt service	2,000,000	2,000,000	-	2,000,000
90-Day carryforward	5,500,000	5,500,000	-	5,500,000
Emergency disaster	1,800,000	1,800,000	-	1,800,000
Bond-Restricted	4,349,147	5,788,188	-	5,788,188
Impact fee fund reserve	1,569,249	5,139,835	-	5,139,835
<b>SUBTOTAL - OPERATING</b>	<b>20,196,826</b>	<b>25,206,453</b>	<b>4,318,785</b>	<b>20,887,668</b>
<b>CAPITAL OUTLAY</b>				
Buildings	1,525,000	25,000	797,552	(772,552)
Capital future growth	-	-	-	-
Machinery and equipment	177,565	284,710	286,851	(2,141)
Capital impact fees	-	-	-	-
Computers	17,049	17,049	-	17,049
Vehicles	2,212,254	9,608,564	2,413,945	7,194,619
Construction in progress	4,905,000	4,905,000	671,346	4,233,654
Capital reserve contingencies				
Capital reserves	5,740,734	4,100,805	-	4,100,805
<b>SUBTOTAL - CAPITAL OUTLAY</b>	<b>14,577,602</b>	<b>18,941,128</b>	<b>4,169,694</b>	<b>14,771,434</b>
<b>DEBT SERVICE</b>				
Principal retirement	1,244,354	1,244,354	1,008,840	235,514
Interest charges and fiscal	569,726	569,726	804,561	(234,835)
<b>SUBTOTAL - DEBT SERVICE</b>	<b>1,814,080</b>	<b>1,814,080</b>	<b>1,813,401</b>	<b>679</b>
<b>TOTAL EXPENDITURES</b>	<b>62,361,889</b>	<b>71,735,042</b>	<b>34,158,676</b>	<b>37,576,366</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2,515,625</b>	<b>2,515,625</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from disposition of capital assets	-	-	-	-
Proceeds from loan payable	-	-	-	-
Proceeds from issuance of debt - bonds	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,515,625</b>	<b>\$ 2,515,625</b>
FUND BALANCE, October 1, 2022			38,058,441	
FUND BALANCE, September 30, 2023			<u>\$ 40,574,066</u>	

The accompanying notes are an integral part of this statement.



**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND**  
**Year Ended September 30, 2023**

	Impact Fee Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Fees				
Impact fees	\$ 1,569,249	\$ 5,139,835	\$ 262,288	\$ (4,877,547)
Miscellaneous				
Interest	-	-	-	-
Cash brought forward (Deficit)	<u>(2,261,782)</u>	<u>(2,261,782)</u>	-	<u>2,261,782</u>
TOTAL REVENUES	<u>(692,533)</u>	<u>2,878,053</u>	<u>262,288</u>	<u>(2,615,765)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	-	-	-
Operating				
Impact fee refunds	-	-	-	-
Impact fee reserve contingencies	<u>(2,261,782)</u>	<u>(2,261,782)</u>	-	<u>(2,261,782)</u>
Subtotal - operating	<u>(2,261,782)</u>	<u>(2,261,782)</u>	-	<u>(2,261,782)</u>
Capital outlay	<u>1,569,249</u>	<u>5,139,835</u>	<u>262,288</u>	<u>4,877,547</u>
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>(692,533)</u>	<u>2,878,053</u>	<u>262,288</u>	<u>2,615,765</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
<b>FUND BALANCE (DEFICIT) - Beginning</b>			<u>(2,261,782)</u>	
<b>FUND BALANCE (DEFICIT) - Ending</b>			<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year Ended September 30, 2023**

<b>Grantor Agency/Program Title</b>	<b>Federal CFDA/ Number</b>	<b>Grantor's Number</b>
<b>FEDERAL AGENCY</b>		
<b><u>U.S. Department of Homeland Security</u></b>		
<b><u>Federal Emergency Management Agency (FEMA)</u></b>		
<b><u>TYPE A - MAJOR</u></b>		
Passed through State of Florida		
Division of Emergency Management		
Staffing of Adequate Fire and Emergency Response		
SAFER - Assistance to Firefighters Grants	97.083	EMW-2019-FF-00927

TOTAL FEDERAL FINANCIAL AWARDS

(1) Includes AR of \$1,250,809

<u>Program or Award Amount</u>	<u>Receipts/ Revenue</u>	<u>Disbursements/ Expenditures</u>	<u>Pass through to Subrecipients</u>
\$ 7,952,678	\$ 2,327,706 (1)	\$ 2,327,706	\$ -
<u>7,952,678</u>	<u>2,327,706</u>	<u>2,327,706</u>	<u>-</u>
<u>\$ 7,952,678</u>	<u>\$ 2,327,706</u>	<u>\$ 2,327,706</u>	<u>\$ -</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended September 30, 2023**

Page 63 of 79

**NOTE A - BASIS OF PRESENTATION**

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

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

**NOTE B - INDIRECT COSTS**

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

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

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

	2023	2022	2021	2020
District's proportion of the net pension liability	0.068601256%	0.067998147%	0.053180462%	0.054748598%
District's proportionate share of the net pension liability	\$ 27,335,429	\$ 25,300,775	\$ 4,017,180	\$ 23,728,849
District's covered-employee payroll	\$ 14,950,125	\$ 14,702,481	\$ 11,300,558	\$ 9,425,480
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	182.84%	172.09%	35.55%	251.75%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%

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

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

	2023	2022	2021	2020
Contractually required contribution	\$ 3,875,077	\$ 3,455,541	\$ 2,519,819	\$ 2,069,644
Contributions in relation to the contractually required contribution	<u>3,875,077</u>	<u>3,455,541</u>	<u>2,519,819</u>	<u>2,069,644</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,950,125	\$ 14,702,481	\$ 11,300,558	\$ 9,425,480
Contributions as a percentage of covered-employee payroll	25.92%	23.50%	22.30%	21.96%

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

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

2019	2018	2017	2016	2015	2014
0.052718180%	0.050872063%	0.047571277%	0.045159677%	0.042356887%	0.047120657%
\$ 18,155,407	\$ 15,322,929	\$ 14,100,844	\$ 11,402,854	\$ 5,470,960	\$ 2,875,053
\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
209.09%	184.45%	179.99%	152.67%	82.66%	38.30%
82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

2019	2018	2017	2016	2015	2014
\$ 1,898,899	\$ 1,700,676	\$ 1,521,721	\$ 1,364,166	\$ 1,190,238	\$ 1,275,659
<u>1,898,899</u>	<u>1,700,676</u>	<u>1,521,721</u>	<u>1,364,166</u>	<u>1,190,238</u>	<u>1,275,659</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
21.87%	20.47%	19.42%	18.26%	17.98%	16.99%

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

	2023	2022	2021	2020
District's proportion of the net pension liability	0.037942709%	0.038639481%	0.029689131%	0.026037268%
District's proportionate share of the net pension liability	\$ 6,025,808	\$ 4,092,538	\$ 3,641,818	\$ 3,179,108
District's covered-employee payroll	\$ 14,950,125	\$ 14,702,481	\$ 11,300,558	\$ 9,425,480
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.31%	27.84%	32.23%	33.73%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%

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

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

	2023	2022	2021	2020
Contractually required contribution	\$ 247,345	\$ 220,556	\$ 160,840	\$ 155,780
Contributions in relation to the contractually required contribution	<u>247,345</u>	<u>220,556</u>	<u>160,840</u>	<u>155,780</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 14,950,125	\$ 14,702,481	\$ 11,300,558	\$ 9,425,480
Contributions as a percentage of covered-employee payroll	1.65%	1.50%	1.42%	1.65%

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

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

2019	2018	2017	2016	2015	2014
0.025654709%	0.025494487%	0.023601549%	0.022510608%	0.023502870%	0.025255234%
\$ 2,870,505	\$ 2,698,365	\$ 2,523,586	\$ 2,623,518	\$ 2,396,923	\$ 2,361,426
\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
33.06%	32.48%	32.21%	35.13%	36.22%	31.46%
2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

2019	2018	2017	2016	2015	2014
\$ 142,927	\$ 128,008	\$ 114,538	\$ 108,298	\$ 96,948	\$ 86,602
<u>142,927</u>	<u>128,008</u>	<u>114,538</u>	<u>108,298</u>	<u>96,948</u>	<u>86,602</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386	\$ 7,506,662
1.65%	1.54%	1.46%	1.45%	1.46%	1.15%



**Changes of Assumptions**

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

The total FRS pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.25%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was unchanged at 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.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 3.65% was increased from 3.54% and was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational PUB-2010 with Projection Scale MP-2018.

**Florida Retirement System Pension Plan**

There were changes in actuarial assumptions. As of June 30, 2023, the inflation rate assumption remained at 2.4 percent, the real payroll growth assumption remained unchanged at 0.85 percent, and the overall payroll growth rate assumption remained at 3.25 percent. The long-term expected rate of return was unchanged at 6.70 percent.

**Health Insurance Subsidy Pension Plan**

The municipal rate used to determine total pension liability increased from 3.54 percent to 3.65 percent.

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

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

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

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

The average expected remaining service life changed for all employees provided with pensions through the pension plans at September 30, 2023, the prior year at 5.5 years to 5.3 years for FRS and 6.3 (2023) (6.4 for 2022) years for HIS.



2021	2022	2023
\$ 128,338	\$ 133,342	\$ 142,543
73,086	54,992	51,362
4,350	-	-
67,651	-	540,768
(505,590)	26,710	(30,992)
<u>(134,475)</u>	<u>(148,900)</u>	<u>(154,248)</u>
(366,640)	66,144	549,433
<u>2,722,897</u>	<u>2,356,257</u>	<u>2,422,401</u>
<u>\$ 2,356,257</u>	<u>\$ 2,422,401</u>	<u>\$ 2,971,834</u>

2021	2022	2023
\$ 134,475	\$ 148,900	\$ 154,248
-	-	-
(134,475)	(148,900)	(154,248)
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ 2,356,257	\$ 2,422,401	\$ 2,971,834
0.00%	0.00%	0.00%

10/1/20	9/30/21	10/1/22
15	15	15

2.41%	2.19%	4.40%
-------	-------	-------

## **ADDITIONAL REPORTS**



**TUSCAN**  
& Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2023, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 29, 2024.

**Internal Control Over Financial Reporting**

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

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

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

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

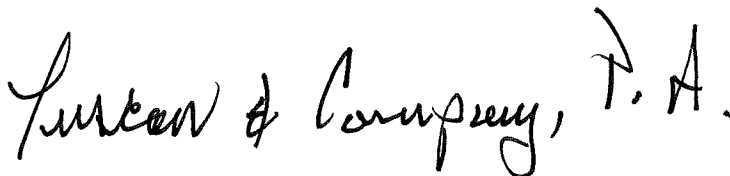
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### **Compliance and Other Matters**

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

### **Purpose of This Report**

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

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

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
February 29, 2024



**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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

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

**Report on Compliance for Each Major Federal Program**

We have audited Lehigh Acres Fire Control and Rescue District's compliance with the types of compliance requirements described in the OMB Compliance Supplement, as applicable, that could have a direct and material effect on each of Lehigh Acres Fire Control and Rescue District's major federal program for the year ended September 30, 2023. Lehigh Acres Fire Control and Rescue District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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



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

### **Opinion on Each Major Federal Program**

In our opinion, Lehigh Acres Fire Control and Rescue District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

### **Report on Internal Control Over Compliance**

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

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

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

**Purpose of the Report**

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

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." in a cursive, flowing script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

February 29, 2024

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED**  
**COSTS - FEDERAL AWARDS**  
**Year ended September 30, 2023**

***Section I – Summary of Auditor’s Results***

Financial Statements

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

Federal Awards

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

Identification of major programs (Type A):

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

Dollar threshold used to distinguish between

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

Auditee qualified as low-risk auditee?	<u>    X    </u>	Yes	_____	No
--	------------------	-----	-------	----

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED  
COSTS - FEDERAL AWARDS  
Year ended September 30, 2023**

Page 75 of 79

Listing of Subrecipients and matching amounts passed-through:

None - not applicable

***Section II- Financial Statement Findings***

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

***Section III- Federal Award Findings and Questioned Costs***

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

***Section IV- Status of Federal Prior Year Findings***

There were no prior year findings.



**TUSCAN**  
& Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

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

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

We have examined Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for Lehigh Acres Fire Control and Rescue District's compliance with those requirements. Our responsibility is to express an opinion on Lehigh Acres Fire Control and Rescue District's compliance based on our examination.

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

In our opinion, Lehigh Acres Fire Control and Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
February 29, 2024

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



**TUSCAN**  
 & Company, PA

**Certified Public Accountants & Consultants**

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT**

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

We have audited the accompanying basic financial statements of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2023 and have issued our report thereon dated February 29, 2024.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated February 29, 2024, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no financially significant comments in the prior year.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendation was noted to improve financial management within our current year report to management dated February 29, 2024.

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

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

- Pursuant to Section 10.554(1)(i)7, Rules of the Auditor General, requires an independent special district that imposes ad valorem taxes to disclose certain related unaudited data. See Exhibit 2.
- Pursuant to Section 10.554(1)8, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated February 29, 2024, included herein.

**PRIOR YEAR COMMENT:**

No financially significant comments noted.

**CURRENT YEAR COMMENTS:**

No financially significant comments noted.

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

*Tuscan & Company, P.A.*

TUSCAN & COMPANY, P.A.  
Fort Myers, Florida  
February 29, 2024



**EXHIBIT 1**



# Lehigh Acres Fire Control & Rescue District

---

11 Homestead Rd. S.  
Phone: 239-303-5300

Lehigh Acres, Florida 33936  
Fax: 239-369-2436

March 25, 2024

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

Dear Mr. Tuscan,

This letter is in response to the Management letter provided to Board of Commissioners, Lehigh Acres Fire Control and Rescue District, for the 2022/2023 fiscal year ended September 30, 2023, by Tuscan & Company, P.A. Responses to the individual comments are addressed in the same order as presented in the Management letter dated March 26, 2024.

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

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

**CURRENT YEAR COMMENTS:**

(There were no financially significant comments noted).

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

Sincerely,

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

Robert A. DiLallo  
Fire Chief

**EXHIBIT 2**

**UNAUDITED  
COMPLIANCE WITH REPORTING REQUIRED BY:**

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

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 162
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 3
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$ 15,051,521
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$267,258
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes). See NOTE S
- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached page 3 and 4.

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

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

- a. The millage rate or rates imposed by the district. N/A
- b. The current year gross amount of ad valorem taxes collected by or on behalf of the district. N/A
- c. The total amount of outstanding bonds issued by the district and terms of such bonds. \$14,320,000

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

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

- a. The rate or rates of such assessment imposed by the district.  
\$170.04 per parcel plus \$0.98 per \$1,000 of improved value (not including land) plus \$1.85 collection fees plus \$5 administrative fee plus add back 4% early payment discount.
- b. The total amount of special assessments collected by or on behalf of the district.  
\$28,388,886
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. \$14,320,000

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND - SUMMARY STATEMENT - UNAUDITED  
Year Ended September 30, 2023**

	General Fund		
	Original		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>REVENUES</b>			
Non-ad valorem assessments	\$ 27,394,828	\$ 28,388,886	\$ 994,058
Intergovernmental revenue:			
Grants	15,000	5,000	(10,000)
F/F supplemental income	30,840	44,614	13,774
Federal grants	1,744,270	2,327,706	583,436
Other government revenue PEMT	-	586,528	586,528
Charges for services - ambulance	2,780,000	3,515,859	735,859
Inspection fees	60,000	69,560	9,560
Interest income	90,000	1,442,567	1,352,567
Other income:			
Insurance proceeds	-	31,971	31,971
Miscellaneous	245,000	261,610	16,610
Cash brought forward	30,001,951	-	(30,001,951)
TOTAL REVENUES	62,361,889	36,674,301	(25,687,588)
<b>EXPENDITURES</b>			
Current			
Public safety			
Personnel services	25,773,381	23,856,796	1,916,585
Operating expenditures	20,196,826	4,318,785	15,878,041
Capital outlay	14,577,602	4,169,694	10,407,908
Debt service			
Principal reduction	1,244,354	1,008,840	235,514
Interest and fiscal charges	569,726	804,561	(234,835)
TOTAL EXPENDITURES	62,361,889	34,158,676	28,203,213
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	2,515,625	2,515,625
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from disposition of capital assets	-	-	-
Bond Proceeds	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	2,515,625	\$ 2,515,625
FUND BALANCE, October 1, 2021		38,058,441	
FUND BALANCE, September 30, 2022		\$ 40,574,066	

The accompanying notes are an integral part of this statement.

Page 4

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND -UNAUDITED**  
**Year Ended September 30, 2023**

	Impact Fee Fund		
	Original		Variance
	Budget	Actual	Favorable (Unfavorable)
	Budget	Actual	(Unfavorable)
<b>REVENUES</b>			
Fees			
Impact fees	\$ 1,569,249	\$ 262,288	\$ (1,306,961)
Miscellaneous			
Interest	-	-	-
Cash brought forward	<u>(2,261,782)</u>	<u>-</u>	<u>2,261,782</u>
TOTAL REVENUES	<u>(692,533)</u>	<u>262,288</u>	<u>954,821</u>
<b>EXPENDITURES</b>			
Current			
Public safety	-	-	-
Operating			
Impact fee refunds	-	-	-
Impact fee reserve contingencies	<u>(2,261,782)</u>	<u>-</u>	<u>(2,261,782)</u>
Subtotal - operating	<u>(2,261,782)</u>	<u>-</u>	<u>(2,261,782)</u>
Capital outlay	<u>1,569,249</u>	<u>262,288</u>	<u>1,306,961</u>
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - debt service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>(692,533)</u>	<u>262,288</u>	<u>(954,821)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE (DEFICIT) - Beginning</b>		<u>(2,261,782)</u>	
<b>FUND BALANCE (DEFICIT) - Ending</b>		<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.