

**SOUTH TRAIL FIRE PROTECTION
AND RESCUE SERVICE DISTRICT
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023**

SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of South Trail Fire Protection and Rescue Service District, Fort Myers, Florida ("District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Other Information Included in the Financial Report

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 4, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



April 4, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources of the District at the close of the most recent fiscal year resulting in a net position balance of \$314,561.
- The change in the District's total net position in comparison with the prior fiscal year was (\$1,452,087), a decrease.
- At September 30, 2022, the District's governmental funds reported combined ending fund balances of \$20,346,943 an increase of \$2,551,521, or 14 percent, in comparison with the prior year. Of the total fund balance, \$3,500,000 is committed for operating reserves, \$1,004,201 is restricted for impact fee expenditures, \$9,837,000 is assigned fund balance and unassigned fund balance is \$5,900,209, which is available for spending at the District's discretion.
- Total revenues in the government-wide statements increased (\$22,894,929 - \$20,209,343) \$2,685,586, or 13 percent, in comparison to the prior year.
- Total expenses in the government-wide statements increased (\$24,347,016 - \$19,624,122) \$4,722,894, or 24 percent, in comparison to the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Notes to the Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a condensed summary of net position for the primary government for the year ended September 30, 2022, compared to September 30, 2023:

NET POSITION			
SEPTEMBER 30,			
	2022	2023	Change
Assets:			
Current and other assets	\$ 17,924,888	\$ 20,530,993	\$ 2,606,105
Capital assets	8,591,030	8,236,680	(354,350)
Total assets	26,515,918	28,767,673	2,251,755
Deferred outflows of resources	9,397,154	8,547,252	(849,902)
Liabilities:			
Current liabilities	417,350	477,086	59,736
Non-current liabilities	30,096,190	33,349,255	3,253,065
Total liabilities	30,513,540	33,826,341	3,312,801
Deferred inflows of resources	3,632,884	3,174,023	(458,861)
Net position:			
Net investment in capital assets	8,010,110	7,943,644	(66,466)
Restricted	919,646	1,004,201	84,555
Unrestricted	(7,163,108)	(8,633,284)	(1,470,176)
Total net position	\$ 1,766,648	\$ 314,561	\$ (1,452,087)

The investment in capital assets is comprised of land, fire and rescue equipment, buildings, fire and rescue vehicles and furniture, fixtures and equipment, net of accumulated depreciation. These assets are used to provide services to residents; consequently, these assets are not available for future spending. An additional portion of the District's net position, \$314,561, represents resources that are subject to external restrictions on how they may be used.

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

The following schedule reports the revenues, expenses, and changes in net position for the District for the fiscal year ended September 30, 2022 compared to September 30, 2023:

CHANGES IN NET POSITION			
FOR THE FISCAL YEAR ENDED SEPTEMBER 30,			
	2022	2023	Change
Revenues:			
General revenues			
Property taxes	\$ 18,351,756	\$ 20,718,470	\$ 2,366,714
Impact fees	258,933	301,756	42,823
Investment earnings	109,195	802,724	693,529
Miscellaneous revenue	160,850	305,941	145,091
Program revenues			
Grants and Contributions	19,582	417,294	397,712
Charges for services	1,309,027	348,744	(960,283)
Total revenues	20,209,343	22,894,929	2,685,586
Expenses:			
Public safety-fire and rescue services	19,624,122	24,347,016	4,722,894
Increase (decrease) in net position	585,221	(1,452,087)	(2,037,308)
Net position - beginning	1,181,427	1,766,648	585,221
Net position, ending	\$ 1,766,648	\$ 314,561	\$ (1,452,087)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Revenues are comprised primarily of ad valorem property tax revenues. Property tax revenues increased by \$ 2,366,714 or 13 percent during the fiscal year.

Total assessed property value increased by \$951,309,325 or 12.5 percent to \$8,535,581,623 resulting in higher ad valorem property tax revenues. Due to the rate of growth, the District was able to maintain a constant millage rate while providing the funds for the cost of growth and reserve requirements.

Impact fee revenues increased by \$ 42,823 or 17% percent. It should be noted that impact fees collected by Lee County under an inter-local agreement between the District and the County are received quarterly in October, January, April, and July.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

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

As noted earlier, combined fund balances increased by \$2,551,521 in comparison with the prior year. Restricted or committed fund balance indicates that the amounts are not available for new spending because they have already been set aside for other items. Assigned fund balance represents amounts the Board of Commissioners has designated for specific purposes. The remainder is unassigned fund balance, which is available for spending at the District's discretion.

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

GENERAL BUDGETING HIGHLIGHTS

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

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

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

- Ad Valorem Taxes were under budget by (\$664,882), as a result of uncollected property taxes.
- Charges for services were less than the budget by (\$367,256). The charges for services are less than the budget because the Interlocal agreement was terminated payment was only for 6 months.
- Miscellaneous revenues were \$723,235. This is primarily the result of grants from FEMA and insurance proceeds.
- Personnel services were under budget by \$841,729. This is primarily the result of attrition.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At September 30, 2023, the District had \$16,916,906 invested in land, fire and rescue equipment and vehicles, buildings, and furniture, fixtures and equipment. Depreciation of \$8,680,226 has been taken, which resulted in a net book value of \$8,236,680.

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

	<u>2022</u>	<u>2023</u>
Land	\$ 872,466	\$ 872,466
Construction in progress	7,578	8,500
Fire and rescue equipment	432,040	531,942
Buildings	3,913,777	3,773,248
Fire and rescue vehicles	3,282,423	2,845,865
Furniture, fixtures and equipment	82,746	204,659
Total capital assets, net depreciation	<u>\$ 8,591,030</u>	<u>\$ 8,236,680</u>

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

Capital Debt

At September 30, 2023, the District had \$293,036 in Notes outstanding for its governmental activities. Additional information on the District's long-term liabilities is found in Note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND OTHER EVENTS

The District's budgeted appropriations for fiscal year 2024 of \$24,809,412 are \$2,127,050 higher than the budgeted appropriations for fiscal year 2023.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 345,879
Investments	18,908,312
Accounts receivable	7,357
Due from other governments	85,178
Interest receivable	57,733
Prepays	105,533
Restricted assets:	
Cash and cash equivalents	869,790
Due from other governments	151,211
Capital assets:	
Nondepreciable	880,966
Depreciable assets, net	7,355,714
Total assets	28,767,673
DEFERRED OUTFLOWS OF RESOURCES	
Pension	5,506,288
Other post employment benefit (OPEB)	3,040,964
Total deferred outflows of resources	8,547,252
LIABILITIES	
Accounts payable	93,603
Accrued expenses	90,447
Current portion of loan payable	293,036
Noncurrent liabilities	
Due in more than one year:	
Net pension liability	23,559,513
Compensated absences	1,618,754
Net other post employment benefit liability	8,170,988
Loan payable	-
Total liabilities	33,826,341
DEFERRED INFLOWS OF RESOURCES	
Pension	1,011,830
Other post employment benefit (OPEB)	2,162,193
Total deferred inflows of resources	3,174,023
NET POSITION	
Net investment in capital assets	7,943,644
Restricted for future services	
Restricted for interlocal agreements	1,004,201
Unrestricted	(8,633,284)
Total net position	\$ 314,561

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

<u>Functions/Programs</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Capital Grants and Contributions		Governmental Activities
Primary government:				
Governmental activities:				
Public safety	\$ 24,347,016	\$ 348,744	\$ 417,294	\$ (23,580,978)
Total governmental activities	24,347,016	348,744	417,294	(23,580,978)
General revenues:				
Property taxes				20,718,470
Impact fees				301,756
Unrestricted investment earnings				802,724
Miscellaneous revenue				305,941
Total general revenues				22,128,891
Change in net position				(1,452,087)
Net position - beginning				1,766,648
Net position - ending				\$ 314,561

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2023**

	Major Funds		Total Governmental Funds
	General	Special Revenue	
ASSETS			
Cash and cash equivalents	\$ 345,879	\$ 869,790	\$ 1,215,669
Investments	18,908,312	-	18,908,312
Accounts receivable	7,357	-	7,357
Due from other governments	85,178	151,211	236,389
Interest receivable	57,733	-	57,733
Prepays	105,533	-	105,533
Due from other funds	16,800	-	16,800
Total assets	<u>\$ 19,526,792</u>	<u>\$ 1,021,001</u>	<u>\$ 20,547,793</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	93,603	\$ -	\$ 93,603
Accrued expenses	90,447	-	90,447
Due to other fund	-	16,800	16,800
Total liabilities	<u>184,050</u>	<u>16,800</u>	<u>200,850</u>
 Fund balances:			
Nonspendable			
Prepaid expense	105,533	-	105,533
Restricted:			
Interlocal agreements	-	1,004,201	1,004,201
Committed:			
Operating reserves	3,500,000	-	3,500,000
Assigned:			
Fleet replacement	2,200,000	-	2,200,000
Capital equipment replacement	2,000,000	-	2,000,000
Disaster recovery	723,000	-	723,000
Future station	2,000,000	-	2,000,000
Insurance reserve	500,000	-	500,000
Termination benefits	200,000	-	200,000
Facilities	2,214,000	-	2,214,000
Unassigned	5,900,209	-	5,900,209
Total fund balances	<u>19,342,742</u>	<u>1,004,201</u>	<u>20,346,943</u>
 Total liabilities and fund balances	 <u>\$ 19,526,792</u>	 <u>\$ 1,021,001</u>	 <u>\$ 20,547,793</u>

See notes to the financial statements

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023**

Total fund balances - governmental funds \$ 20,346,943

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

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

Cost of capital assets	16,916,906	
Accumulated depreciation	<u>(8,680,226)</u>	8,236,680

Deferred outflows of resources related to pensions and OPEB are recorded in the statement of net position.		8,547,252
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Deferred inflows of resources related to pensions and OPEB are recorded in the statement of net position.		(3,174,023)
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Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.

Net other post employment benefit obligation		(8,170,988)
Net pension liability		(23,559,513)
Compensated absences		(1,618,754)
Loan payable		<u>(293,036)</u>

Net position of governmental activities		<u>\$ 314,561</u>
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See notes to the financial statements

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

	Major Funds		Total Governmental Funds
	General	Special Revenue	
REVENUES			
Ad valorem taxes	\$ 20,718,470	\$ -	\$ 20,718,470
Charges for services	348,744	-	348,744
Impact fees	-	301,756	301,756
Interest	802,724	-	802,724
Miscellaneous	305,941	-	305,941
Grant revenue	417,294	-	417,294
Total revenues	<u>22,593,173</u>	<u>301,756</u>	<u>22,894,929</u>
EXPENDITURES			
Current:			
Public safety			
Personnel service	16,863,171	-	16,863,171
Operating expenditures	2,547,656	-	2,547,656
Debt service:			
Principal expenditure	287,884	-	287,884
Interest expenditure	10,399	-	10,399
Capital outlay	417,097	217,201	634,298
Total expenditures	<u>20,126,207</u>	<u>217,201</u>	<u>20,343,408</u>
Excess (deficiency) of revenues over (under) expenditures	2,466,966	84,555	2,551,521
Fund balances - beginning	<u>16,875,776</u>	<u>919,646</u>	<u>17,795,422</u>
Fund balances - ending	<u>\$ 19,342,742</u>	<u>\$ 1,004,201</u>	<u>\$ 20,346,943</u>

See notes to the financial statements

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

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

Net change in fund balances - total governmental funds	\$ 2,551,521
Governmental funds report capital outlays as expenditures; however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	619,997
Depreciation on capital assets is not recognized in the governmental fund statement but is reported as an expense in the statement of activities.	(960,361)
Repayment of long-term liabilities are reported as expenditures in the governmental fund financial statements, but such repayments reduce liabilities in the statement of net position and are eliminated in the statement of activities.	287,884
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Disposal of capital assets	(13,986)
Change in the net pension liability and deferred inflows and outflows of resources related to pension	(2,927,465)
Change in the net other post employment benefit liability (OPEB) and deferred inflows and outflows of resources related to OPEB	(654,370)
Change in long-term compensated absences	<u>(355,307)</u>
Change in net position of governmental activities	<u>\$ (1,452,087)</u>

See notes to the financial statements

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

NOTE 1 – NATURE OF ORGANIZATION AND REPORTING ENTITY

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Fund Financial Statements

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

General Fund

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

Special Revenue Fund

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

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

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

Assets, Liabilities and Net Position or Equity

Restricted Assets

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

Deposits and Investments

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Deposits and Investments (Continued)

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

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

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

Unearned Revenue

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

Compensated Absences

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Impact Fees

The District receives impact fees in accordance with Interlocal agreements with the City of Fort Myers, Florida and Lee County, Florida. Impact fees are remitted on a quarterly basis to the District. The District, may expend amounts collected on qualifying expenditures. In accordance with the Interlocal agreement with Lee County, the county attorney may render an opinion on the proper use of impact fees by the District. The District uses this service and is afforded the indemnification afforded by that agreement. Funds received may be subject to refund as defined in the individual agreements. The interlocal agreement will end on October 19, 2022.

Long-Term Obligations

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

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

Deferred Outflows/Inflows of Resources

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

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

Fund Equity/Net Position

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position or Equity (Continued)

Fund Equity/Net Position (Continued)

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

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

Other Disclosures

Use of Estimates

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

NOTE 3 – BUDGETARY INFORMATION

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

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

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

NOTE 4 – DEPOSITS AND INVESTMENTS

Deposits

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

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Investments

The District's investments were held as follows at September 30, 2022:

	Amortized cost	Credit Risk	Maturities
Florida Safe	\$ 18,908,312	S&P AAAm	Weighted average of the fund portfolio: 42 days
Total Investments	<u>\$ 18,908,312</u>		

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

Concentration risk – The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk – The District does not have a formal policy that limits investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

However, the Bond Indenture limits the type of investments held using unspent proceeds.

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

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

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

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

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. Accordingly, the District's investments have been reported at amortized cost above.

NOTE 5 – CAPITAL ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land and land improvements	\$ 872,466	\$ -	\$ -	\$ 872,466
Construction in Progress	7,578	8,500	(7,578)	8,500
Total capital assets, not being depreciated	880,044	8,500	(7,578)	880,966
Capital assets, being depreciated				
Fire and rescue equipment	1,811,601	267,156	-	2,078,757
Buildings	7,475,325	40,683	-	7,516,008
Fire and rescue vehicles	5,973,081	147,080	(87,541)	6,032,620
Furniture, fixtures and equipment	244,399	164,156	-	408,555
Total capital assets, being depreciated	15,504,406	619,075	(87,541)	16,035,940
Less accumulated depreciation for:				
Fire and rescue equipment	1,379,561	167,254	-	1,546,815
Buildings	3,561,548	181,212	-	3,742,760
Fire and rescue vehicles	2,690,658	569,652	(73,555)	3,186,755
Furniture, fixtures and equipment	161,653	42,243	-	203,896
Total accumulated depreciation	7,793,420	960,361	(73,555)	8,680,226
Total capital assets, being depreciated, net	7,710,986	(341,286)	(13,986)	7,355,714
Governmental activities capital assets, net	\$ 8,591,030	\$ (332,786)	\$ (21,564)	\$ 8,236,680

Depreciation expense of \$960,361 was charged to the Public Safety function/programs.

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

General Information about the FRS

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

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

The District's pension expense totaled \$5,807,266 for the fiscal year ended September 30, 2023.

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

FRS Pension Plan

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

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

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

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

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

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

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

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

FRS Pension Plan (Continued)

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2022 to June 30, 2023		Percent of Gross Salary July 1, 2023 to September 30, 2023	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	11.91	3.00	13.57
FRS, Special Risk	3.00	27.83	3.00	32.67

(1) Employer rates include a postemployment HIS contribution rate of 1.66% until June 30, 2023, and 2.00% thereafter. Also, employer rates include .06% for administrative costs of the Investment plan.

The District’s contributions to the Plan totaled \$2,475,215 for the fiscal year ended September 30, 2023. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District’s proportionate share of the net pension liability was based on the District’s contributions for the year ended June 30, 2023 relative to the contributions made during the year ended June 30, 2023 of all participating members. At June 30, 2023, the District’s proportionate share was .0490%, which was not significantly different to its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023 the District recognized pension expense of \$4,074,047 related to the Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,835,841	\$ -
Change of assumptions	1,274,615	-
Net difference between projected and actual investment earnings on FRS pension plan	816,579	-
Changes in proportion and differences between District FRS contributions and proportionate share of FRS contributions	416,411	(580,640)
District FRS contributions subsequent to the measurement date	771,629	-
Total	<u>\$ 5,115,075</u>	<u>\$ (580,640)</u>

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

FRS Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The deferred outflows of resources related to pensions, totaling \$771,629, resulting from District contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2024	\$ 496,037
2025	(299,556)
2026	3,116,099
2027	351,545
2028	98,681
Thereafter	-
Total	\$ 3,762,806

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

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

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

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

Asset Class	Target Allocation (1)	Arithmetic Return	(Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
Total	100.0%			
Assumed inflation - mean			2.4%	1.3%

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

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

FRS Pension Plan (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.70%, 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%) or 1-percentage-point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of net pension liability	\$ 33,400,197	\$ 19,552,819	\$ 7,967,831

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

HIS Pension Plan

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

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

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

The District's contributions to the HIS Plan totaled \$169,373 for the fiscal year ended September 30, 2023. This does not include contributions to the Investment Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The District's proportionate share of the net pension liability was based on the year ended June 30, 2023 contributions relative to the year ended June 30, 2023 contributions of all participating members. At June 30, 2023, the District's proportionate share was .025%, which was not significantly different to its proportionate share measured as of June 30, 2022.

For the fiscal year ended September 30, 2023, the District recognized pension expense of \$1,565,325 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

HIS Pension Plan (Continued)

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 58,655	\$ (9,404)
Change of assumptions	105,335	(347,194)
Net difference between projected and actual investment earnings on HIS pension plan	2,069	-
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	170,054	(74,592)
District HIS contributions subsequent to the measurement date	55,100	-
Total	<u>\$ 391,213</u>	<u>\$ (431,190)</u>

The deferred outflows of resources related to pensions, totaling \$55,100, resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	\$ 15,610
2024	3,609
2025	(7,585)
2026	(58,403)
2027	(42,591)
Thereafter	<u>(5,717)</u>
Total	<u>\$ (95,077)</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:

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

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the July 1, 2022, valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

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

HIS Pension Plan (Continued)

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	1% Decrease 2.65	Current Discount Rate 3.65	1% Increase 4.65%
District’s proportionate share of net pension liability	\$ 4,571,013	\$ 4,006,694	\$ 3,538,912

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

FRS – Defined Contribution Pension Plan

The District contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA and is reported in the SBA’s annual financial statements and in the State of Florida Comprehensive Annual Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement. The report can be found at <http://www.myfloridacfo.com/Division/AA/Reports>.

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

Allocations to the investment member’s accounts during the 2023 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2022 to 6/30/2023
FRS, Regular	3.30%
FRS, Special Risk	11.00%

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

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

FRS – Defined Contribution Pension Plan (Continued)

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

The District’s Investment Plan pension expense totaled \$167,894 for the fiscal year ended September 30, 2023.

NOTE 7 – LONG-TERM LIABILITIES

Compensated Absences

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

Accrued compensated absences payable - beginning balance	\$	1,263,447
Additions		355,307
Deletions		-
Accrued compensated absences payable - ending balance	<u>\$</u>	<u>1,618,754</u>
Due within one year	<u>\$</u>	<u>-</u>

Compensated absences are generally paid out of the general fund.

Ladder Truck Note

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

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities</u>					
Direct borrowings:					
Loan payable	\$ 580,920	\$ -	\$ 287,884	\$ 293,036	\$ 293,036
Total	<u>\$ 580,920</u>	<u>\$ -</u>	<u>\$ 287,884</u>	<u>\$ 293,036</u>	<u>\$ 293,036</u>

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

Year ending September 30:	Governmental Activities		
	Principal	Interest	Total
2024	\$ 293,036	\$ 5,245	\$ 298,281
Total	<u>\$ 293,036</u>	<u>\$ 5,245</u>	<u>\$ 298,281</u>

NOTE 8 – PROPERTY TAXES

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

NOTE 8 – PROPERTY TAXES (Continued)

Key dates in the property tax cycle are as follows:

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

For fiscal year 2023, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$2.500 mils per \$1,000 of the 2022 net taxable value of real property located within the District.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS

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

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

Plan Description

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

At September 30, 2023, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to, but not yet receiving benefits	-
Active employees	94
	<u>101</u>

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
Balance as of September 30, 2022	\$ 7,813,117	\$ -	\$ 7,813,117
Changes due to:			
Service cost	318,698	-	318,698
Expected interest growth	392,132	-	392,132
Demographic experience	-	-	-
Benefit payments and refunds	(294,381)	-	(294,381)
Assumption changes	(58,578)	-	(58,578)
Balance as of September 30, 2022	<u>\$ 8,170,988</u>	<u>\$ -</u>	<u>\$ 8,170,988</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance as of September 30, 2022	\$ 3,546,637	\$ 2,371,367
Changes due to:		
Amortization payments	(505,673)	(267,752)
Assumption changes	-	58,578
Balance as of September 30, 2022	<u>\$ 3,040,964</u>	<u>\$ 2,162,193</u>

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

Year Ending September 30:	Amount
2024	\$ 505,673
2025	505,673
2026	505,673
2027	503,764
2028	502,550
Thereafter	517,631
Total	<u>\$ 3,040,964</u>

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

Year Ending September 30:	Amount
2024	\$ 267,752
2025	267,752
2026	267,752
2027	267,752
2028	267,752
Thereafter	823,433
Total	<u>\$ 2,162,193</u>

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions

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

Measurement date	September 30, 2023
Actuarial valuation date	October 1, 2021
Actuarial assumptions:	
Discount rate	4.91% per annum; this rate was used to discount all future benefit payments and is based on the return on the S&P Municipal Bond 20-year High Grade Index as of the measurement date.
Salary increases	3.00% per annum
Cost-of-living increases	Retiree contributions, health insurance premiums, and the implied subsidy have been assumed to increase in accordance with the healthcare cost trend rates.
Healthcare cost trend rates	Increases in healthcare costs are assumed to be 12.00% for the 2021/22 fiscal year, 10.00% for the 2022/23 fiscal year, 8.00% for the 2023/24 fiscal year, 6.00% for the 2024/25 fiscal year, 5.50% for the 2025/26 fiscal year, and 5.00% for the 2026/27 and later fiscal years.
Age-related morbidity	Insurance premiums are assumed to increase with each year of age in accordance with the rates set forth in the Society of Actuaries report "Health Care Costs - From Birth to Death" prepared by Dale H. Yamamoto (June, 2013). Rates set forth in Chart 2 (Group Costs by Age for 2009/10) were used to develop the morbidity rates prior to age 65 and the rates set forth in Table 4 (Development of Plan Specific Medicare Age Curve) were used to develop the morbidity rates after age 65.
Implied health subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied monthly subsidy has been assumed for the 2021/22 fiscal year based on the age-related morbidity assumption and, for other fiscal years, the implied subsidy was increased in accordance with the healthcare cost trend rates. The implied subsidy is assumed to disappear at age 65.
Mortality basis	Sex-distinct rates set forth in the PUB-2010 Mortality Table (without income adjustments) for public safety employees, with full generational improvements in mortality using Scale MP-2020
Retirement	Retirement is assumed to occur at the earliest of any age with 30 years of service, age 52 with 25 years of service, or age 55 with 10 years of service.
Other decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 2).
Coverage election	25% of eligible employees are assumed to elect medical coverage upon retirement or disability, except that 100% of employees who are eligible for an explicit subsidy from the District are assumed to elect medical coverage upon retirement or disability; 80% of electing male retirees and 60% of electing female retirees are also assumed to cover their spouse.
Spouses and dependents	Husbands are assumed to be three years older than wives; future retirees are not assumed to have any dependent children.
COBRA:	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation; because the COBRA premium is determined periodically based on plan experience, the COBRA premium to be paid by the participant is assumed to fully cover the cost of providing healthcare coverage during the relevant period.
Changes:	Since the prior measurement date, the discount rate was increased from 4.77% per annum to 4.91% per annum.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is a 1-percentage-point lower (3.77%) or 1-percentage-point higher (4.77%) than the current discount rate:

1% Decrease (3.91%)	Current Discount Rate (4.91%)	1% Increase (5.91%)
\$ 8,974,013	\$ 8,170,988	\$ 7,464,320

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (11% graded down to 4%) or 1-percentage-point higher (13% graded down to 6%) than the current healthcare cost trend rates:

1% Decrease (11% Graded Down to 4%)	Healthcare Cost Trend Rates (12% Graded Down to 5%)	1% Increase (13% Graded Down to 6%)
\$ 7,243,557	\$ 8,170,988	\$ 9,265,814

OPEB Expense and Payments

For the year ended September 30, 2023, the District recognized OPEB expense of \$1,654,370.

Chief Officers

The District maintains a Chief Officer Employment Contract (the "Contract") which, in part, provides post employment benefits other than pension benefits to all Chief Officers. Chief Officers are defined as the District Fire Chief, Assistant Chiefs, Division Chiefs, and Battalion Chiefs. Under the terms of the Agreement, Chief Officers with 10 years of service are eligible to receive medical, vision and dental insurance benefits (the Benefits) until they reach the age of 65 at the District's expense upon termination of employment.

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

During the fiscal year ended September 30, 2023, the District paid approximately \$57,554.82 for the benefit of 5 retired chief officers.

Employees Other Than Chief Officers

The District also provides post-employment health benefits to its employees under separate plans (the "Plans"). Under the provision of each Plan, the District is required to pay \$225 bi-weekly, per bargaining unit employee and non-bargaining unit employee into a trust (the Trust Fund) administered by Nationwide Retirement Solutions. The administrator is required to maintain separate sub-accounts in the name of each participant having an interest in the Trust Fund. Upon a participant's separation from service with the District, the participant (or in the event of a deceased participant, his dependents) shall be entitled to be reimbursed from the participant's sub-account for qualifying medical expenses or health care premiums incurred by the participant. These benefits are limited to the participant's respective sub-account balance as of the date of the claim. Alternatively, the employee may elect to apply his or her benefit to their required contribution for dependent coverage.

NOTE 9 – OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Payments (Continued)

During the fiscal year ended September 30, 2023 the District made contributions totaling \$827,877.45 to these Plans.

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

NOTE 10 – RISK MANAGEMENT

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the FRS net pension liability	0.049070%	0.048365%	0.048017%	0.051938%	0.050169%	0.049882%	0.04671700%	0.04561757%
District's proportionate share of the FRS net pension liability	\$ 19,552,819	\$ 17,995,487	\$ 3,627,109	\$ 22,510,871	\$ 17,277,556	\$ 15,024,569	\$ 13,818,502	\$ 11,518,472
District's covered payroll	\$ 9,658,307	\$ 9,176,968	\$ 8,158,963	\$ 7,435,766	\$ 7,077,623	\$ 7,075,421	\$ 6,287,680	\$ 5,891,366
District's proportionate share of the FRS net pension liability as a percentage of its covered payroll	202.45%	196.09%	44.46%	302.74%	244.12%	212.35%	219.77%	195.51%
FRS plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

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

	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the HIS net pension liability	0.025229%	0.025786%	0.025460%	0.023945%	0.023548%	0.024227%	0.022229000%	0.020544475%
District's proportionate share of the HIS net pension liability	\$ 4,006,694	\$ 2,731,103	\$ 3,123,106	\$ 2,923,680	\$ 2,634,826	\$ 2,564,246	\$ 2,376,857	\$ 2,095,213
District's covered payroll	\$ 9,658,307	\$ 9,176,968	\$ 8,158,963	\$ 7,435,766	\$ 7,077,623	\$ 7,075,421	\$ 6,287,680	\$ 5,558,824
District's proportionate share of the HIS net pension liability as a percentage of its covered payroll	41.48%	29.76%	38.28%	39.32%	37.23%	36.24%	37.80%	37.69%
HIS plan fiduciary net position as a percentage of the total pension liability	4.12%	3.56%	3.00%	2.63%	2.15%	1.64%	0.50%	0.50%

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

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

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

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

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required FRS contribution	\$ 2,475,215	\$ 2,120,287	\$ 1,795,839	\$ 1,655,038	\$ 1,492,350	\$ 1,315,364	\$ 1,201,832	\$ 1,151,124
FRS contributions in relation to the contractually required contribution	(2,475,215)	(2,120,287)	(1,795,839)	(1,655,038)	(1,492,350)	(1,315,364)	(1,201,832)	(1,151,124)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

District's covered payroll	\$ 9,658,307	\$ 9,176,968	\$ 8,314,202	\$ 7,651,378	\$ 7,130,574	\$ 6,802,486	\$ 6,560,605	\$ 5,971,353
FRS contributions as a percentage of covered payroll	25.63%	23.10%	21.63%	20.93%	20.93%	19.34%	18.32%	19.28%

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

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required HIS contribution	\$ 169,373	\$ 152,338	\$ 138,016	\$ 127,015	\$ 118,366	\$ 112,921	\$ 108,906	\$ 110,730
HIS contributions in relation to the contractually required contribution	(169,373)	(152,338)	(138,016)	(127,015)	(118,366)	(112,921)	(108,906)	(110,730)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

District's covered payroll	\$ 9,658,307	\$ 9,176,968	\$ 8,314,202	\$ 7,651,378	\$ 7,130,574	\$ 6,802,486	\$ 6,560,605	\$ 5,971,353
HIS contributions as a percentage of covered payroll	1.75%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.85%

(1) The amounts presented for each fiscal year were determined as of September 30.
(2) Information is only available for the years presented.

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Beginning balance	\$ 7,813,117	\$ 9,458,567	\$ 9,471,901	\$ 4,504,171	\$ 4,332,008	\$ 4,160,202
Service cost	318,698	283,905	398,666	424,799	164,595	162,414
Expected interest growth	392,132	458,922	235,536	102,190	157,847	154,722
Demographic experience	-	(908,377)	-	(290,729)	-	-
Benefit payments and refunds	(294,381)	(245,800)	(357,593)	(309,111)	(176,477)	(145,330)
Assumption changes	(58,578)	(1,234,100)	(289,943)	5,040,581	26,198	-
Ending balance	\$ 8,170,988	\$ 7,813,117	\$ 9,458,567	\$ 9,471,901	\$ 4,504,171	\$ 4,332,008

Plan Fiduciary Net Position

Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ending balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Net OPEB Liability

	\$ 8,170,988	\$ 7,813,117	\$ 9,458,567	\$ 9,471,901	\$ 4,504,171	\$ 4,332,008
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Plan fiduciary net position as a percentage of total OPEB liability 0.00% 0.00% 0.00% 0.00% 0.00% 0.00%

Covered payroll \$ 9,658,307 \$ 9,176,968 \$ 8,314,202 \$ 7,651,378 \$ 7,130,574 \$ 6,802,486

Net OPEB liability as a percentage of covered payroll 84.60% 85.14% 113.76% 123.79% 63.17% 63.68%

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

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
	Original & Final	Actual Amounts	
REVENUES			
Ad valorem taxes	\$ 21,383,352	\$ 20,718,470	\$ (664,882)
Charges for services	716,000	348,744	(367,256)
Interest	20,000	802,724	782,724
Miscellaneous	5,000	305,941	300,941
Grant revenue	-	417,294	417,294
Total revenues	<u>22,124,352</u>	<u>22,593,173</u>	<u>468,821</u>
EXPENDITURES			
Current:			
Public safety			
Personnel service			
Salaries	11,597,400	11,122,994	474,406
Benefits	6,107,500	5,740,177	367,323
Operating expenditures	2,624,261	2,547,656	76,605
Debt service:			
Principal expenditure	300,000	287,884	12,116
Interest expenditure	-	10,399	(10,399)
Capital outlay	1,836,000	417,097	1,418,903
Total expenditures	<u>22,465,161</u>	<u>20,126,207</u>	<u>2,338,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (340,809)</u>	2,466,966	<u>\$ 2,807,775</u>
Fund balances - beginning		<u>16,875,776</u>	
Fund balances - ending		<u>\$ 19,342,742</u>	

See notes to required supplementary information

**SOUTH TRAIL FIRE PROTECTION AND RESCUE SERVICE DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023
(UNAUDITED)**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original & Final		
REVENUES			
Impact fees	\$ 20,000	\$ 301,756	\$ 281,756
Interest		-	-
Total revenues	20,000	301,756	281,756
EXPENDITURES			
Current:			
Capital outlay	217,201	217,201	-
Total expenditures	217,201	217,201	-
Excess (deficiency) of revenues over (under) expenditures	\$ (197,201)	84,555	\$ 281,756
OTHER FINANCING SOURCES (USES)			
Use of sources	197,201	-	(197,201)
Net change in fund balances	\$ -	84,555	\$ 84,555
Fund balances - beginning		919,646	
Fund balance - ending		\$ 1,004,201	

See notes to required supplementary information

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

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

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

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

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

- Ad Valorem Taxes were under budget by (\$664,882), as a result of uncollected property taxes.
- Charges for services were less than the budget by (\$367,256). The charges for services are less than the budget because the Interlocal agreement was terminated payment was only for 6 months.
- Miscellaneous revenues were \$723,235. This is primarily the result of grants from FEMA and insurance proceeds.
- Personnel services were under budget by \$841,729. This is primarily the result of attrition.

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

<u>Element</u>	<u>Comments</u>
Number of District employees compensated in the last pay period of the District's fiscal year being reported.	92
Number of independent contractors compensated to whom nonemployee compensation was paid in the last month of the District's fiscal year being reported.	Not applicable
Employee compensation	\$10,345,508.24
Independent contractor compensation	Not applicable
Construction projects to begin on or after October 1; (\$65K)	Not applicable
Budget variance report	See the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
Ad Valorem taxes	
Millage rate	2.5
Ad valorem taxes collected	\$20,718,470.00
Outstanding debt:	see Note 7 for details
Non ad valorem special assessments	Not applicable



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of South Trail Fire Protection and Rescue Service District, Fort Myers, Florida (the "District") as of and for the fiscal year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our opinion thereon dated April 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Baker & Associates

April 4, 2024



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

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

We have examined South Trail Fire Protection and Rescue Service District, Fort Myers, Florida's ("District") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

Grau & Associates

April 4, 2024



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

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of South Trail Fire Protection and Rescue Service District, Fort Myers, Florida ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated April 4, 2024.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 4, 2024, should be considered in conjunction with this management letter.

Purpose of this Letter

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

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

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

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

Grau & Associates

April 4, 2024

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

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

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

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

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

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

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

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

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

7. Management has provided the specific information required by Section 218.39(3)(c) in the Other Information section of the financial statements on page 39.