

**LEHIGH ACRES FIRE CONTROL
AND RESCUE DISTRICT**

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

**YEAR ENDED
SEPTEMBER 30, 2025**

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund and the fiduciary fund of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Summary of Opinions

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund and the fiduciary fund of Lehigh Acres Fire Control and Rescue District as of September 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matter of Emphasis

During the year ended September 30, 2025, the District implemented GASB Statement No. 101 "Compensated Absences" as further described in Note A. The net position was not required to be restated as of October 1, 2024.

During the year ended September 30, 2025, the District established a VEBA fiduciary fund.

Basis for Opinions

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

We did not audit the financial statements of Florida Retirement Systems Pension Plan (FRS) or Health Insurance Subsidy Pension Plan (HIS) as of and for the year ended June 30, 2025. The District is required to record its proportionate share of the FRS and HIS liability in the District's government-wide financial statements as of September 30, 2025, and for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lehigh Acres Fire Control and Rescue District's government-wide financial statements, is based on the report of the other auditors.

INTEGRITY SERVICE EXPERIENCE

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Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - viii, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability (Asset) and Related Ratios GASB 74/75 and Related Notes to the Schedule - VEBA, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability, Related Ratios GASB No. 75 and related Notes to the Schedule, and Schedule of Changes in the Total OPEB Liability (Asset) and Related Ratios GASB 74/75 and Related Notes to the Schedule - VEBA as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information, Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, and Schedule of Changes in the Total OPEB Liability (Asset) and Related Ratios GASB 74/75 and Related Notes to the Schedule - VEBA as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Exhibit 1 - Management's Response to Independent Auditor's Report to Management and Exhibit 2 - Florida Rules of the Auditor General - Rule 10.554(1)(i)7-9 Compliance - Unaudited are not a required part of the basic financial statements but are required by Government Auditing Standards and/or Rules of the Auditor General, Section 10.554(i), respectively. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated March 6, 2026, on our consideration of Lehigh Acres Fire Control & Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Lehigh Acres Fire Control and Rescue District's internal control over financial reporting and compliance.

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 6, 2026

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

As management of the Lehigh Acres Fire Control and Rescue District (the "District"), we offer readers of the District's financial statement this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2025.

INTRODUCTION

The District responded to approximately 18,690 calls, with approximately 25% being fire service related and 75% being rescue related. This was an increase in total call volume of 6.7% over the previous fiscal year (2023/2024). The District transported 9,176 patients to area hospitals in Lee County. This is a decrease of 5.8% from the previous fiscal year. Gulf Coast Medical Center received 49.7% of the patients transported. The busiest zone of Lehigh Acres is Station 102 at 44 Homestead Road S.

In fiscal year 2024/25, the District for the tenth consecutive year did use the Non Ad Valorem Assessment based form of taxation as a revenue source which was approved through voter referendum in November 2014. The District is still facing various challenges as call volume and growth continue to increase. As such, the District purchased an Administration Building, is starting construction on a new training tower and will be starting construction of a new fire station (#108). The District continues to focus on providing the highest level of service while maintaining fiscal responsibility and exploring other areas of obtaining revenue and reducing expenditures.

Performance Measures

Fiscal Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Total Alarms	12,013	12,081	13,362	15,640	16,139	17,277	17,250	18,690
Response Times	8.06	9.28	8.51	6.12	12.25	6.55	6.36	6.25
Fire Related Incidents	2,986	2,951	3,246	4,223	3,874	4,146	4,380	4,673
EMS % Incidents	75.00%	76.00%	75.00%	73.00%	76.00%	76.00%	75.00%	75.00%

Forward-Looking Statements

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

FINANCIAL HIGHLIGHTS

At the close of fiscal year 2025:

- The District's net position was \$39,984,773.
- The District's total net position increased \$6,512,890.
- The District had \$51,322,114 of total fund balance. Of this amount \$6,095,658 is restricted for construction and \$284,086 is non-spendable. The District has an assigned fund balance total of \$33,216,568 or approximately 65% of the total. The District also has an unassigned fund balance total of \$11,725,802 or approximately 23% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$53,583,896 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$4,277,918 from EMS transports.
- Total governmental revenues decreased \$4,200,808 or 8%, in comparison to prior year.
- Total governmental expenses increased \$5,467,398 or 16%, in comparison to prior year.

Effective September 30, 2018, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 75 "*Accounting and Financial Reporting of Post Employment Benefits Other than Pensions (OPEB)*" (Statement No. 75). This accounting standard requires the District to annually report its actuarially determined net OPEB liability in the government-wide financial statements of the District.

At the close of fiscal year 2024:

- The District's net position was \$33,471,883.
- The District's total net position increased \$16,181,096.
- The District had \$46,569,808 of total fund balance. Of this amount \$6,879,125 is restricted for construction and \$0 is non-spendable. The District has an unassigned fund balance total of \$11,875,470 or approximately 25% of the total. The District also has an assigned fund balance total of \$27,815,213 or approximately 60% of the total. This is a result of non-spendable, restricted, assigned, and unassigned fund balance of \$48,831,590 in the General Fund and a (deficit) balance of \$(2,261,782) in the Impact Fee Fund.
- The District generated revenues of \$4,027,093 from EMS transports.
- Total governmental revenues increased \$13,221,479, in comparison to prior year.
- Total governmental expenses decreased \$2,450,334, in comparison to prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis of the Lehigh Acres Fire Control and Rescue District financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2025. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes to the financial statements. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

Government-wide Financial Statements

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

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

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

Governmental Fund Financial Statements

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

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

Fiduciary Fund

The fiduciary fund reported is used to account for resources held for the benefit of retired employees – VEBA. A fiduciary fund is not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The accounting used for the fiduciary fund is much like that used for governmental proprietary funds. The fiduciary fund financial statements can be found on pages 11 and 12.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

Notes to the Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 13. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

Assets:	2025	2024
Current and other assets	\$ 63,518,682	\$ 56,532,521
Non current assets	38,445,298	36,885,392
Total Assets	<u>101,963,980</u>	<u>93,417,913</u>
Deferred outflows of resources	<u>11,775,665</u>	<u>10,890,309</u>
Liabilities:		
Current liabilities	13,328,386	11,084,647
Non-current liabilities	<u>54,277,595</u>	<u>56,172,541</u>
Total liabilities	<u>67,605,981</u>	<u>67,257,188</u>
Deferred inflows of resources	<u>6,148,891</u>	<u>3,579,151</u>
Net position:		
Net investment in capital assets	25,145,313	23,611,004
Restricted (deficit)	6,095,658	6,879,125
Unrestricted	<u>8,743,802</u>	<u>2,981,754</u>
Total net position	<u>\$ 39,984,773</u>	<u>\$ 33,471,883</u>

Current and other assets represent 62% and 61% of total assets for the years 2025 and 2024, respectively. For 2025 current assets were comprised of cash and cash equivalents of \$11,572,238 and investments of \$49,793,242, due from other governments of \$893,639, net receivables from ambulance transports and inspection fees of \$775,742, deposits of \$284,086, and right of use subscriptions of \$199,735.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

Current and other assets represent 61% and 61% of total assets for the years 2024 and 2023, respectively. For 2024 current assets were comprised of cash and cash equivalents of \$11,133,076 and investments of \$41,741,403, due from other governments of \$2,953,100, net receivables from ambulance transports and inspection fees of \$576,335, and right of use subscriptions of \$128,607.

The net investment in capital assets represent the portion of net position for the years ended 2025 and 2024 and are comprised of capital assets net of accumulated depreciation and long term debt related to those capital assets. The unrestricted net position (deficit) was \$9,503,680 at September 30, 2025 as a result of recording the reduction in the District's net pension liability and OPEB liability. Unrestricted net position was \$2,981,754 in 2024 as a result of recording the net pension liability and OPEB liability.

At September 30, 2025, the restricted net position of \$515,721 represents the District's OPEB net asset related to the Retiree Insurance Trust – VEBA reported pursuant to accounting rules and is unavailable for spending.

The fiduciary fund net position increased \$515,721 in fiscal year 2025 as FY25 was the VEBA's initial period of operations. The increase is primarily due to the District's contribution of \$500,000 which increased the VEBA asset.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

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

Revenues:	<u>2025</u>	<u>2024</u>
General Revenues		
Non-ad valorem assessments	\$ 36,674,208	\$ 32,867,781
Miscellaneous		
Interest	2,301,693	2,493,357
Impact fees	1,141,547	1,086,223
Other	370,089	412,861
Program Revenues		
Charges for services		
Ambulance	4,277,918	4,027,093
Inspection fees	131,164	100,042
Gain (loss) from disposition of capital assets	(138)	6,020,445
Operating and capital grants	1,060,779	3,150,266
Total Revenues	<u>45,957,260</u>	<u>50,158,068</u>
Expenses:		
Public Safety - Fire and Rescue Services	<u>39,444,370</u>	<u>33,976,972</u>
Increase (Decrease) in net position	6,512,890	16,181,096
Net Position – Beginning	33,471,883	17,290,787
Net Position - Ending	<u>\$ 39,984,773</u>	<u>\$ 33,471,883</u>

Total revenues decreased \$4,200,808 and increased \$13,221,479 or (8)% and 36% for the fiscal years ended 2025 and 2024, respectively. The decrease in revenues for FY 25 was substantially due to the sale of capital assets in FY 24 resulting in a one-time \$6,000,000 gain. Total expenses increased \$5,467,398 and decreased \$2,450,334 or 16% and (7)% for fiscal years ended 2025 and 2024, respectively.

The unearned revenue balances for impact fees at September 30, 2025 and 2024 were \$9,846,775 and \$7,431,770, respectively. This balance consists of impact fees collected by the District but not yet spent for capital improvements.

BUDGETARY HIGHLIGHTS

The following is a brief review of the FY25 budgeting changes from the original budget to the final budget for the General Fund. The final budget had a total overall increase due to: the increase in the carry forward balance and an increase in the assigned Fund balance for capital asset purchases. Budget changes can be briefly summarized as follows:

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

- The (General Fund) budgeted carry forward increased by \$11,930,768.
- Budgeted capital outlay for construction was increased by approximately \$9,668,986 to provide funding for construction of finishing Station 107, 108 and 109, and the training tower, the admin building and 2 engines and other capital assets including the general and impact fee funds.

General Fund budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 73-76. No major variances from budgeted amounts were noted.

CAPITAL ASSETS

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

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

Capital Assets	2025	2024
Land	\$ 650,485	\$ 577,617
Construction in progress	1,742,450	6,795,325
Buildings	32,132,969	25,736,319
Improvements other than buildings	166,595	174,485
Equipment	3,293,948	3,495,196
Vehicles	16,722,137	14,992,527
Total Capital Assets	<u>54,708,584</u>	<u>51,771,469</u>
Accumulated Depreciation		
Buildings	(5,597,349)	(4,786,753)
Improvements other than buildings	(148,757)	(153,083)
Equipment	(1,763,311)	(1,966,635)
Vehicles	(9,114,769)	(7,979,606)
Total accumulated depreciation	<u>(16,624,186)</u>	<u>(14,886,077)</u>
Capital Assets, Net	<u>\$ 38,084,398</u>	<u>\$ 36,885,392</u>

The District's major purchases consisted of completed construction of Station 107 and continued construction of the training tower during the year ended September 30, 2025. The District purchased land for Station 109, and various equipment, including extrication tools, air packs, and radios. The District also purchased 2 engines.

During the year ended September 30, 2024, the District nearly completed construction of station 107 and started site work for the training tower. The District also purchased a tower, 2 engines, an ambulance and various other equipment.

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT

Management's Discussion and Analysis

September 30, 2025

LONG TERM LIABILITIES

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

	<u>2025</u>	<u>2024</u>
Net Pension Liability - FRS	\$ 23,787,664	\$ 26,380,767
Net Pension Liability - HIS	5,059,478	5,339,392
Compensated Absences	2,166,577	1,371,312
Net OPEB Obligation	3,679,925	2,994,183
Loans Payable	5,529,621	6,083,513
Bonds Payable	13,815,000	14,070,000
	<u>\$ 54,038,265</u>	<u>\$ 56,239,167</u>

The net pension liability related to the District's participation in the State's Retirement Plan (FRS) decreased by \$2,873,017, however the Plan experienced a 10.64% positive return on its investments for FY 2025.

The net pension liability related to the District's participation in the State's Retirement Plan (FRS and HIS) decreased by \$1,641,078, however the Plan experienced a 10.33% positive return on its investments for FY 2024.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following were factors considered when next year's budget (2025-2026) was prepared:

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2025

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,277,683
Cash and cash equivalents - restricted	8,294,555
Investments	42,383,860
Investments - restricted	7,409,382
Receivables, net	775,742
Due from other governments	893,639
Deposits	284,086
Right of use subscription asset, current	<u>199,735</u>
Total current assets	<u>63,518,682</u>
Noncurrent assets:	
Right of use subscription asset, net of current	360,900
Capital assets:	
Land	650,485
Construction in progress	1,742,450
Depreciable buildings, vehicles, and equipment (net of \$16,624,186 accumulated depreciation)	<u>35,691,463</u>
Total noncurrent assets	<u>38,445,298</u>
TOTAL ASSETS	<u>101,963,980</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>11,775,665</u>
LIABILITIES	
Current liabilities:	
Accounts payable	392,170
Accrued expenses	1,757,888
Accrued interest payable	309,250
Retainage payable	-
Unearned revenue - impact fees	9,846,775
Current portion of long-term obligations	822,568
Right of use subscription liability, current	<u>199,735</u>
Total current liabilities	13,328,386
Noncurrent liabilities:	
Right of use subscription liability, noncurrent	360,900
Noncurrent portion of long-term obligations	<u>53,916,695</u>
TOTAL LIABILITIES	<u>67,605,981</u>
DEFERRED INFLOWS OF RESOURCES	<u>6,148,891</u>
NET POSITION	
Net investment in capital assets	25,145,313
Restricted	6,095,658
Unrestricted	<u>8,743,802</u>
TOTAL NET POSITION	<u>\$ 39,984,773</u>

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2025

	<u>Governmental Activities</u>
EXPENSES	
Governmental activities	
Public safety - fire protection	
Personnel services	\$ 30,539,372
Operating expenses	5,366,896
Depreciation	2,716,580
Interest and fiscal charges	<u>821,522</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>39,444,370</u>
PROGRAM REVENUES	
Charges for services	
Ambulance	4,277,918
Inspection fees	131,164
Operating grants and other government support	1,048,646
Capital grants	<u>12,133</u>
TOTAL PROGRAM REVENUES	<u>5,469,861</u>
NET PROGRAM EXPENSES	<u>33,974,509</u>
GENERAL REVENUES	
Non-ad valorem assessments	36,674,208
Impact fees	1,141,547
Gain (loss) on disposition of capital assets	(138)
Interest	2,301,693
Other	<u>370,089</u>
TOTAL GENERAL REVENUES	<u>40,487,399</u>
 INCREASE (DECREASE) IN NET POSITION	 6,512,890
 NET POSITION - Beginning of the year	 <u>33,471,883</u>
 NET POSITION - End of the year	 <u>\$ 39,984,773</u>

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2025

	General Fund	Impact Fee Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 3,277,683	\$ -	\$ 3,277,683
Cash and cash equivalents - restricted	6,405,536	1,889,019	8,294,555
Investments	42,383,860	-	42,383,860
Investments - restricted	-	7,409,382	7,409,382
Receivables, net	775,742	-	775,742
Due from other governments	132,153	761,486	893,639
Due from other funds	2,474,894	-	2,474,894
Deposits	284,086	-	284,086
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 55,733,954</u>	<u>\$ 10,059,887</u>	<u>\$ 65,793,841</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 392,170	\$ -	\$ 392,170
Accrued expenses	1,757,888	-	1,757,888
Retainage payable	-	-	-
Due to other funds	-	2,474,894	2,474,894
Unearned revenue	-	9,846,775	9,846,775
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>2,150,058</u>	<u>12,321,669</u>	<u>14,471,727</u>
 FUND BALANCE (DEFICIT)			
Nonspendable	2,545,868	(2,261,782)	284,086
Restricted	6,095,658	-	6,095,658
Assigned	44,942,370	-	44,942,370
Unassigned	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE (DEFICIT)	<u>53,583,896</u>	<u>(2,261,782)</u>	<u>51,322,114</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 55,733,954</u>	<u>\$ 10,059,887</u>	<u>\$ 65,793,841</u>

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2025**

	<u>Amount</u>	
Total fund balance for governmental funds	\$ 51,322,114	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Right of use-subscription asset	<u>560,635</u>	560,635
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated		
Land	650,485	
Construction in progress (CIP)	1,742,450	
Capital assets being depreciated:		
Building, vehicles, and equipment	52,315,649	
Less accumulated depreciation	<u>(16,624,186)</u>	
		35,691,463
Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds.		
Deferred outflows related to pensions	10,985,697	
Deferred outflows related to OPEB	789,968	
Deferred inflows related to OPEB - VEBA	<u>-</u>	
		11,775,665
Deferred inflows related to pensions	(5,656,568)	
Deferred inflows related to OPEB	(492,323)	
Deferred outflows related to OPEB - VEBA	<u>-</u>	
		(6,148,891)
Accrued interest payable that will not be liquidated with current financial resources and, therefore, is not reported in the governmental funds.		(309,250)
Right of use-subscription liability	<u>(560,635)</u>	(560,635)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net pension liability - FRS	(23,787,664)	
Net pension liability - HIS	(5,059,478)	
Compensated absences	(2,166,577)	
Loan payable (construction)	(5,529,621)	
Bond payable	(13,815,000)	
Unamortized bond premium	(700,998)	
Net OPEB obligation	<u>(3,679,925)</u>	
		(54,739,263)
Elimination of interfund amounts:		
Due to other funds	(2,474,894)	
Due from other funds	<u>2,474,894</u>	
		<u>-</u>
Total net position of governmental activities	<u>\$ 39,984,773</u>	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2025

	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Non-ad valorem assessments	\$ 36,674,208	\$ -	\$ 36,674,208
Impact fees	-	1,141,547	1,141,547
Intergovernmental revenue:			
Grants - Local	12,133	-	12,133
F/F supplemental income	45,440	-	45,440
Federal Grants	499,229	-	499,229
Other government revenue PEMT	503,977	-	503,977
Charges for services - ambulance	4,277,918	-	4,277,918
Inspection fees	131,164	-	131,164
Interest income	2,301,693	-	2,301,693
Other income:			
Insurance proceeds	55,172	-	55,172
Lease revenue	24,713	-	24,713
Miscellaneous	290,204	-	290,204
TOTAL REVENUES	<u>44,815,851</u>	<u>1,141,547</u>	<u>45,957,398</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	30,246,998	-	30,246,998
Operating expenditures	5,408,131	-	5,408,131
Capital outlay	2,774,177	1,141,547	3,915,724
Debt service			
Principal reduction	808,892	-	808,892
Interest and fiscal charges	825,347	-	825,347
TOTAL EXPENDITURES	<u>40,063,545</u>	<u>1,141,547</u>	<u>41,205,092</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,752,306	-	4,752,306
OTHER FINANCING SOURCES (USES)			
Proceeds from disposition of capital assets	-	-	-
Proceeds from issuance of debt - bonds	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	4,752,306	-	4,752,306
FUND BALANCE (DEFICIT) - Beginning of the year	<u>48,831,590</u>	<u>(2,261,782)</u>	<u>46,569,808</u>
FUND BALANCE (DEFICIT) - End of the year	<u>\$ 53,583,896</u>	<u>\$ (2,261,782)</u>	<u>\$ 51,322,114</u>

The accompanying notes are an integral part of this statement.

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

Year Ended September 30, 2025

	<u>Amount</u>	
Net change (excess of revenues and other financing sources over (under) expenditures and other financing uses) in fund balance - total governmental funds	\$ 4,752,306	
The increase in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Also, the gain/loss on the sale of capital assets is recorded on the Statement of Activities but not in the governmental funds.		
Plus: expenditures for capital assets	3,915,724	
Less: proceeds from disposition of capital assets	-	
Less: current year depreciation	(2,716,580)	
Plus: gain/(loss) on disposition of capital assets	<u>(138)</u>	
		1,199,006
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.		
Repayments (principal retirement):		
Loan payable (construction)	553,892	
Bond Payable	<u>255,000</u>	
		808,892
Plus: Bond premium amortization	<u>41,235</u>	
		41,235
Interest on bonds payable on the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is paid, and thus requires the use of certain financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues.		
		3,825
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
(Increase) decrease in net pension liability - FRS	2,593,103	
(Increase) decrease in net pension liability - HIS	279,914	
Increase (decrease) in deferred outflows - Pensions	787,325	
(Increase) decrease in deferred inflows - Pensions	(2,624,880)	
Net (increase) decrease in compensated absences	(795,265)	
Increase (decrease) in deferred outflow - OPEB VEBA	-	
(Increase) decrease in deferred inflow - OPEB VEBA	-	
(Increase) decrease in total OPEB liability	(685,742)	
Increase (decrease) in deferred outflows - OPEB	98,031	
(Increase) decrease in deferred inflows - OPEB	<u>55,140</u>	
		<u>(292,374)</u>
Increase (decrease) in net position of governmental activities	<u>\$ 6,512,890</u>	

The accompanying notes are an integral part of this statement.

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF FIDUCIARY NET
POSITION - FIDUCIARY FUND
September 30, 2025**

	2025 Retiree Insurance Trust - VEBA
ASSETS	
Cash and cash equivalents	\$ 6,039
Investments, at fair value:	
International equity	51,538
Domestic equity	207,075
Fixed income	<u>251,869</u>
 TOTAL INVESTMENTS	 510,482
Dividend receivable	<u>-</u>
 TOTAL ASSETS	 <u>516,521</u>
 LIABILITIES	
Accounts payable and accrued expenses	<u>800</u>
 TOTAL LIABILITIES	 <u>800</u>
 NET POSITION	
Restricted for OPEB health insurance benefits and other purposes	<u>515,721</u>
 TOTAL NET POSITION	 <u>\$ 515,721</u>

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET
POSITION - FIDUCIARY FUND
September 30, 2025**

	2025 Retiree Insurance Trust - VEBA
ADDITIONS	
Contributions:	
Employer contribution	\$ <u>500,000</u>
Total contributions	<u>500,000</u>
Investment income:	
Net appreciation in fair value of investments	15,466
Net realized gain on sales of investments	-
Interest and dividends	<u>1,918</u>
	17,384
Less: investment expenses	<u>(1,280)</u>
Net investment income (loss)	<u>16,104</u>
TOTAL ADDITIONS	<u>516,104</u>
DEDUCTIONS	
Benefits paid	-
Administrative expenses	<u>383</u>
TOTAL DEDUCTIONS	<u>383</u>
NET INCREASE (DECREASE) IN NET POSITION	515,721
NET POSITION - BEGINNING	<u>-</u>
NET POSITION - ENDING	<u><u>\$ 515,721</u></u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Lehigh Acres Fire Control and Rescue District (the "District") is an independent special taxing district established May 23, 1963, by Laws of Florida, Chapter 63-1546. Laws of Florida, Chapter 2000-406 codified, reenacted, amended and repealed its prior enabling acts and was effective July 3, 2000. The District adopted Resolution 15-05-01 which provided for the District to convert its revenue generation method from ad valorem based taxation to non-ad valorem assessment (assessment fee) based taxation (F.S. Chapter 197.3631) and set the assessment amounts. This change was initially effective for the year ended September 30, 2016. The District's codification was further amended by Laws of Florida, Chapter 2017-210 which released a small portion of the District's service area to another fire district in closer proximity to the specified area. The District has the general and special powers prescribed by Florida Statutes, Chapters 189, 191, 200 and 633.15, as well as Laws of Florida, Chapter 97-340. The District was created for the purpose of providing fire control and protection services, as well as crash and rescue services, for a certain unincorporated designated area in northeastern Lee County, Florida known as Lehigh Acres. The District also provides emergency medical and rescue services, including transport (ambulance) services. The District is governed by an elected five (5) member Board of Commissioners serving staggered four (4) year terms. The District operates seven (7) station houses plus an administration facility.

During the year ended September 30, 2025, the District established a fiduciary fund (trust) to account for the assets and net position restricted for retiree insurance benefits trust - VEBA.

Summary of Significant Accounting Policies

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

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" (GASB 39) and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and 34" (GASB 61). These statements require the basic financial statements of the District (the primary government) to include its component units, if any. A component unit is

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

Reporting Entity, continued

a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units required to be included or included in the District's basic financial statements.

Government-Wide Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that

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

Government-Wide Financial Statements, continued

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

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

Fund Financial Statements

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

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

Fund financial statements for the District's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds, in aggregate, for governmental funds. The fiduciary statements include information for the Retiree Insurance Trust Fund (VEBA). The fiduciary fund represents assets held by the Lehigh Acres Retiree Insurance Trust in a custodial capacity for the benefit of retirees. This fund is properly not reflected as part of the government-wide financial statements, as the net assets of this fund are not available for use in District operations.

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

Governmental Funds

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

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

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

Fiduciary Fund

The insurance trust fund accounts for the activities of the Retiree Insurance Trust (VEBA), which accumulates resources for the payment of post employment benefits other than pension to qualified retirees.

Measurement Focus and Basis of Accounting

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

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

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

Measurement Focus and Basis of Accounting, continued

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

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

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

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

The Fiduciary Fund - Retiree Insurance Trust Fund (VEBA) financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

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

Measurement Focus and Basis of Accounting, continued

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

Non-Current Government Assets/Liabilities

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

Major Funds

The District reports the following major governmental funds:

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

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

Fiduciary Fund

Additionally, the District reports the following fund type:

The fiduciary fund is excluded in the government-wide financial statements because the resources of that fund are not available to support the District's operations. The only type of fiduciary fund the District reports is the Retiree Insurance Trust Fund (VEBA), which accounts for the assets held by the plan in a formal trust that are payable to qualified retirees for post employment healthcare benefits other than retirement.

Budgetary Information

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

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

Cash and Investments

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

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

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement No. 31, and/or GASB Statement No. 79 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" in which all investments are reported at fair value. Specifically, the District (not including the VEBA) has adopted a policy to adhere to Florida Statute Chapter 218.415(17).

Investments in the District's governmental funds consist of U.S. Government securities held in money market funds and securities of U.S. Government agencies unconditionally guaranteed by the U.S. Government.

Investments allowable to be held by the District's fiduciary fund (VEBA) include marketable securities, bonds, time deposits, mutual funds, money market funds, and depository accounts. The VEBA has adopted a separate investment policy from that of the District in accordance with Florida Statute Chapter 218.415 (1-16).

Capital Assets

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

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

Capital Assets, continued

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

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

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

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

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

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

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

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

Budgets and Budgetary Accounting

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

No budget was legally required or adopted for the Fiduciary Fund - VEBA.

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

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

General Fund budget amendments were approved during the fiscal year ended September 30, 2025. Budget amendments increased the total budgeted revenues and expenditures in the General Fund by \$9,938,986 and in the Impact fee fund by \$0.

Impact Fees/Unearned Revenue

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

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

Impact Fees/Unearned Revenue, continued

or debt service in the fund financial statements and capital assets or liability reduction and interest charges in the government-wide financial statements. During the year ended September 30, 2008, the Impact Fee Fund borrowed \$2,659,280 (net) from the General Fund to extinguish long term debt. The District's Impact Fee Fund has been paying the General Fund as such fees are collected and as directed by the Board. At September 30, 2025, the Impact Fee Fund reflects a deficit fund balance of \$2,261,782 including an amount due to the General Fund of \$2,474,894. It is the District's intent to collect and retain impact fees to repay the loan.

Due To/From Other Funds

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

Due From Other Governments

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

Compensated Absences

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

Encumbrances

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

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

Management Estimates

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

Net Position

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

Fund Balances

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

The District's assigned fund balances are a result of the District's Board approval. The District's intent is to maintain a minimum assigned fund balance level of three (3) months of prior year total expenditures. The assigned fund balance will serve as the District's operational reserve to carry the District's operations from October 1 through December 31 of the subsequent fiscal year. The Board's intent is to hold an assigned capital asset reserve for future capital asset needs as well as assigned fund balance amounts for disaster events (30 days all-out response). At September 30, 2025, fund balance is also assigned for a variety of specific items by District Board action. Any use or change of the assigned fund balance requires the District's Board approval.

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

Interfund Transactions

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

Pensions

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

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

Deferred Outflows/Inflows of Resources

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

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

Deferred Outflows/Inflows of Resources, continued

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

Leases

The District determined its current lease agreements to be immaterial. Therefore, there was no effect from GASB No. 87 at September 30, 2025.

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

The District adheres to the requirements of GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Arrangements (PPPs)*", in which a liability and right-to-use asset is recorded. The District evaluates its PPPs annually. The District had no arrangements that met this Statement's reporting criteria and/or the related arrangement costs were considered immaterial for the year ended September 30, 2025.

GASB 96: Subscription-Based Information Technology Arrangements (SBITAs)

The District adheres to the requirements of GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements (SBITAs)"*, in which a subscription liability and right-to-use asset is recorded. The District evaluates its SBITAs annually. The District had arrangements that met this Statement's reporting criteria and have reported them as subscription right of use asset and liability, respectively, on the Government Wide financial statements and in the notes to the financial statements for the year ended September 30, 2025.

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

GASB 101: Compensated Absences

In June 2022, the GASB issued Statement No. 101 (Compensated Absences) which defined compensated absences and established recognition and measurement guidance for liabilities related to compensated absences, such as vacation, sick leave, and similar employee benefits. The provisions of the Statement are effective for the District's financial statements for the year ended September 30, 2025. The adoption of the Statement 101 did not result in any material changes to the District's accounting policies, financial reporting practices, or previously reported amounts. Accordingly, there was no impact on beginning net position or fund balance, and no restatement of prior-period financial statements was required.

Subsequent Events

Subsequent events have been evaluated through March 6, 2026, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

At September 30, 2025, cash and cash equivalents were \$11,572,238, excluding the Retiree Insurance Trust Fund VEBA while including restricted cash of \$6,405,536 in the General Fund and impact fees of \$1,889,019 (Impact Fee Fund), which are restricted for capital asset acquisition and/or improvement due to growth within the District and repayment of a loan from the General Fund. The General Fund restricted cash (and restricted fund balance) consists of proceeds of \$105,078 in the General Fund from a construction loan which are restricted for construction related costs (restricted fund balance), bond proceeds of \$5,100,580 for future construction projects, a debt reserve of \$309,878 for bonds payable, and a debt reserve of \$890,000 for the construction loan.

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Deposits

At September 30, 2025, the carrying amount of the District's deposits were \$9,683,219 in the General Fund and the bank balance was \$11,576,672 (excluding the Retiree Insurance Trust Fund VEBA). The bank balance consists of \$2,157,552 in money markets, \$9,687,653 in demand deposits and \$1,006,610 in certificates of deposit. At September 30, 2025, the carrying amount and the bank balance of the District's deposits were \$1,889,019 in the Impact Fee Fund. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

Deposits - VEBA

Additionally, the Retiree Insurance Trust Fund (VEBA) held restricted cash and cash equivalents of \$6,039 (book and bank balance as deposits), at September 30, 2025, in a treasury fund. This cash account is not subject to coverage under the Federal Depository Insurance Corporation (FDIC) or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

NOTE C - INVESTMENTS

Florida Statutes and the District's investment policy authorize investments in the Florida Fixed Income Trust (FL FIT). Specifically, the District's investment policy is consistent with Florida Statutes, Chapter 218.415(17). At September 30, 2025, the District's investments in the FL FIT-Cash Pool (CP) consist of the following:

	Cost Basis	Fair Value (NAV)/ Carrying Amount
<u>General Fund</u>		
Florida Fixed Income Trust		
FL FIT - Cash Pool (CP)	\$ 42,383,860	\$ 42,383,860
Total investments - General Fund	<u>\$ 42,383,860</u>	<u>\$ 42,383,860</u>
<u>Impact Fee Fund</u>		
Florida Fixed Income Trust		
FL FIT - Cash Pool (CP)	\$ 7,409,382	\$ 7,409,382
Total investments - Impact Fee Fund	<u>\$ 7,409,382</u>	<u>\$ 7,409,382</u>

NOTE C - INVESTMENTS, CONTINUED

The Florida Fixed Income Trust (FL FIT) Cash Pool (CP) was established in accordance with Florida Statute 163.01 to provide local and state government entities access to diversified, high credit quality strategies for their cash reserves. The Florida Fixed Income Trust (FL FIT) Cash Pool is a floating net asset value (NAV) pool, (NAV = \$1.00) managed to dollar-in/dollar-out and provides same day liquidity for participants.

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

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

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

At September 30, 2025, the Cash Pool's investments consisted of the following: 15% with commercial paper; 83% with institutional money market deposits and insured money deposits; 2% with certificates of deposit.

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

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

Limitation on Participant Contributions and Withdrawals: FL FIT-Cash Pool has no limitations or restrictions on participant withdrawals, does not charge liquidity fees,

NOTE C - INVESTMENTS, CONTINUED

and has not put in place a redemption gate. Each participant has the ability to withdraw 100 percent of its account balance any business day that the Investment Advisor is open for trading. The Investment Advisor is open for trading, and the funds will settle on the trading date for trades placed prior to 2:00 PM Eastern Time, and trade date plus one business day (T+1) for trades placed after 2:00 PM Eastern Time.

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

Valuation: Fair value of the investments in the FL FIT-Cash Pool is determined on a daily basis. Fair value increases and decreases are included in the change in unrealized gains and losses during the period. Net realized gains and losses on sales of securities are computed based on specific identification. Mutual fund securities are recorded at fair value as determined by using net position value as furnished by a pricing service and the number of shares owned.

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

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

Redemption Fees: As of September 30, 2025, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant's daily access to 100 percent of their account value.

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

Foreign Currency Risk: Florida Fixed Income Trust (FL FIT) Cash Pool was not exposed to foreign currency risk during the year ended September 30, 2025.

Securities Lending: Florida Fixed Income Trust (FL FIT) Cash Pool did not participate in securities lending program during the period October 1, 2024, through September 30, 2025.

NOTE C - INVESTMENTS, CONTINUED

Florida Fixed Income Trust (FL FIT) Cash Pool does provide separate audited financial statements for the year ended June 30, 2025.

At September 30, 2025, the District reported Florida Fixed Income Trust (FL FIT) Cash Pool investments of \$49,793,242. The Florida Fixed Income Trust (FL FIT) Cash Pool carried a credit rating of AA Af/S1 by Fitch Rating and had a dollar weighted average days to maturity (WAM) of 47 days at September 30, 2025. The weighted average life (WAL) at September 30, 2025, was 73 days. The Cash Pool's duration is as follows: expected target duration 0-.5 years; effective duration of .23 years. Rule 2a7 allows funds to use a constant NAV of \$1.00 per share. This fund is not currently rated.

Retiree Insurance Trust Fund (VEBA) Investments

Investments of the Retiree Insurance Trust Fund totaled \$510,482 at September 30, 2025. Such investments are controlled by Retiree Insurance Trust Fund (VEBA) Board policy.

Investment Authorization

The Retiree Insurance Trust Fund investment policy was determined by its Board of Trustees. The policy has been identified by the Board to conduct the operations of the Retiree Insurance Trust Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return. The Trustees are authorized to acquire time or savings accounts of FDIC insured banks or savings institutions, money markets, sweeps on other short term liquid investments having at least S&P A2 or Moody's P1 ratings, State of Florida investment pools, obligations issued or guaranteed by the United States Government, bonds issued by a domestic corporation listed on one or more of the recognized national stock exchanges or the National Market System of the NASDAQ stock market (Foreign securities may not exceed 20% of total fund assets), equity investment in a corporation listed on one or more of the recognized national stock exchanges or the National Market System of the NASDAQ stock market, mutual funds whose investments meet the above restrictions, and real estate investments through commingled investments and/or real estate trusts (REITs). The Board of Trustees have contacted an investment advisor consultant to assist the Board of Trustees in minimizing risk and maximizing investment returns. All investments of the VEBA are in mutual funds to maximize income and minimize risk.

Under Protecting Florida's Investment Act (PFIA), the Trust Fund may not invest in scrutinized companies published by the State Board of Administration, unless an indirect investment is unable to divest, as provided for in Florida Statutes, section 215.473.

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Investments in equity securities shall range between 25% and 70% with a target allocation of 50%. No more than 20% of Plan assets shall be invested in foreign securities. Real estate investments are limited to 15% of Plan assets. The Trust Fund's Consultant will monitor and review the asset allocations each quarter. It is expected that each target allocation will be achieved over the long-term, resulting from economic and market conditions.

The Plan's investment strategy prohibits investment in one entity to be more than 5% of the Plan's investment. At September 30, 2025, the Plan was in compliance with this provision.

The following is a summary of the Plan's assets at September 30, 2025:

<u>Mutual Fund Type</u>	<u>Target Allocation</u>	<u>Percent of Portfolio</u>	<u>Fair Value</u>
Equity			
Domestic large-cap core equity	23%	26%	\$ 131,800
International equity	10%	10%	51,538
Domestic mid-cap equity	7%	7%	35,642
Real Estate	10%	8%	39,633
Total Equity	<u>50%</u>	<u>51%</u>	<u>258,613</u>
Fixed Income			
Intermediate-Term Fixed	20%	29%	147,659
Convertibles	10%	10%	53,827
Short-Term fixed	20%	10%	50,383
Total Fixed Income	<u>50%</u>	<u>49%</u>	<u>\$ 251,869</u>
Total Investments	<u>100%</u>	<u>100%</u>	<u>\$ 510,482</u>

Interest Rate Risk:

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

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Interest Rate Risk, continued:

Information about the sensitivity of the fair values of the Fund's fixed income investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Fund's fixed income investments by maturity at September 30, 2025:

<u>Investment Type - Fixed Income</u>	<u>Weighted Average Maturity (years)</u>	<u>Duration Years</u>	<u>Fair Value</u>
Fidelity U.S. Bond Index Fund #2326	7.8	N/A	\$ 147,659
Ishares Tr CONV Bd ETF	3.4	N/A	53,827
Vanguard Short Term Investment Grade Fund	1-4	N/A	<u>50,383</u>
Total			<u>\$ 251,869</u>

Credit Risk:

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

The following table discloses credit rating by fixed income investment type at September 30, 2025, if applicable:

<u>Investment Type - Fixed Income</u>	<u>Average Quality Rating</u>	<u>Fair Value</u>
Fidelity U.S. Bond Index Fund #2326	Gold	\$ 147,659
Ishares Tr CONV Bd ETF	Gold	53,827
Vanguard Short Term Investment Grade Fund	Bronze	<u>50,383</u>
Total		<u>\$ 251,869</u>

NOTE C - INVESTMENTS, CONTINUED

Retiree Insurance Trust Fund (VEBA) Investments, continued

Concentration of Credit Risk:

The investments policy of the Plan contains an Asset Allocation schedule with target allocations, minimum, and maximum ranges for allowable investments. The Consultant may recommend deviations from these targets, resulting from economic and market conditions at September 30, 2025, as all investments categories were within the target range.

Custodial Credit Risk:

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

NOTE D - RECEIVABLES

Receivables, in the General Fund, consist of the following at September 30, 2025:

	<u>Ambulance</u>	<u>Inspection</u>		
	<u>User Fees</u>	<u>Fees</u>	<u>Other</u>	<u>Totals</u>
Accounts receivable	\$7,073,326	\$ 78,289	\$ 1,167	\$7,152,782
Less: allowance for doubtful accounts	<u>(6,377,040)</u>	<u>-</u>	<u>-</u>	<u>(6,377,040)</u>
Receivables - net	<u>\$ 696,286</u>	<u>\$ 78,289</u>	<u>\$ 1,167</u>	<u>\$ 775,742</u>

The allowance for doubtful accounts on ambulance billings is computed by management based on historical experience rates. The aforementioned allowance total at September 30, 2025, includes estimated uncollectible balances and Medicare and Medicaid adjustments.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE E - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2025, are as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund:		
Impact Fee Fund	\$ 2,474,894	\$ -
Total General Fund	<u>2,474,894</u>	<u>-</u>
Impact Fee Fund:		
General Fund	<u>-</u>	<u>2,474,894</u>
Total Impact Fee Fund	<u>-</u>	<u>2,474,894</u>
Totals	<u>\$ 2,474,894</u>	<u>\$ 2,474,894</u>

NOTE F - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments consist of the following at September 30, 2025:

	<u>Amount</u>
General Fund:	
Annual assessment fees including excess fees	\$ 46,729
Annual assessment interest	<u>85,424</u>
	132,153
Impact Fee Fund:	
Impact fees	<u>761,486</u>
Totals	<u>\$ 893,639</u>

NOTE G - IMPACT FEE FUND ACTIVITY

During the year ended September 30, 2025, the Impact Fee Fund had the following activity:

	<u>Amount</u>
Unearned revenue, October 1, 2024	\$ 7,431,770
Impact fee receipts	2,422,503
Due from other governments	761,486
Interest receipts	372,563
Capital outlay	<u>(1,141,547)</u>
Unearned revenue, September 30, 2025	<u>\$ 9,846,775</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE H - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2025:

	Balance October 1 2024	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2025
Capital Assets Not Being Depreciated:					
Land	\$ 577,617	\$ 72,868	\$ -	\$ -	\$ 650,485
Construction in progress	<u>6,795,325</u>	<u>1,042,352</u>	<u>-</u>	<u>(6,095,227)</u>	<u>1,742,450</u>
Total Capital Assets Not Being Depreciated	<u>7,372,942</u>	<u>1,115,220</u>	<u>-</u>	<u>(6,095,227)</u>	<u>2,392,935</u>
Capital Assets Being Depreciated:					
Buildings	25,736,319	325,007	(23,584)	6,095,227	32,132,969
Improvements other than buildings	174,485	-	(7,890)	-	166,595
Equipment and furniture	3,495,196	364,534	(565,782)	-	3,293,948
Vehicles	<u>14,992,527</u>	<u>2,110,963</u>	<u>(381,353)</u>	<u>-</u>	<u>16,722,137</u>
Total Capital Assets Being Depreciated	<u>44,398,527</u>	<u>2,800,504</u>	<u>(978,609)</u>	<u>6,095,227</u>	<u>52,315,649</u>
Less Accumulated Depreciation:					
Buildings	(4,786,753)	(834,042)	23,446	-	(5,597,349)
Improvements other than buildings	(153,083)	(3,564)	7,890	-	(148,757)
Equipment and furniture	(1,966,635)	(362,458)	565,782	-	(1,763,311)
Vehicles	<u>(7,979,606)</u>	<u>(1,516,516)</u>	<u>381,353</u>	<u>-</u>	<u>(9,114,769)</u>
Total Accumulated Depreciation	<u>(14,886,077)</u>	<u>(2,716,580)</u>	<u>978,471</u>	<u>-</u>	<u>(16,624,186)</u>
Total Capital Assets Being Depreciated, Net	<u>29,512,450</u>	<u>83,924</u>	<u>(138)</u>	<u>6,095,227</u>	<u>35,691,463</u>
Capital Assets, Net	<u>\$ 36,885,392</u>	<u>\$ 1,199,144</u>	<u>\$ (138)</u>	<u>\$ -</u>	<u>38,084,398</u>
				Related debt and restricted cash	<u>(12,939,085)</u>
				Net investment in capital assets	<u>\$ 25,145,313</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE H - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2025:

General Government	<u>Amount</u>
Total Depreciation Expense	<u>\$ 2,716,580</u>

NOTE I - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2025:

	Balance October 1 2024	Additions	Retirements / Adjustments	Balance September 30 2025	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 26,380,767	\$ -	\$ (2,593,103)	\$ 23,787,664	\$ -
Net Pension Liability - HIS	5,339,392	-	(279,914)	5,059,478	-
Compensated Absences	1,371,312	795,265	-	2,166,577	-
Loan payable (construction)	6,083,513	-	(553,892)	5,529,621	572,568
Bonds Payable	14,070,000	-	(255,000)	13,815,000	250,000
Net OPEB liability	2,994,183	685,742	-	3,679,925	-
	<u>\$ 56,239,167</u>	<u>\$ 1,481,007</u>	<u>\$ (3,681,909)</u>	<u>\$ 54,038,265</u>	<u>\$ 822,568</u>

Long-term liabilities is comprised of the following at September 30, 2025:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 23,787,664
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	5,059,478
Compensated absences, employees of the District are entitled to paid leave (sick and vacation) based on length of service and job classification.	2,166,577

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE I - LONG-TERM LIABILITIES, CONTINUED

<p>\$8,900,000 loan payable semi-annually, for 15 years to a financial institution in the amount of \$376,545 including fixed interest at 3.35% to finance construction and rehab costs for stations. This loan is collateralized by all ambulance revenue. Final payment is due December 1, 2033.</p>	<p>5,529,621</p>
<p>\$14,630,000 Series 2022, Non-Ad Valorem Assessment Revenue Bonds, issued May 12, 2022. Principal annually beginning April 1, 2023, through April 1, 2042; interest payable semi-annually at scheduled rates of 3.00%-5.00%; collateralized by the non-ad valorem assessment revenues of the District. The Bonds were issued at a net premium of \$824,703 that is being amortized at straight-line rate for the life of the bond.</p>	<p>13,815,000</p>
<p>Net OPEB liability - GASB #75 actuarially determined.</p>	<p><u>3,679,925</u></p>
<p>Total Long-Term Liabilities</p>	<p>54,038,265</p>
<p>Unamortized Net Bond Premium</p>	<p>700,998</p>
<p>Current Portion</p>	<p><u>(822,568)</u></p>
<p>Noncurrent Portion</p>	<p><u>\$ 53,916,695</u></p>

The construction loan and bond agreements contain certain provisions and restrictive covenants including debt service reserve account. The bond issue requires a certain debt service reserve requirement which was met at bond issuance closing by procurement of an Assured Guaranty Policy in lieu of a cash deposit. Management believes that it has complied, in all material respects, with these covenants. The District believes it was in substantial compliance with these covenants at September 30, 2025.

The bond premium was amortized in the amount of \$41,235 for the year ended September 30, 2025. The bond premium has a balance of \$700,998 at September 30, 2025.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE I - LONG-TERM LIABILITIES, CONTINUED

The annual notes payable debt service requirements at September 30, 2025, were as follows:

Years Ending September 30	Total Principal	Total Interest	Total
2026	\$ 822,568	\$ 799,021	\$ 1,621,589
2027	861,910	772,179	1,634,089
2028	891,905	744,084	1,635,989
2029	917,576	715,014	1,632,590
2030	948,944	685,095	1,634,039
2031-2035	5,276,718	2,896,233	8,172,951
2036-2040	6,545,000	1,629,500	8,174,500
2041-2042	<u>3,080,000</u>	<u>186,000</u>	<u>3,266,000</u>
Total notes and bonds payable	19,344,621	8,427,126	27,771,747
Net Pension Obligation - FRS	23,787,664	-	23,787,664
Net Pension Obligation - HIS	5,059,478	-	5,059,478
Compensated Absences	2,166,577	-	2,166,577
Net OPEB Liability	<u>3,679,925</u>	<u>-</u>	<u>3,679,925</u>
	<u>\$ 54,038,265</u>	<u>\$ 8,427,126</u>	<u>\$ 62,465,391</u>

Interest expense (government-wide) related to the notes payable for the year ended September 30, 2025, was \$821,522.

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

General Information about the Florida Retirement System

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

Essentially all regular, senior management class and elected official class employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (Pension and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2024, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's total pension expense, \$4,596,452 for the year ended September 30, 2025, is recorded in the government-wide financial statements. Total District actual retirement contribution expenditures were \$5,631,914, \$4,949,174 and \$4,122,422 for the years ended September 30, 2025, 2024 and 2023, respectively. The District contributed 100% of the required contributions.

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

FRS Pension Plan

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

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

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

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

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

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

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

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

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

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

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

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

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the year ended September 30, 2025, were as follows:

Class (1)	Percent of Gross Salary*		
	Employee	Employer (2)	Employer (3)
Florida Retirement System, Regular	3.00	13.63	14.03
Florida Retirement System, Senior Management Service	3.00	34.52	33.24
Florida Retirement System, Special Risk	3.00	32.79	35.19
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	21.13	22.02
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	58.68	54.57

Notes:

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) Employer rates include 2.0 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/24 - 6/30/25.
- (3) Employer rates include 2.0 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/25 - 6/30/26.

* As defined by the Plan.

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan. At September 30, 2025, the District reported an FRS pension liability of \$23,787,664 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportionate share of the net pension liability was based on the District's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At September 30, 2025, the District's proportionate share was .076647539 percent, which was an increase of .008453226 percent from its proportionate share measure as of September 30, 2024.

For the year ended September 30, 2025, the District recognized pension expense of \$4,320,665. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,540,773	\$ -
Change of assumptions	2,762,367	-
Net difference between projected and actual earnings on pension plan investments	-	3,971,591
Changes in proportion and differences between District contributions and proportionate share of contributions	3,315,923	140,878
District contributions subsequent to the measurement date	<u>1,201,378</u>	<u>-</u>
Total	<u>\$ 9,820,441</u>	<u>\$ 4,112,469</u>

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

The deferred outflows of resources related to the pensions, totaling \$1,201,378, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 4.7 years as follows:

Fiscal Years Ending <u>September 30</u>	<u>Amount</u>
2026	\$ 1,298,503
2027	1,298,503
2028	1,298,503
2029	1,298,504
2030	2,291,401
Thereafter	<u>(2,978,820)</u>
Total	<u>\$ 4,506,594</u>

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Vaultation date	July 1, 2025
Measurement date	June 30, 2025
Inflation	2.40 percent
Real payroll growth	1.10 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation
Actuarial cost method	Individual entry age

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2021.

The actuarial assumptions used in the July 1, 2025, valuation were based on the results of a 2024 actuarial experience study for the period July 1, 2018, through June 30, 2023.

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	3.2%	3.2%	1.1%
Fixed income	29.0%	5.5%	5.4%	4.0%
Global equity	45.0%	8.5%	6.9%	18.3%
Real estate (property)	12.0%	8.4%	7.1%	16.3%
Private equity	11.0%	12.4%	8.8%	28.4%
Strategic investments	<u>2.0%</u>	6.5%	6.1%	8.7%
Total	<u>100%</u>			
Assumed inflation - Mean		2.4%		1.5%

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

Money-weighted Rate of Return. The annual money-weighted rate of return on the FRS Pension Plan investments was 10.64% for the year ended June 30, 2025.

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 J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS Pension Plan, continued

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	<u>\$ 46,682,924</u>	<u>\$ 23,787,664</u>	<u>\$ 4,592,610</u>

Pension Plan Fiduciary Net Position. Detailed information about pension plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2025.

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

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

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

http://www.dms.myflorida.com/workforce_operations/retirement/publications

Payables to the Pension Plan. At September 30, 2025, the District reported a payable of \$713,713 for the outstanding amount of contributions in the pension plan required for the year ended September 30, 2025.

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan

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

Benefits Provided. Prior to July 1, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. Subsequent to July 1, 2023, eligible retirees and beneficiaries receive \$7.50 for each year of service monthly. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan. At September 30, 2025, the District reported a HIS liability of \$5,059,478 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability was used to calculate the net pension liability which was determined by an actuarial valuation as of July 1, 2025. The District's proportionate share of the net HIS liability was based on the

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

District's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At September 30, 2025, the District's proportionate share was .039473376 percent, which was an increase of .003879750 percent from its proportionate share measured as of September 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized HIS expense of \$275,787. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 30,202	\$ 8,026
Change of assumptions	44,782	1,223,759
Net difference between projected and actual earnings on HIS pension plan investments	-	4,211
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	1,004,890	308,103
District contributions subsequent to the measurement date	<u>85,382</u>	<u>-</u>
Total	<u>\$ 1,165,256</u>	<u>\$ 1,544,099</u>

The deferred outflows of resources related to HIS, totaling \$85,382, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the fiscal year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense over the remaining service period of 5.8 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2026	\$ (96,889)
2027	(96,889)
2028	(96,889)
2029	(96,888)
2030	(95,836)
Thereafter	<u>19,166</u>
Total	<u>\$ (464,225)</u>

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

Actuarial Assumptions. The total pension liability in the July 1, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Real payroll growth	1.10 percent
Salary Increases	3.50 percent, average, including inflation
Municipal Bond Rate	5.20 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the Generational PUB-2010 with Projected Scale MP-2021.

The HIS plan is funded on a pay-as-you-go basis and used the 2024 FRS experience study for this Plan in the June 30, 2025 measurement.

Discount Rate. The discount rate used to measure the total HIS liability changed from 3.93 percent to 5.20 percent. In general, the discount rate for calculating the total HIS liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the District's Proportionate Share of the Net HIS Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net HIS liability calculated using the discount rate of 5.20 percent, as well as what the District's proportionate share of the net HIS liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the net HIS liability	<u>\$ 5,705,376</u>	<u>\$ 5,059,478</u>	<u>\$ 4,517,775</u>

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

HIS Plan, continued

Pension Plan Fiduciary Net Position. Detailed information about the HIS plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State Administered Comprehensive Annual Financial Report ("FRS CAFR") dated June 30, 2025.

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

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

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

http://www.dms.myflorida.com/workforce_operations/retirement/publications

Payables to the Pension Plan. At September 30, 2025, the District reported a payable of \$45,556 for the outstanding amount of contributions to the HIS plan required for the fiscal year ended September 30, 2025.

FRS - Defined Contribution Pension Plan

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

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

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS - Defined Contribution Pension Plan, continued

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2023-24 fiscal year were as follows:

Class (1)	Percent of Gross Salary*		
	Employee	Employer (2)	Employer (3)
Florida Retirement System, Regular	3.00	8.30	8.30
Florida Retirement System, Senior Management Service	3.00	9.67	9.67
Florida Retirement System, Special Risk	3.00	16.0	16.0
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	13.34	13.34

Notes:

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) Employer rates include 2.0 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/24 - 6/30/25.
- (3) Employer rates include 2.0 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/25 - 6/30/26.

* As defined by the Plan.

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

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

NOTE J - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN, CONTINUED

FRS - Defined Contribution Pension Plan, continued

forfeit the accumulated account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

The District's Investment Plan pension expense totaled \$1,082,942 for the fiscal year ended September 30, 2025.

Payables to the Investment Plan. At September 30, 2025, the District reported a payable of \$0 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2025.

NOTE K - NON AD VALOREM ASSESSMENTS (ASSESSMENTS)

Non ad valorem assessments are levied under Florida Statute 197.3631 after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on assessments are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid assessments and must be sold not later than June 1 of each year. The billing, collection, and related recordkeeping of all assessments is performed for the District by the Lee County Tax Collector. No accrual for the assessments becoming due in November 2025, is included in the accompanying basic financial statements, since such assessments are collected to finance expenditures of the subsequent period.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE K - NON AD VALOREM ASSESSMENTS (ASSESSMENTS), CONTINUED

Procedures for collecting delinquent assessments, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after non-ad valorem assessments become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2025, \$132,153 was due from the Lee County Tax Collector to the District for non-ad valorem assessments.

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2025, the Board of Commissioners of the District levied an annual non-ad valorem assessment (F.S.197.3631) at the following rates:

<u>Category</u>	<u>Number and Type of Billing Units</u>	<u>Annual Assessment</u>
Tier 1	\$1.12/\$1,000 of relative improvement value (not land)	variable
Tier 2	1 parcel(s) x \$194.98 per parcel	fixed
Sub-Total	(1) plus (2) above	final rate

Added to the Sub-Total for this parcel will be: (i) \$5 per tax notice to defray District notice, administrative and implementation costs; (ii) \$1.85 per tax notice charged by the Lee County Tax Collector; plus (iii) adjustment (4%) to account for early-payment statutory discounts involved with the uniform method of collection.

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

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

The District adheres to GASB Statements No. 74 and 75: Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions (OPEB), which established new accounting standards for postemployment benefits. These Standards do not require funding of OPEB expense, but any difference between the actuarially determined total OPEB liability and the amount funded is required to be recorded in the employer's financial statement as an increase (or decrease) in the net OPEB liability.

Plan Description and Funding Policy

The District provides post-retirement health and dental benefits in accordance with Section 112.0801, Florida Statutes, to all eligible employees, their spouses and eligible dependents who retire from the District. As such, the District provides retirees the opportunity to obtain health, dental, life and vision coverage.

Additionally, the District established a VEBA Plan, effective October 1, 2024, and funds the VEBA Plan in accordance with certain agreements. The Plan provides retirees with funds intended to be used to purchase health and dental insurance. Insurance costs in excess of VEBA benefits provided are the responsibility of the insured.

The District administers the OPEB Plan. The year ended September 30, 2018, was the District's transition year and as such, the District implemented GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB No. 75 requires the District annual record its actuarially determined total OPEB liability.

The District's OPEB benefits are unfunded at September 30, 2025. All required disclosures are presented herein.

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

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

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

Plan Description and Funding Policy, continued

The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time premiums are due. The District does not fund the cost of coverage for its retirees.

As such, the District has two actuarial studies performed in order to comply with GASB Statements No. 74 and No. 75. One study determines the total OPEB (non-VEBA) liability of the District for the projected cost of providing the opportunity for retirees and their dependents to buy health insurance. The other is to project the total OPEB liability (asset) for the projected cost of providing the defined benefit of the VEBA Plan, up to \$600 per month beginning January 1, 2028. The benefit increases from 30% of the maximum benefit payable to 100% based on the retiree's years of service.

Actuarial Methods and Assumptions - District's Total OPEB Liability

At September 30, 2025, the District's total OPEB liability of \$3,679,925 was determined by an actuarial valuation as of September 30, 2024, using census data from the twelve month period (measurement date) ended June 1, 2025. The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Inflation Rate	2.50%
Salary Increases	0.90% - 5.30%
Discount Rate	3.88% (2025) 4.63% (2024) 4.40% (2023) 2.19% (2022) 2.41% (2021) 2.75% (2020) 3.83% (2019) 3.50% (2018)
Initial Trend Rate	7.50%
Health Care Trend Rate	3.94%
Ultimate Trend Rate	4.65%
Years to Ultimate	51
Measurement Date	September 30, 2024
Actuarial Valuation Date	September 30, 2024, for September 30, 2025

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

Actuarial Methods and Assumptions - District's Total OPEB Liability, continued

The discount rate was based on the 20 Year Municipal Bond Rate with AA average rating.

FRS salary scale used.

Entry age normal cost method was used.

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

Mortality rates were based on the RP2000 Generational Healthy Mortality Table with Scale MP-2021.

The actuarial valuation at September 30, 2024, was based on results of an actuarial experience study (measurement date) performed for the FRS Retirement Plan at July 1, 2023.

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

No separate audit of the District's OPEB plan is available.

Changes in Assumptions:

Discount rate 3.88% at September 30, 2025, to 4.63% at September 30, 2024.

Updated health care costs and premiums.

Updated health care cost trend to 2024 Getzen Model.

The timing of active decrements was updated from the beginning of the year to the middle of the valuation year.

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

Changes in the District's Total OPEB Liability

	<u>Amount</u>
Balance at September 30, 2024	\$ 2,994,183
Changes for the year:	
Service Cost	138,893
Interest	139,850
Change in benefit terms	459,914
Difference Between Expected and Actual Experience	59,808
Changes in Assumptions	112,401
Benefit Payments	(225,124)
Administrative Expense	-
Other Changes	-
Net Changes	<u>685,742</u>
Balance at September 30, 2025	<u>\$ 3,679,925</u>

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

	1% Decrease	Current Rate	1% Increase
	<u>2.88%</u>	<u>3.88%</u>	<u>4.88%</u>
Total OPEB Liability	\$ 3,925,064	\$ 3,679,925	\$ 344,270

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

	1% Decrease	Trend Rate	1% Increase
	<u>3.04%</u>	<u>4.04%</u>	<u>5.04%</u>
Total OPEB Liability	\$ 3,396,851	\$ 3,679,925	\$ 4,015,681

LEHIGH ACRES FIRE CONTROL & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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

Changes in the District's Total OPEB Liability, continued

For the year ended September 30, 2025, the District recognized OPEB expense of \$757,695. At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 557,168	\$ -
Changes in Assumptions	232,800	492,323
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>\$ 789,968</u>	<u>\$ 492,323</u>

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

Years Ended September 30:	<u>Amount</u>
2026	\$ 19,038
2027	19,038
2028	19,038
2029	19,038
2030	19,038
Thereafter	<u>202,455</u>
Total	<u>\$ 297,645</u>

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA

To fund the cost of providing retirees a defined benefit intended to be used to purchase health insurance coverage the Lehigh Acres Fire District Retiree Insurance Trust Fund (the "Trust" fund) was established on August 5, 2025, effective October 1, 2024. The Trust Fund was established, specifically, to fund a portion of the cost of health insurance benefits for retirees of the District after retirement until medicare eligibility. Due to the Trust Fund being established in August 2025, time did not permit an actuarial valuation for FY 25, it is anticipated a valuation will be obtained for FY 26.

The following brief description of the Lehigh Acres Fire District Retiree Insurance Trust Fund, a voluntary employees' beneficiary association ("VEBA") established under Internal Revenue Code Section 501(c)(9) and related benefit plan (the "Plan"), is provided for general information purposes only. Participants should refer to the Plan agreement for a more complete description of the Plan. The VEBA Plan identification number is 001. The Lehigh Acres Fire District Retiree Insurance Trust Fund does not issue a stand-alone financial report and is not included in the report of a public employee retirement system or of another entity except for the financial statements of the District itself.

The VEBA is governed by a five (5) member Board of Trustees. One (1) of the Trustees is the Union District Vice President for District Number 6 of the Southwest Florida Professional Firefighters & Paramedics, Local 1826, IAFF, Inc. (the "Union") or the Union Vice President's designee. One (1) of the Trustees is the Union District Vice President for District Number 19 of the Union or a designee. One (1) of the Trustees is a member of the District Number 6 of the Union, appointed by the Union District Vice President of District Number 6. The final two (2) of the Trustees are members of the District's non-bargaining unit administrative or managerial staff and are appointed by the Fire Chief. On August 5, 2025, the Board of Trustees of the VEBA retroactively provided for the establishment and funding of a single employer defined benefit plan for the payment of post employment benefits other than pensions ("OPEB"). The effective date of the Plan is October 1, 2024. This District is the only participating District (employer).

Employees eligible to become participants in the Plan are those who were (1) employed full-time on or after October 1, 2024; (2) for whom the District (employer) made contributions to the VEBA and completed at least twenty-five (25) years of service with the District or ten (10) years of services and are at least fifty-five (55) years of age at the time of application for benefits. Eligible employees become participants of the VEBA upon having met these criteria.

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA, continued

Eligibility for benefits terminates when the covered person dies, ceases to be eligible, becomes eligible for medicare or when the Plan is terminated.

Funding Policy - Contributions to the VEBA may be derived from two sources: employer and participants. However, currently, only employer contributions are being contributed. No employee contributions are currently required or being contributed to the VEBA. Employer contributions are contractually required as provided for in the applicable collective bargaining agreement for union employees or employee handbook for non-union employees. The contractually required District VEBA contribution for the year ended September 30, 2025, was \$500,000 and was paid timely by the District. The District intends to obtain an actuarial valuation for the VEBA to measure the future required subsidies and project these subsidies into the future, making an allocation of that cost to different years. Contributions to the Plan are non-refundable.

Concentrations - The District's VEBA did not hold investments in any one organization that represent 5 percent or more of the Trust's Fiduciary Net Position.

Rate of return - For the year ended September 30, 2025, the estimated annual money-weighted rate of return on investments, net of investment expense, was 3.6% for the initial partial year. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Income recognition - Interest income is recorded on the accrual basis. Investments are reported at market value. Short-term investments are reported at cost, which approximates market value.

Actuarial present value of accumulated Plan benefits - Accumulated Plan benefits are those future periodic payments that are attributable under the Plan's provisions to the service employees have rendered. Accumulated Plan benefits include benefits expected to be paid to retired employees. Benefits under the Plan are based on employees' age at entry to the Plan. Benefits payable under all circumstances are included, to the extent they are deemed attributable to employee service rendered to the valuation date.

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA, continued

The actuarial present value of accumulated Plan benefits will be determined by an actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated Plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Actuarial Methods and Assumptions

At the September 30, 2025, measurement date, the District's VEBA net OPEB asset of \$515,721 was measured as of September 30, 2025, and was determined by actual Plan assets. It is anticipated the Plan will use the following assumptions:

Salary Increases	N/A
Discount Rate	N/A
Inflation Rate	N/A
Assumed Investment Rate of Return	N/A
Annual Benefit Increase Rate	N/A

Entry age normal cost method was used.

Health Care Participation: 100%

Mortality rates were based on the Pub-2010 Generational Healthy mortality Table with adjustments from Scale MP-2021 based on July 1, 2023, FRS actuarial study.

VEBA maximum benefit is \$600 per month per retiree beginning January 1, 2028.

Beginning in January 2028, for the 2028 calendar year, the maximum benefit payable by the Fund is \$600 per month. The Fund will pay, or otherwise credit, to each Covered Person who has satisfied the conditions for benefit eligibility and is otherwise eligible to receive a benefit from the Fund, all or a portion of that benefit amount beginning the first day of the first month following the date the Covered Person entered Retirement as follows:

1. A Covered Person who completed ten (10) Years of Service shall receive thirty percent (30%) of the maximum benefit payable.

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA, continued

Actuarial Methods and Assumptions, continued

2. For each completed Years of Service greater than ten (10) Years of Service, the Covered Person shall receive an additional three percent (3%) of the maximum benefit payable.
3. No Covered Person shall receive more than one hundred percent (100%) of the maximum benefit payable, which shall be achieved upon completion of thirty-four (34) Years of Service.

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

Beginning January 1, 2028, benefits will be paid from the Plan to eligible participants (retirees). Effective January 1, 2028, the maximum VEBA benefit amount is equal to \$600 per month.

Participants may elect to seek health coverage from sources other than the District but must apply for Medicare when eligible.

Membership of the Plan consisted of the following at September 30, 2025:

	<u>Retiree Insurance Trust Fund Census</u>
Active plan members	180
Inactive plan members or beneficiaries receiving benefits	-
Total VEBA Plan participants	<u>180</u>
Number of participating employers	1

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA, continued

A copy of the Plan can be obtained by writing the Board of Trustees of Lehigh Acres Fire District Retiree Insurance Trust Fund at 11 Homestead Road, South, Lehigh Acres, Florida 33936, or by calling (239) 303-5300.

The components of the Net OPEB Liability/(Asset) of the VEBA at September 30, 2025, were as follows:

	<u>Amount</u>	
Total OPEB Liability	\$	N/A
Plan Fiduciary Net Position		<u>515,721</u>
VEBA's Net OPEB Liability/(Asset)	\$	<u>515,721</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability:		100.00%

N/A - Not available

LEHIGH ACRES FIRE CONTROL & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

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

Changes in the Net OPEB Liability/(Asset) - VEBA

	<u>Amount</u>
Total OPEB Liability:	
Balance at September 30, 2024	\$ -
Changes for the year:	
Service Cost	-
Interest	-
Change in benefit terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	-
Net Changes	<u>-</u>
Balance at September 30, 2025	<u><u>N/A</u></u>
	<u>Amount</u>
Plan Fiduciary Net Position:	
Balance at September 30, 2024	\$ -
Contributions - Employer	500,000
Net Investment Income	16,104
Benefit Payments	-
Administrative Expense	(383)
Net Change in Plan Fiduciary Net Position	<u>515,721</u>
Balance at September 30, 2025	<u><u>\$ 515,721</u></u>
District's Net OPEB Liability/(Asset)	<u><u>\$ 515,721</u></u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability/(Asset)	100.00%
Covered Employee Payroll (Projected)	N/A
District's Net OPEB Liability/(Asset) as a percentage of Covered Employee Payroll	0.00%

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	6.0%	7.0%	8.0%
Net OPEB Liability/(Asset)	N/A	N/A	N/A

N/A - Not Available

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

Changes in the Net OPEB Liability/(Asset) - VEBA, continued

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

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Net OPEB Liability	N/A	N/A	N/A

For the year ended September 30, 2025, the VEBA recognized OPEB expense of \$383. At September 30, 2025, the VEBA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual earnings	-	-
Employer contribution subsequent to measurement date	-	-
Total	<u>N/A</u>	<u>N/A</u>

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

Years Ended September 30:	<u>Amount</u>
2025	\$ -
2026	-
2027	-
2028	-
2029	-
Total Thereafter	-
	<u>N/A</u>

N/A - Not Available

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

Plan description and provisions - Retiree Insurance Trust Fund - VEBA, continued

Projections of benefits for financial reporting purposes are anticipated to be based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The anticipated actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The actuarial value of the OPEB assets is anticipated to be determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. Any excess of these assets over actuarial accrued liability is amortized as a level percentage of projected payroll over an open 30-year period.

Fair Value of Financial Investments - VEBA

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

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that VEBA has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices or securities with similar characteristics or discounted cash flows.

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

Fair Value of Financial Investments - VEBA, continued

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

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

The table below presents assets and liabilities measured at fair value on a recurring basis by level within the hierarchy at September 30, 2025:

<u>September 30, 2025</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities				
Domestic Equities	\$ 207,075	\$ 207,075	\$ -	\$ -
International Equities	51,538	51,538	-	-
Fixed Income:				
Intermediate-Grade bond	147,659	147,659	-	-
Convertible	53,827	53,827	-	-
Short Term	50,383	50,383	-	-
	<u>\$ 510,482</u>	<u>\$ 510,482</u>	<u>\$ -</u>	<u>\$ -</u>

Level 1: Classifications consist of commingled funds where detailed holdings were available and the funds fair value could be determined based on market prices, such as money markets and certificates of deposits.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE M - FUND BALANCE

Fund balance, in the General Fund, was categorized as follows at September 30, 2025:

<u>Nonspendable fund balance</u>	<u>Amount</u>	
General Fund receivable from Impact Fee Fund	\$ 2,261,782	
Deposits	<u>284,086</u>	
Total Nonspendable Fund Balance	<u>\$ 2,545,868</u>	**
 <u>Restricted fund balance</u>		
Construction loan related restricted cash	\$ 105,078	
Bond proceeds restricted cash	5,100,580	
Construction loan debt reserve balance restricted cash	<u>890,000</u>	
Total Restricted Fund Balance	<u>\$ 6,095,658</u>	
 <u>Assigned fund balance</u>		
Capital reserves	\$ 35,642,370	
Debt service	2,000,000	
Ninety (90) day carryforward	5,500,000	
Disaster reserves (30 day all-out)	<u>1,800,000</u>	
Total Assigned Fund Balance	<u>\$ 44,942,370</u>	
 <u>Unassigned fund balance</u>		
Unassigned	<u>\$ -</u>	
Total Unassigned Fund Balance	<u>\$ -</u>	

** Nonspendable fund balance includes deposits and monies previously expended by the General Fund on behalf of the Impact Fee Fund. The receivable amount of \$2,261,782 is owed to the General Fund at September 30, 2025, and is reflected in the Due To/From Other Funds. Since management does not anticipate any significant repayment of the balance due in the foreseeable future, this receivable serves to reduce the balance in the General Fund unassigned fund balance to reflect the reduction in General Fund cash and equivalents that is available and spendable for future years. It also includes deposits paid by the District.

NOTE N - RISK MANAGEMENT

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

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

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

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

In accordance with Governmental Accounting Standards Board Statement No. 10, (GASB 10) which recognizes the funding of outstanding liabilities at full value, the pool retained Insurance Industry Consultants, Inc. to estimate ultimate retained losses and net loss reserve requirements as of the fiscal year ended September 30, 2025. The actuaries have concluded that the loss fund, including contributions not yet received and interest earned on all fund years to date, is sufficient to pay the retained ultimate losses and loss adjustment expenses for all fund years through September 30, 2025.

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

NOTE O - CONTINGENCIES

Litigation/Administrative Hearing

The District, from time to time, is involved as a defendant in certain litigation, assertions and/or claims arising in the ordinary course of operations. In the opinion of legal counsel, the range of potential liabilities, if estimable, will not materially affect the financial position of the District. At September 30, 2025, it appears any potential unfavorable outcome from asserted claims may be paid, in full or in part through insurance coverage. At September 30, 2025, no liability has been accrued for such losses, if any. The District intends to vigorously pursue all potential claims.

NOTE P - DEFICIT FUND BALANCE - IMPACT FEE FUND

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

During the year ended September 30, 2025, the General Fund was repaid \$0 from the Impact Fee Fund to reduce the liability owed to the General Fund. Therefore, the "Due to General Fund" liability balance at September 30, 2025, was \$2,474,894 and the Impact Fee Fund continued to reflect a deficit fund balance of \$2,261,782. This deficit will be reduced as future impact fee collections are used to repay the General Fund.

NOTE Q - COMMITMENT

Training Tower: Construction of the training tower on the site of Station 108 is planned with an anticipated completion date in fiscal year 2026 and an estimated cost of \$7,000,000. This project had \$1,542,124 paid in total construction costs as of September 30, 2025, of which \$777,355 were paid during the year ended September 30, 2025.

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

NOTE Q - COMMITMENT, CONTINUED

During the fiscal year ended September 30, 2025, the District acquired land for a future site of Station 109. Preliminary preconstruction costs have been incurred, including land clearing and drawing preliminary building plans. As of September 30, 2025, the District had incurred \$200,326 of total preconstruction costs including \$107,650 during the year ended September 30, 2025. The District does not plan on breaking ground for construction for several years and does not yet have an estimate of what the station will cost to construct.

NOTE R - SUBSCRIPTION LIABILITY

The District entered into multiple subscription-based information technology arrangements for various software. The software have 1 year terms and have fixed payments. The District aggregated the subscriptions for reporting purposes. The District used a discount rate of 3.35% (incremental borrowing rate) to record the present value of the future minimum payments as of the date of implementation.

The District is capitalizing the arrangements over a 4 year term consistent with its fixed asset capitalization policy.

The future minimum subscription payments as of September 30, 2025, is as follows:

Years Ending September 30	Amount
2026	\$ 199,735
2027	199,735
2028	199,735
	<u>599,205</u>
Impact of present value discount	<u>(38,570)</u>
Present value	<u>\$ 560,635</u>

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

NOTE R - SUBSCRIPTION LIABILITY, CONTINUED

At September 30, 2025, the right of use subscription asset and right of use - subscription liability balances are as follows:

	<u>Amount</u>
Right of use subscription asset, current	\$ 199,735
Right of use subscription asset, noncurrent	<u>360,900</u>
	<u>\$ 560,635</u>
Right of use subscription liability, current	\$ 199,735
Right of use subscription liability, noncurrent	<u>360,900</u>
	<u>\$ 560,635</u>

NOTE S - SUBSEQUENT EVENT

On February 16, 2026, the District purchased land and a building to be used for a future administrative facility.

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

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - SUMMARY STATEMENT
Year Ended September 30, 2025

	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable (Unfavorable)
REVENUES				
Non-ad valorem assessments	\$ 35,146,881	\$ 35,146,881	\$ 36,674,208	\$ 1,527,327
Intergovernmental revenue:				
Grants	15,000	15,000	12,133	(2,867)
F/F supplemental income	37,800	37,800	45,440	7,640
Federal Grants	-	-	499,229	499,229
State grant - PEMT	-	-	503,977	503,977
Charges for services - ambulance	3,000,000	3,000,000	4,277,918	1,277,918
Inspection fees	60,000	60,000	131,164	71,164
Interest income	700,000	700,000	2,301,693	1,601,693
Other income:				
Insurance proceeds	220,000	220,000	55,172	(164,828)
Lease revenue	-	-	24,713	24,713
Miscellaneous	50,000	50,000	290,204	240,204
Carry forward	36,900,822	48,831,590	-	(48,831,590)
TOTAL REVENUES	76,130,503	88,061,271	44,815,851	(43,245,420)
EXPENDITURES				
Current				
Public safety				
Personnel services	32,186,606	32,186,606	30,246,998	1,939,608
Operating expenditures	20,372,870	22,634,652	5,408,131	17,226,521
Capital outlay	21,936,787	31,605,773	2,774,177	28,831,596
Debt service				
Principal reduction	808,860	808,860	808,892	(32)
Interest and fiscal charges	825,380	825,380	825,347	33
TOTAL EXPENDITURES	76,130,503	88,061,271	40,063,545	47,997,726
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	4,752,306	4,752,306
OTHER FINANCING SOURCES (USES)				
Proceeds from disposition of capital assets	-	-	-	-
Proceeds from issuance of debt - bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	\$ -	\$ -	4,752,306	\$ 4,752,306
FUND BALANCE, October 1, 2024			48,831,590	
FUND BALANCE, September 30, 2025			\$ 53,583,896	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT
Year Ended September 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Non-ad valorem assessments	\$ 35,146,881	\$ 35,146,881	\$ 36,674,208	\$ 1,527,327
Intergovernmental revenue:				
Grants	15,000	15,000	12,133	(2,867)
F/F supplemental income	37,800	37,800	45,440	7,640
Federal grants	-	-	499,229	499,229
State grant - PEMT	-	-	503,977	503,977
Charges for services - ambulance (net)	3,000,000	3,000,000	4,277,918	1,277,918
Inspection fees	60,000	60,000	131,164	71,164
Interest income	700,000	700,000	2,301,693	1,601,693
Other income:				
Insurance proceeds	220,000	220,000	55,172	(164,828)
Lease revenue	-	-	24,713	24,713
Miscellaneous	50,000	50,000	290,204	240,204
Carry forward	36,900,822	48,831,590	-	(48,831,590)
TOTAL REVENUES	76,130,503	88,061,271	44,815,851	(43,245,420)
EXPENDITURES				
Current				
Public safety				
PERSONNEL SERVICES				
Salaries				
Elected officials	30,000	30,000	30,000	-
Administrative	2,696,920	2,696,920	1,863,261	833,659
Regular	15,632,300	15,632,300	15,517,436	114,864
Holidays	634,012	634,012	603,194	30,818
Overtime	370,000	370,000	492,891	(122,891)
Annual sick time pay	250,000	250,000	82,384	167,616
Subtotal - Salaries	<u>19,613,232</u>	<u>19,613,232</u>	<u>18,589,166</u>	<u>1,024,066</u>
Benefits				
Payroll taxes	1,495,215	1,495,215	1,408,298	86,917
Retirement	5,883,475	5,883,475	5,631,914	251,561
Retirement liability	10,041	10,041	9,636	405
Group insurance	4,271,800	4,271,800	3,779,390	492,410
Workers' compensation	407,843	407,843	328,594	79,249
VEBA Contribution	500,000	500,000	500,000	-
Unemployment compensation	5,000	5,000	-	5,000
Subtotal - Benefits	<u>12,573,374</u>	<u>12,573,374</u>	<u>11,657,832</u>	<u>915,542</u>
Personnel reserve contingencies				
Personnel reserves	-	-	-	-
SUBTOTAL - PERSONNEL SERVICES	32,186,606	32,186,606	30,246,998	1,939,608

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2025

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
OPERATING				
Professional services				
Legal fees	100,000	100,000	105,409	(5,409)
Physicals	120,951	120,951	175,615	(54,664)
Land taxes	2,000	2,000	1,895	105
Tax collector fees	240,587	240,587	235,278	5,309
Actuarial study	7,000	7,000	2,250	4,750
Miscellaneous	17,000	17,000	11,304	5,696
Audit and accounting	39,000	39,000	39,750	(750)
Professional services	50,000	50,000	64,063	(14,063)
Payroll Processing fees	100,000	100,000	68,205	31,795
Payment Processing Fees	9,000	9,000	5,343	3,657
Contract services				
Ambulance billing	205,000	205,000	169,797	35,203
Travel/Commission	10,000	10,000	6,565	3,435
Communications	310,750	310,750	240,381	70,369
Utilities				
Electricity	169,161	169,161	116,729	52,432
Water and garbage	79,430	79,430	59,227	20,203
Rentals and leases	10,660	10,660	6,574	4,086
Insurance (general)	543,286	543,286	523,279	20,007
Maintenance				
Buildings	250,000	250,000	174,551	75,449
Equipment	75,000	75,000	82,618	(7,618)
Vehicles	750,000	750,000	742,323	7,677
Maintenance contracts	741,504	741,504	596,209	145,295
IT computer support	25,000	25,000	1,201	23,799
Promotional	16,250	16,250	12,237	4,013
Fire assessment study fee	121,750	121,750	122,073	(323)
Other current charges and obligations				
Training (motel, per diem)	115,136	115,136	61,281	53,855
Training (instruction, etc)	259,031	259,031	67,365	191,666
Administrative (commission)	5,705	5,705	5,740	(35)
Cadets	4,000	4,000	9,120	(5,120)
Contingencies	65,175	65,175	-	65,175
Administrative (office)	100,600	100,600	49,892	50,708
Office				
Office supplies	10,000	10,000	2,252	7,748
Postage/freight	15,000	15,000	16,827	(1,827)
Operating supplies				
Department	220,697	220,697	273,935	(53,238)
Paramedic	465,500	465,500	387,784	77,716
Gas and oil	450,000	450,000	333,089	116,911
Uniforms	166,625	166,625	107,611	59,014
Propane	35,000	35,000	21,994	13,006
Computer supplies	115,908	115,908	60,985	54,923
Janitorial supplies	50,000	50,000	25,861	24,139
Training supplies	104,760	104,760	30,217	74,543

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2025

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING (continued)				
Shop supplies	25,000	25,000	25,126	(126)
Protective clothing ensembles	360,000	360,000	350,548	9,452
Collection fees	40,000	40,000	15,628	24,372
Operating reserve contingencies:				
Debt service	2,000,000	2,000,000	-	2,000,000
90-Day carryforward	5,500,000	5,500,000	-	5,500,000
Emergency disaster	1,800,000	1,800,000	-	1,800,000
Bond-Restricted	4,471,404	4,471,404	-	4,471,404
Impact Fee Receivable	-	2,261,782	-	2,261,782
SUBTOTAL - OPERATING	<u>20,372,870</u>	<u>22,634,652</u>	<u>5,408,131</u>	<u>17,226,521</u>
CAPITAL OUTLAY				
Buildings	725,000	725,000	325,008	399,992
Capital future growth	-	-	-	-
Machinery and equipment	430,000	430,000	180,859	249,141
Capital impact fees	-	-	-	-
Computers	-	-	-	-
Vehicles	6,534,205	6,534,205	2,110,963	4,423,242
Construction in progress	-	-	157,347	(157,347)
Capital reserve contingencies				
Capital reserves	14,247,582	23,916,568	-	23,916,568
SUBTOTAL - CAPITAL OUTLAY	<u>21,936,787</u>	<u>31,605,773</u>	<u>2,774,177</u>	<u>28,831,596</u>
DEBT SERVICE				
Principal retirement	808,860	808,860	808,892	(32)
Interest charges and fiscal	825,380	825,380	825,347	33
SUBTOTAL - DEBT SERVICE	<u>1,634,240</u>	<u>1,634,240</u>	<u>1,634,239</u>	<u>1</u>
TOTAL EXPENDITURES	<u>76,130,503</u>	<u>88,061,271</u>	<u>40,063,545</u>	<u>47,997,726</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>4,752,306</u>	<u>4,752,306</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from disposition of capital assets	-	-	-	-
Proceeds from loan payable	-	-	-	-
Proceeds from issuance of debt - bonds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>4,752,306</u>	<u>\$ 4,752,306</u>
FUND BALANCE, October 1, 2024			<u>48,831,590</u>	
FUND BALANCE, September 30, 2025			<u>\$ 53,583,896</u>	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND
Year Ended September 30, 2025

	Impact Fee Fund			
	Original	Final	Actual	Variance
	Budget	Budget		Favorable (Unfavorable)
REVENUES				
Fees				
Impact fees	\$ 3,950,000	\$ 3,950,000	\$ 1,141,547	\$ (2,808,453)
Miscellaneous				
Interest	-	-	-	-
Carry forward (Deficit)	<u>(2,261,782)</u>	<u>(2,261,782)</u>	-	<u>2,261,782</u>
TOTAL REVENUES	<u>1,688,218</u>	<u>1,688,218</u>	<u>1,141,547</u>	<u>(546,671)</u>
EXPENDITURES				
Current				
Public safety	-	-	-	-
Operating				
Impact fee refunds	-	-	-	-
Impact fee reserve contingencies	<u>(2,261,782)</u>	<u>(2,261,782)</u>	-	<u>(2,261,782)</u>
Subtotal - operating	<u>(2,261,782)</u>	<u>(2,261,782)</u>	-	<u>(2,261,782)</u>
Capital outlay	<u>3,950,000</u>	<u>3,950,000</u>	<u>1,141,547</u>	<u>2,808,453</u>
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,688,218</u>	<u>1,688,218</u>	<u>1,141,547</u>	<u>546,671</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE (DEFICIT) - Beginning			<u>(2,261,782)</u>	
FUND BALANCE (DEFICIT) - Ending			<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.

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

	2025	2024	2023	2022
District's proportion of the net pension liability	0.076647539%	0.068194313%	0.068601256%	0.067998147%
District's proportionate share of the net pension liability	\$ 23,787,664	\$ 26,380,767	\$ 27,335,429	\$ 25,300,775
District's covered-employee payroll	\$ 18,506,782	\$ 15,406,742	\$ 14,950,125	\$ 14,702,481
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	128.53%	171.23%	182.84%	172.09%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%

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

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

	2025	2024	2023	2022
Contractually required contribution	\$ 5,293,999	\$ 4,674,024	\$ 3,875,077	\$ 3,455,541
Contributions in relation to the contractually required contribution	<u>5,293,999</u>	<u>4,674,024</u>	<u>3,875,077</u>	<u>3,455,541</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,506,782	\$ 15,406,742	\$ 14,950,125	\$ 14,702,481
Contributions as a percentage of covered-employee payroll	28.61%	30.34%	25.92%	23.50%

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

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

2021	2020	2019	2018	2017	2016	2015
0.053180462%	0.054748598%	0.052718180%	0.050872063%	0.047571277%	0.045159677%	0.042356887%
\$ 4,017,180	\$ 23,728,849	\$ 18,155,407	\$ 15,322,929	\$ 14,100,844	\$ 11,402,854	\$ 5,470,960
\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386
35.55%	251.75%	209.09%	184.45%	179.99%	152.67%	82.66%
96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

2021	2020	2019	2018	2017	2016	2015
\$ 2,519,819	\$ 2,069,644	\$ 1,898,899	\$ 1,700,676	\$ 1,521,721	\$ 1,364,166	\$ 1,190,238
<u>2,519,819</u>	<u>2,069,644</u>	<u>1,898,899</u>	<u>1,700,676</u>	<u>1,521,721</u>	<u>1,364,166</u>	<u>1,190,238</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386
22.30%	21.96%	21.87%	20.47%	19.42%	18.26%	17.98%

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

	2025	2024	2023	2022
District's proportion of the net pension liability	0.039473376%	0.035593626%	0.037942709%	0.038639481%
District's proportionate share of the net pension liability	\$ 5,059,478	\$ 5,339,392	\$ 6,025,808	\$ 4,092,538
District's covered-employee payroll	\$ 18,506,782	\$ 15,406,742	\$ 14,950,125	\$ 14,702,481
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	27.34%	34.66%	40.31%	27.84%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%

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

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

	2025	2024	2023	2022
Contractually required contribution	\$ 337,915	\$ 295,150	\$ 247,345	\$ 220,556
Contributions in relation to the contractually required contribution	<u>337,915</u>	<u>295,150</u>	<u>247,345</u>	<u>220,556</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 18,506,782	\$ 15,406,742	\$ 14,950,125	\$ 14,702,481
Contributions as a percentage of covered-employee payroll	1.83%	1.92%	1.65%	1.50%

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

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

2021	2020	2019	2018	2017	2016	2015
0.029689131%	0.026037268%	0.025654709%	0.025494487%	0.023601549%	0.022510608%	0.023502870%
\$ 3,641,818	\$ 3,179,108	\$ 2,870,505	\$ 2,698,365	\$ 2,523,586	\$ 2,623,518	\$ 2,396,923
\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386
32.23%	33.73%	33.06%	32.48%	32.21%	35.13%	36.22%
3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

2021	2020	2019	2018	2017	2016	2015
\$ 160,840	\$ 155,780	\$ 142,927	\$ 128,008	\$ 114,538	\$ 108,298	\$ 96,948
<u>160,840</u>	<u>155,780</u>	<u>142,927</u>	<u>128,008</u>	<u>114,538</u>	<u>108,298</u>	<u>96,948</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 11,300,558	\$ 9,425,480	\$ 8,683,145	\$ 8,307,557	\$ 7,834,353	\$ 7,468,801	\$ 6,618,386
1.42%	1.65%	1.65%	1.54%	1.46%	1.45%	1.46%

Changes of Assumptions

Actuarial assumptions for both cost-sharing defined benefit plans are reviewed annually by the Florida Retirement System Actuarial Assumptions Conference. The FRS Pension Plan has a valuation performed annually. The HIS Program has a valuation performed biennially that is updated for GASB reporting in the year a valuation is not performed. The most recent 2024 experience study for the FRS Pension Plan was for the period July 1, 2018, through June 30, 2023. Because the HIS Program is funded on a pay-as-you-go basis, no experience study has been completed for that program. The actuarial assumptions that determined the total pension liability for the HIS Program were based on certain results of the most recent experience study for the FRS Pension Plan.

The total FRS pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments was unchanged at 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20% was increased from 3.93% and was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational PUB-2010 with Projection Scale MP-2023.

Florida Retirement System Pension Plan

There were changes in actuarial assumptions. As of June 30, 2025, the inflation rate assumption remained at 2.4 percent, the real payroll growth assumption remained at 1.1 percent, and the overall payroll growth rate assumption remained at 3.50 percent. The long-term expected rate of return was unchanged at 6.70 percent.

Health Insurance Subsidy Pension Plan

The municipal rate used to determine total pension liability increased from 3.93 percent to 5.20 percent.

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

The average expected remaining service life changed for all employees provided with pensions through the pension plans at September 30, 2025, was 4.7 years. The prior year was 5.3 years for FRS and 5.8(2025) (6.3 for 2024) years for HIS.

2021	2022	2023	2024	2025
\$ 128,338	\$ 133,342	\$ 142,543	\$ 145,006	\$ 138,893
73,086	54,992	51,362	126,231	139,850
4,350	-	-	-	459,914
67,651	-	540,768	-	59,808
(505,590)	26,710	(30,992)	(42,970)	112,401
(134,475)	(148,900)	(154,248)	(205,918)	(225,124)
(366,640)	66,144	549,433	22,349	685,742
2,722,897	2,356,257	2,422,401	2,971,834	2,994,183
<u>\$ 2,356,257</u>	<u>\$ 2,422,401</u>	<u>\$ 2,971,834</u>	<u>\$ 2,994,183</u>	<u>\$ 3,679,925</u>

2021	2022	2023	2024	2025
\$ 134,475	\$ 148,900	\$ 154,248	\$ 205,918	\$ 225,124
-	-	-	-	-
(134,475)	(148,900)	(154,248)	(205,918)	(225,124)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\$ 2,356,257	\$ 2,422,401	\$ 2,971,834	\$ 2,994,183	\$ 3,679,925
0.00%	0.00%	0.00%	0.00%	0.00%

10/1/20	9/30/21	10/1/22	9/30/23	6/1/25
15	15	15	15	14

2.41%	2.19%	4.40%	4.63%	3.88%
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LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT Page 83 of 89
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY (ASSET) AND
RELATED RATIOS GASB 74/75 AND RELATED NOTES TO THE SCHEDULE - VEBA

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

Total OPEB Liability	<u>2025</u> *
Service Cost	\$ -
Interest Cost	-
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	<u>-</u>
Net Change in total OPEB Liability	-
Total OPEB Liability - Beginning of Year	<u>-</u>
Total OPEB Liability - End of Year	<u>N/A</u>

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

Plan Fiduciary Net Position as of September 30:

	<u>2025</u>
Contributions - Employer	\$ 500,000
Net Investment Income	16,104
Benefit Payments	-
Administrative Expense	<u>(383)</u>
Net Change in Fiduciary Net Position	515,721
Fiduciary Net Position - Beginning of Year	<u>-</u>
Fiduciary Net Position - End of Year	<u>\$ 515,721</u>
Total OPEB Liability/(Asset)	\$ 515,721
Fiduciary Net Position as a % of Total OPEB Liability (Asset)	100.00%
Covered-Employee Payroll *	
Total OPEB Liability as a % of Payroll *	
Measurement date	N/A
Expected Average Remaining Service Years of All Participants	N/A

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

Schedule of District Contributions

	<u>2025</u>
Actuarially Determined Contribution	N/A
Contributions in relation to the Actuarially Determined Contributions	<u>500,000</u>
Contribution Deficiency (Excess)	<u>\$ 500,000</u>
Covered Employee Payroll (Projection)	N/A
Contributions as a percentage of Covered Employee Payroll	N/A

* The year ended September 30, 2025, was the VEBA initial year of operation.

Notes to the Schedule:

Discount Rate: 2025 N/A

N/A - Not Available. The initial actuarial valuation will be performed at September 30, 2026.

ADDITIONAL REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund and the fiduciary fund of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated March 6, 2026.

Internal Control Over Financial Reporting

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

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

INTEGRITY SERVICE EXPERIENCE

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

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

Compliance and Other Matters

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

Purpose of This Report

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

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

HSC/TUSCAN & COMPANY, P.A.

Fort Myers, Florida

March 6, 2026

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

We have examined Lehigh Acres Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2025. Management is responsible for Lehigh Acres Fire Control and Rescue District's compliance with those requirements. Our responsibility is to express an opinion on Lehigh Acres Fire Control and Rescue District's compliance based on our examination.

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

In our opinion, Lehigh Acres Fire Control and Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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



HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 6, 2026

INTEGRITY SERVICE EXPERIENCE

1470 Royal Palm Square Blvd. • Fort Myers, FL 33919-1049
Phone: (239) 939-2233 • Fax: (239) 939-0554 • www.hsctuscan.com

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

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

We have audited the accompanying basic financial statements of Lehigh Acres Fire Control and Rescue District (the "District") as of and for the year ended September 30, 2025, and have issued our report thereon dated March 6, 2026.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which were dated March 6, 2026, should be considered in conjunction with this report to management.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no financially significant comments in the prior year.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendation was noted to improve financial management within our current year Report to Management dated March 6, 2026.

INTEGRITY SERVICE EXPERIENCE

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

- Pursuant to Section 10.554(1)(i)8, Rules of the Auditor General, requires an independent special district that imposes ad valorem taxes to disclose certain related unaudited data. See Exhibit 2.
- Pursuant to Section 10.554(1)9, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the entity's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated March 6, 2026, included herein.

PRIOR YEAR COMMENT:

No financially significant comments noted.

CURRENT YEAR COMMENTS:

No financially significant comments noted.

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

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
March 6, 2026

EXHIBIT 1



Lehigh Acres Fire Control & Rescue District

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

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

April 23, 2026

Jeff Tuscan
HSC/Tuscan & Company, P.A.
1470 Royal Palm Square Blvd
Fort Myers, FL 33919

Dear Mr. Tuscan,

This letter is in response to the Management letter provided to Board of Commissioners, Lehigh Acres Fire Control and Rescue District, for the 2024/2025 fiscal year ended September 30, 2025, by HSC/Tuscan & Company, P.A. Responses to the individual comments are addressed in the same order as presented in the Management letter dated March 6, 2026.

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

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

CURRENT YEAR COMMENTS:

(There were no financially significant comments noted).

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

Sincerely,

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

Robert A. DiLallo
Fire Chief

EXHIBIT 2

UNAUDITED
COMPLIANCE WITH REPORTING REQUIRED BY:

Auditor General Rule 10.554(1)(i)7

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

- a. The total number of district employees compensated in the last pay period of the district’s fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 180
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district’s fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 1
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$18,589,166
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$36,731
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes).

Station 107	\$ 64,671
Training Tower	\$777,355
Admin Building	\$ 92,676
Station 109	\$107,650

- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached page 3 and 4.

Auditor General Rule 10.554(1)(i)8

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

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

Auditor General Rule 10.554(1)(i)9

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

- a. The rate or rates of such assessment imposed by the district.
\$194.98 per parcel plus \$1.12 per \$1,000 of improved value (not including land) plus \$1.85 collection fees plus \$5 administrative fee plus add back 4% early payment discount.
- b. The total amount of special assessments collected by or on behalf of the district.
\$36,674,208
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. \$13,565,000

**LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND - SUMMARY STATEMENT - UNAUDITED
Year Ended September 30, 2025**

	General Fund		
	Original	Actual	Variance
	Budget		Favorable (Unfavorable)
REVENUES			
Non-ad valorem assessments	\$ 35,146,881	\$ 36,674,208	\$ 1,527,327
Intergovernmental revenue:			
Grants	15,000	12,133	(2,867)
F/F supplemental income	37,800	45,440	7,640
Federal grants	-	499,229	499,229
State grant - PEMT	-	503,977	503,977
Charges for services - ambulance	3,000,000	4,277,918	1,277,918
Inspection fees	60,000	131,164	71,164
Interest income	700,000	2,301,693	1,601,693
Other income:			
Insurance proceeds	220,000	55,172	(164,828)
Lease revenue	-	24,713	24,713
Miscellaneous	50,000	290,204	240,204
Cash brought forward	<u>36,900,822</u>	<u>-</u>	<u>(36,900,822)</u>
TOTAL REVENUES	<u>76,130,503</u>	<u>44,815,851</u>	<u>(31,314,652)</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	32,186,606	30,246,998	1,939,608
Operating expenditures	20,372,870	5,408,131	14,964,739
Capital outlay	21,936,787	2,774,177	19,162,610
Debt service			
Principal reduction	808,860	808,892	(32)
Interest and fiscal charges	<u>825,380</u>	<u>825,347</u>	<u>33</u>
TOTAL EXPENDITURES	<u>76,130,503</u>	<u>40,063,545</u>	<u>36,066,958</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>4,752,306</u>	<u>4,752,306</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from disposition of capital assets	-	-	-
Bond Proceeds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>4,752,306</u>	<u>\$ 4,752,306</u>
FUND BALANCE, October 1, 2024		<u>48,831,590</u>	
FUND BALANCE, September 30, 2025		<u>\$ 53,583,896</u>	

The accompanying notes are an integral part of this statement.

LEHIGH ACRES FIRE CONTROL AND RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - IMPACT FEE FUND -UNAUDITED
Year Ended September 30, 2025

	Impact Fee Fund		
	Original		Variance
	Budget	Actual	Favorable (Unfavorable)
	Budget	Actual	(Unfavorable)
REVENUES			
Fees			
Impact fees	\$ 3,950,000	\$ 1,141,547	\$ (2,808,453)
Miscellaneous			
Interest	-	-	-
Cash brought forward (deficit)	<u>(2,261,782)</u>	<u>-</u>	<u>2,261,782</u>
TOTAL REVENUES	<u>1,688,218</u>	<u>1,141,547</u>	<u>(546,671)</u>
EXPENDITURES			
Current			
Public safety	-	-	-
Operating			
Impact fee refunds	-	-	-
Impact fee reserve contingencies	<u>(2,261,782)</u>	<u>-</u>	<u>(2,261,782)</u>
Subtotal - operating	<u>(2,261,782)</u>	<u>-</u>	<u>(2,261,782)</u>
Capital outlay	<u>3,950,000</u>	<u>1,141,547</u>	<u>2,808,453</u>
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal - debt service	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,688,218</u>	<u>1,141,547</u>	<u>546,671</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE (DEFICIT) - Beginning		<u>(2,261,782)</u>	
FUND BALANCE (DEFICIT) - Ending		<u>\$ (2,261,782)</u>	

The accompanying notes are an integral part of this statement.