

**BAYSHORE FIRE PROTECTION
AND RESCUE SERVICE DISTRICT**

SEPTEMBER 30, 2021

**FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 8
Basic Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance	13
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance to the Statement of Activities	14
Notes to Basic Financial Statements	15 - 29
Required Supplementary Information Other Than MD&A	
Budget to Actual Comparison - Major Funds (General and Special Revenue Funds)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	30
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund	31
Schedule of District Contributions - Pension Plan	32
Schedule of District Contributions - HIS Plan	32
Schedule of the District's Proportionate Share of the Net Pension Liability - Pension Plan	33
Schedule of the District's Proportionate Share of the Net Pension Liability - HIS Plan	33
Schedule of Changes in Total OPEB Liability and Related Ratios	34
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 <i>Government Auditing Standards</i>	35 - 36
Management Letter	37 - 39
Independent Accountant's Examination Report	40



PHONE: 941.639.6600 | FAX: 941.639.6115
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950
AshleyBrownCPAS.com

Independent Auditor's Report

To the Honorable Board of Commissioners
Bayshore Fire Protection & Rescue Service District
North Fort Myers, Florida

We have audited the accompanying financial statements of the governmental activities of the Bayshore Fire Protection & Rescue Service District (the "District"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of September 30, 2021, 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.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters included under the heading INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS. 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 the District's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, FL
March 22, 2022

**MANAGEMENT'S
DISCUSSION & ANALYSIS**

Bayshore Fire Protection and Rescue Service District

Management's Discussion and Analysis

September 30, 2021

As management of the Bayshore Fire & 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, 2021. Please note that comparative information is provided for fiscal years 2020-21.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the 2021 fiscal year by \$660,627 (net position). The negative net position is a result of the District recognizing \$692,435 of net pension liability. This liability is directly related to a shortfall in the Florida Retirement System and is beyond our control.
- The District's net position increased by \$321,556. This increase is primarily attributable to reporting requirements of GASB 68 and the Florida Retirement System (FRS) Pension related liabilities and other post employment benefits (OPEB) reporting.
- As of the close of the 2021 fiscal year the District reported an ending fund balance of \$915,364, an increase of \$159,312 in comparison with the prior year. \$1,001,964 of this amount is available for spending at the District's discretion, however, it should be noted that of this amount \$108,771 is inaccessible in the form of a receivable from the Impact Fee Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

The government wide financial statements are designed to provide readers with a broad overview of the District's finances, using accounting methods similar to a private sector business. These statements include all assets and liabilities on the accrual basis of accounting. All current year revenues and expense are taken into account regardless of when the cash is received or paid.

Fund Financial Statements

The fund financial statements are used to ensure and demonstrate compliance with finance-related legal requirements.

Notes to the Financial Statements

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

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2021**

GOVERNMENT WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, assets exceeded liabilities by \$472,484, as of September 30, 2021.

The District's capital assets represent investments in land, buildings and improvements and equipment. The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt.

Government Activities

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 861,970	\$ 714,075
Other current assets	91,832	105,811
Capital assets	495,126	551,440
Total assets	<u>1,448,928</u>	<u>1,371,326</u>
Deferred outflows of resources	<u>297,024</u>	<u>832,076</u>
Total assets and deferred outflows of resources	<u>1,745,952</u>	<u>2,203,402</u>
LIABILITIES		
Current liabilities	77,425	101,712
Noncurrent liabilities	899,019	3,083,873
Total liabilities	<u>976,444</u>	<u>3,185,585</u>
Deferred inflows of resources	<u>1,430,135</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>2,406,579</u>	<u>3,185,585</u>
NET POSITION		
Capital assets, net of related debt	404,729	423,165
Unrestricted	<u>(1,065,356)</u>	<u>(1,405,348)</u>
Total net position	<u>\$ (660,627)</u>	<u>\$ (982,183)</u>

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2021**

Governmental activities

As the District has no business-type activities, governmental activities were responsible for decreasing the District's net position.

The District's Change in Net Position

	2021	2020
REVENUES		
Property assessments	\$ 1,560,933	\$ 1,469,442
Intergovernmental / grant revenue	133,535	190,445
Impact fees	140,203	51,261
Interest	4,712	11,277
Other	72,303	103,272
Total revenues	1,911,686	1,825,697
EXPENSES		
Personal services	1,262,913	1,709,571
Materials & supplies	252,098	282,178
Interest & depreciation	75,119	83,485
Total expenses	1,590,130	2,075,234
Change in net position	321,556	(249,537)
Net position - beginning, October 1, 2020 and 2019	(982,183)	(732,646)
Total net position, September 30, 2021 and 2020	\$ (660,627)	\$ (982,183)

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2021**

Governmental Funds, continued

In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the District's chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,001,964. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total expenditures. Unassigned fund balance represents 57% of total expenditures.

Fund balance increased \$159,312 during the current fiscal year. Key factors in this increase is as follows:

- The District is ever striving to reduce expenditures while maintaining adequate and proficient services and staff.

General Fund Budgetary Highlights

An annual budget is legally adopted and was amended two times in 2021 in order to adjust for differences between initially projected beginning fund balances and actual audited final fund balances, reflect the receipt of grants and to balance the expenditures.

Fiscal Year 2021 Budget - Governmental Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 1,772,968	\$ 1,771,338	\$ (1,630)
Total expenditures	<u>1,728,721</u>	<u>1,728,721</u>	<u>-</u>
Net change in fund balance	<u>\$ 44,247</u>	<u>\$ 42,617</u>	<u>\$ (1,630)</u>

Fiscal Year 2020 Budget - Governmental Fund

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total revenue	\$ 1,774,209	\$ 1,774,209	\$ -
Total expenditures	<u>1,755,576</u>	<u>1,755,576</u>	<u>-</u>
Other Financing Sources	<u>82,510</u>	<u>82,510</u>	<u>-</u>
Net change in fund balance	<u>\$ 101,143</u>	<u>\$ 101,143</u>	<u>\$ -</u>

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2021**

Capital Assets

At the end of 2021, the District's investment in capital assets for its governmental activities was \$495,126 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements and equipment.

	<u>2021</u>	<u>2020</u>
Land	\$ 35,918	\$ 35,918
Building & vehicles	1,539,585	1,539,585
Equipment	<u>409,688</u>	<u>397,295</u>
 Total capital assets	 1,985,191	 1,972,798
 Less: accumulated depreciation	 <u>(1,490,065)</u>	 <u>(1,421,358)</u>
 Total capital assets, net	 <u>\$ 495,126</u>	 <u>\$ 551,440</u>

The changes are due to the purchase of additional capital assets during the current year. Depreciation expense for the years ended September 30, 2021 and 2020 were \$70,835 and \$73,391, respectively.

Additional information on the District's capital assets can be found in Note 4 on page 20 of this report.

NON-CURRENT LIABILITIES

At the end of fiscal year 2021, the District had total noncurrent liabilities consisting of other post-employment benefits of \$155,174, two capital leases with balance of \$90,397 and net pension liability of \$692,435. Current and non-current portions were \$38,987 and \$899,019, respectively.

More detailed information about the District's noncurrent liabilities can be found in Note 7 on page 21 of this report.

**Bayshore Fire Protection and Rescue Service District
Management's Discussion and Analysis
September 30, 2021**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District relies on property taxes for the largest portion of its budget. Taxable property value within the District increased slightly in 2020-21.

For the 2021-22 fiscal year, the District's Board of Commissioners approved a budget maintaining the current millage rate of 3.5000 mills which is estimated to result in an increase of ad-valorem revenues of approximately \$127,003.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Chief Doug Underwood
17350 Nalle Road
North Fort Myers, FL 33917

**BASIC
FINANCIAL STATEMENTS**

Bayshore Fire Protection and Rescue Service District
Statement of Net Position
September 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$	861,970
Accounts Receivable		21,816
Due from other governments		47,845
Prepaid expenses		22,171
Total current assets		953,802

Noncurrent assets:

Capital assets:

Land		35,918
Buildings and improvements		673,194
Vehicles		866,391
Fire Equipment		184,514
Radio Equipment		129,508
Station Equipment		62,592
Medical Equipment		8,984
Office equipment		24,090
Less accumulated depreciation		(1,490,065)
Total noncurrent assets (net)		495,126
Total assets		1,448,928

Deferred outflows of resources		297,024
Total assets and deferred outflows of resources		1,745,952

LIABILITIES

Current liabilities:

Accounts payable		6,879
Accrued payroll and related liabilities		31,559
Current portion of capital leases payable		38,987
Total current liabilities		77,425

Noncurrent liabilities:

Net pension liability		692,435
Other post-employment benefits liability		155,174
Capital leases payable, net of current portion		51,410
Total noncurrent liabilities		899,019
Total liabilities		976,444

Deferred inflows of resources		1,430,135
Total liabilities and deferred inflows of resources		2,406,579

NET POSITION

Invested in capital assets, net of related debt		404,729
Unrestricted		(1,065,356)
Total net position		\$ (660,627)

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

Bayshore Fire Protection and Rescue Service District
Statement of Activities
For the fiscal year ended September 30, 2021

Function	Expenses	Program Revenues		Net Expenses and Changes in Net Position
		Charges for Services	Operating Grants	
Public safety	<u>\$ 1,590,130</u>	<u>\$ 56,051</u>	<u>\$ 133,535</u>	<u>\$ (1,400,544)</u>
General Revenues:				
				1,560,933
				4,712
				140,203
				16,252
			Total general revenues	1,722,100
			Change in net position	321,556
			Net position - beginning, October 1, 2020	(982,183)
			Net position - ending, September, 30, 2021	\$ (660,627)

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

Bayshore Fire Protection and Rescue Service District
Balance Sheet
September 30, 2021

	General Fund	Impact Fee Fund	Total
ASSETS			
Cash and cash equivalents	\$ 860,361	\$ 1,609	\$ 861,970
Accounts Receivable	21,816	-	21,816
Due from other funds	133,188	-	133,188
Due from other governments	25,037	22,808	47,845
Prepaid expenses	22,171	-	22,171
Total assets	\$ 1,062,573	\$ 24,417	\$ 1,086,990
LIABILITIES & FUND BALANCE			
Liabilities			
Accounts payable	\$ 6,879	\$ -	\$ 6,879
Due to other funds	-	133,188	133,188
Accrued payroll and related liabilities	31,559	-	31,559
Total liabilities	38,438	133,188	171,626
Fund Balances			
Nonspendable - Prepaid expenses	22,171	-	22,171
Spendable:			
Unassigned	1,001,964	-	1,001,964
Restricted	-	(108,771)	(108,771)
Total fund balances	1,024,135	(108,771)	915,364
Total liabilities and fund balances	\$ 1,062,573	\$ 24,417	\$ 1,086,990

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

Bayshore Fire Protection and Rescue Service District
Reconciliation of the Balance Sheet To the Statement of Net Position
September 30, 2021

Fund Balance	\$	915,364
Deferred inflows and outflows related to pensions are reported on the Statement of Net Position, but do not require the use of current financial resources and are not reported on the fund financial statements.		(1,133,111)
Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet:		495,126
Long-term liabilities are not due and payable in the current period and are therefore not reported on the balance sheet:		
Net Pension Liability	\$ (692,435)	
Post employment benefits	(155,174)	
Capital leases	(90,397)	(938,006)
	<u> </u>	<u> </u>
Net Position	\$	<u><u>(660,627)</u></u>

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

Bayshore Fire Protection and Rescue Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the fiscal year ended September 30, 2021

	General Fund	Impact Fee Fund	Total
Revenues:			
Ad Valorem taxes	\$ 1,560,933	\$ -	\$ 1,560,933
Charges for services	56,051	-	56,051
Impact fees	-	140,203	140,203
Intergovernmental revenues	135,819	-	135,819
Miscellaneous	18,535	146	18,681
Total revenues	1,771,338	140,349	1,911,687
Expenditures:			
Current			
Public safety			
Personal services	1,443,593	-	1,443,593
Operating expenditures	252,098	-	252,098
Debt Service			
Principal	15,249	22,629	37,878
Interest	3,259	1,025	4,284
Capital outlay	14,522	-	14,522
Total expenditures	1,728,721	23,654	1,752,375
Net change in fund balance	42,617	116,695	159,312
Fund balance, October 1, 2020	981,518	(225,466)	756,052
Fund balance, September 30, 2021	<u>\$ 1,024,135</u>	<u>\$ (108,771)</u>	<u>\$ 915,364</u>

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

Bayshore Fire Protection and Rescue Service District
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balance to the Statement of Activities
For the fiscal year ended September 30, 2021

Net change in fund balance	\$	159,312
----------------------------	----	---------

The increase in pension expense is reported in the Statement of Activities, but does not require a use of current financial resources and is not reported in the fund financial statements.

		235,415
--	--	---------

The decrease in other post-employment benefits is a reduction of expense in the Statement of Activities, but does not require a use of current financial resources and is not reported in the fund financial statements.

		(54,736)
--	--	----------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In addition, gains and losses on the disposition of fixed assets are recorded on the statement of activities, however, they are not reported on the statement of revenues expenditures and changes in net position. These amounts are as follows:

Depreciation expense	\$ (70,835)	
Loss on disposal	-	
Capital outlay expenditure	14,522	(56,313)

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

		37,878
--	--	--------

Change in net position	\$	321,556
------------------------	----	---------

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

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 1. Summary of Significant Accounting Policies:

The following is a summary of the more significant accounting policies of the District:

Organization and Nature of Activities: The Bayshore Fire Protection and Rescue Service District (the "District") is a local governmental unit created by the State of Florida Legislature under Chapter 76-414, Laws of Florida, as amended in 2003 HB 1257, to provide fire protection and rescue services to a certain prescribed area in North Fort Myers, Florida. The District is funded primarily by property taxes and is operated by a five-person Board of Commissioners (the "Commissioners").

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: Governmental Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" (GASB 14), as amended, requires the financial statements of the District (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB 14, as amended, there are no component units included and/or required to be included in the District's 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.

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 non-exchange transactions are recognized in accordance with the requirements of GASB Statement Number 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.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 1. Summary of Significant Accounting Policies, continued:

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit for goods, services, or privileges provided by a given function, such as inspection fees, 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.

Fund Financial Statements: The accounts of the District are organized on the basis of funds, a fund 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, revenues and expenditures, as appropriate. Government resources are allocated to, and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following governmental funds are utilized by the District:

General Fund: The General Fund is the general operating fund of the District. All financial resources which are not specifically restricted or designated as to use are recorded in the General Fund.

Impact Fee Fund: The Impact Fee Fund is used to account for the collection of impact fees which are collected on the District's behalf by Lee County, Florida and the expenditure of funds for qualified purposes. The most recent uses of impact fee funds has been for the repayment of a capital lease for the acquisition of a water tanker truck in 2008 and partial repayment of a capital lease for the acquisition of a pumper truck purchased in 2012.

Measurement Focus and Basis of Accounting: Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the current financial resources management 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.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 1. Summary of Significant Accounting Policies, continued:

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

Capital Assets: Capital assets include land, building, improvements, vehicles, and equipment, are reported in the government-wide financial statements in the Statement of Net Position. The District follows a capitalization policy which calls for capitalization of all capital assets that have a cost or donated value of \$1,000 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 acquisition cost on the date donated. Maintenance, repairs, and minor renovations are not capitalized. Expenditures that materially increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement, the cost and related accumulated depreciation is eliminated from the respective accounts. Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	39
Improvement:	5 - 39
Vehicles	10
Equipment	5 - 20

Deferred Outflows/Inflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period and therefore will not be recognized as expended until then. The District presents deferred outflows associated with pensions to be expensed over future periods. Deferred inflows of resources is defined as an acquisition of position by the government that is applicable to a future reporting period. The District presents deferred inflows of resources related to pensions.

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 it is, at present, not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

Other Post Employment Benefits (OPEB): In fiscal year 2018, the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

Accounts Receivable: Receivables are reported net of allowance for uncollectible accounts. All receivables are reviewed periodically and, when determined to be uncollectable, the allowance method is used.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 1. Summary of Significant Accounting Policies, continued:

Budgets and Budgetary Accounting: The following procedures are used by the District in establishing the budgetary data reflected in the basic financial statements:

1. During the summer, the Chief submits to the Board of Commissioners for their consideration a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is adopted through a resolution by the Board of Commissioners.
4. Budget transfers and amendments can be made throughout the year by approval of the Board of Commissioners.
5. Budget amounts, as shown in the Required Supplementary Information are as originally adopted, or as amended by the Board of Commissioners.
6. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. The level of control for appropriations is exercised at the activity level.

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

Fund Balance: In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balance is reported in five components: nonspendable, restricted, committed, assigned, and unassigned.

The components of Fund Balance are:

Nonspendable

The portion of net resources or fund balance that cannot be spent because of their form. These amounts will never convert to cash or not convert soon enough to affect the current period (e.g., long-term receivables or prepaid items).

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 1. Summary of Significant Accounting Policies, continued:

Restricted

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

Committed

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

Assigned

The portion of fund balance that includes spendable fund balance amounts established by the administration of the District that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned

The portion of fund balance that has not been reported in any other classification within the General Fund.

The District expends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents that prohibit doing this. Additionally, the District would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance, when expenditures are incurred for purposes in which amounts are available from any of these unrestricted fund balance classifications.

Impact Fees: The District receives impact fees in accordance with an interlocal agreement with Lee County, Florida. Impact fees collected by Lee County are remitted on a quarterly basis to the District. The District, with prior Lee County approval, may expend amounts collected on qualifying capital expenditures. Funds received that are not expended within six years must be refunded. Because of the eligibility requirements imposed in the agreement, (1) prior approval before expenditure and (2) refund if not expended, the District records receipts of funds as restricted cash.

Note 2. Cash and Investments:

At September 30, 2021, the carrying amount of the District's deposits was \$861,970 and the bank balance was \$873,470. These deposits were entirely covered by Federal Depository Insurance or by collateral pursuant to the Florida Security For Public Deposits Act (Florida Statutes Chapter 280).

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 3. Property Taxes:

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida, Tax Collector's office bills and collects property taxes on behalf of the District. The tax rate levied upon the taxable property in the district for the fiscal year ended September 30, 2021 was \$0.035 per \$1,000 of assessed taxable property value. Property tax revenue is recognized currently in the fiscal year for which the taxes are levied. On April 1 of each year, unpaid taxes become a lien on the property. The past due tax certificates are sold at public auction prior to June 1, and the proceeds collected. The District's portion are then remitted to the District.

Note 4. Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance Oct. 1, 2020	Additions	Deletions	Balance Sept. 30, 2021
Capital assets not being depreciated:				
Land	\$ 35,918	\$ -	\$ -	\$ 35,918
Total capital assets not being depreciated:	<u>35,918</u>	<u>-</u>	<u>-</u>	<u>35,918</u>
Capital assets being depreciated:				
Buildings and improvements	673,194	-	-	673,194
Vehicles	866,391	-	-	866,391
Fire equipment	185,192	-	(678)	184,514
Radio equipment	126,098	3,410	-	129,508
Station equipment	63,442	-	(850)	62,592
Medical equipment	8,984	-	-	8,984
Office equipment	13,579	11,111	(600)	24,090
Total capital assets being depreciated:	<u>1,936,880</u>	<u>14,521</u>	<u>(2,128)</u>	<u>1,949,273</u>
Less: Accumulated depreciation	<u>(1,421,358)</u>	<u>(70,835)</u>	<u>2,128</u>	<u>(1,490,065)</u>
Capital Assets, Net	<u>\$ 551,440</u>	<u>\$ (56,314)</u>	<u>\$ -</u>	<u>\$ 495,126</u>

Note 5. Line of Credit:

The District entered into a \$250,000 revolving line of credit agreement with a financial institution for which it makes monthly interest only payments on the outstanding balance at the fixed rate of 5.00% per annum. The note is unsecured and the outstanding balance plus accrued interest is due on demand. The District may prepay without penalty all or a portion of the amount owed prior to the due date. The District did not utilize the line of credit in fiscal year 2021.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 6. Commitments and Contingencies:

The Board purchases liability and casualty insurance coverage from commercial carriers with coverage's and deductibles in amounts that the Board feels is adequate.

Note 7. Long-Term Debt:

In March of 2012, the District entered into a capital lease with a financial institution to purchase a vehicle for \$210,700. The terms of the lease call for annual principal and interest payments of \$23,654, including interest at a fixed rate of 2.24%. The first payment was due on January 15, 2013 and the remaining 9 payments due on January 15 of each year with the final payment due in 2022. As of September 30, 2021, the outstanding balance was:

\$ 23,136

In December of 2019, the District entered into a capital lease with a financial institution to purchase Motorola radios for \$82,510. The terms of the lease call for annual principal and interest payments of \$18,508, including interest at a fixed rate of 3.88%. The first payment is due on February 13, 2021 and the remaining 4 payments due on February 13 of each year with the final payment due in 2025. As of September 30, 2021, the outstanding balance was:

67,261

Total capital leases \$ 90,397

The combined annual payments to retire the District's capital lease is as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 38,987	\$ 3,175	\$ 42,162
2023	16,477	2,031	18,508
2024	17,128	1,380	18,508
2025	17,805	703	18,508
	<u>\$ 90,397</u>	<u>\$ 7,289</u>	<u>\$ 97,686</u>

The following is a summary of changes in the District's long-term debt for the year ended September 30, 2021:

	<u>Balance</u>			<u>Balance</u>	<u>Due within</u>
	<u>Oct 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Sept 30, 2021</u>	<u>one year</u>
Net pension liability -					
Pension Plan	\$2,583,273	\$ -	\$ 2,201,033	\$ 382,240	\$ -
HIS Plan	309,765	43,983	43,553	310,195	-
Capital lease	128,275	-	37,878	90,397	38,987
Post employment benefits	100,438	57,041	2,305	155,174	-
Total	<u>\$3,121,751</u>	<u>\$ 101,024</u>	<u>\$ 2,284,769</u>	<u>\$ 938,006</u>	<u>\$ 38,987</u>

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 8. State of Florida Retirement Plans

Defined Benefit Plans

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

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

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

Benefits Provided

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

Eligible retirees and beneficiaries receive a monthly HIS payment equal to the number of years of service credited at retirement multiplied by \$5. The minimum payment is \$30 and the maximum payment is \$150 per month, pursuant to Section 112.363, Florida Statutes.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 8. State of Florida Retirement Plans, continued:

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2021, were as follows:

	<u>FRS</u>	<u>HIS</u>
Regular class	10.82%	1.66%
Special risk class	25.89%	1.66%
Senior management service class	29.01%	1.66%
Elected officials	51.42%	1.66%
DROP from FRS	18.34%	1.66%

The District's contributions for the year ended September 30, 2021, were \$201,922 to the FRS Pension Plan and \$15,542 to this HIS Program.

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2021, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2021. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

	<u>FRS</u>	<u>HIS</u>
Net pension liability	\$ 382,240	\$ 310,195
Proportion at:		
Current measurement date	0.005060%	0.002529%
Prior measurement date	0.005960%	0.002537%
Pension (benefit) expense	\$ (237,766)	\$ 2,398

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 8. State of Florida Retirement Plans, continued:

At September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FRS		HIS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 65,516	\$ -	\$ 10,380	\$ (130)
Change of assumptions	261,547	-	24,374	(12,781)
Net difference between projected and actual earnings on pension plan investments	-	(1,333,538)	323	-
Changes in proportion and differences between District contributions and proportionate share of contributions	170,042	(386,964)	37,562	(37,193)
District contributions subsequent to the measurement date	63,212	-	4,539	-
	\$ 560,317	\$ (1,720,502)	\$ 77,178	\$ (50,104)

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date, and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2022. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Fiscal year ending September 30:	FRS	HIS
2022	\$ (222,805)	\$ 7,763
2023	(274,786)	321
2024	(319,562)	(1,157)
2025	(373,866)	5,937
2026	(32,378)	8,012
Thereafter	-	1,659
	\$ (1,223,397)	\$ 22,535

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 8. State of Florida Retirement Plans, continued:

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2021. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2021. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

	FRS	HIS
Inflation	2.40%	2.40%
Salary increases	3.25%	3.25%
Investment rate of return	6.80%	N/A
Discount rate	6.80%	2.16%

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

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

The following changes in key actuarial assumptions occurred in 2021:

FRS: Decreasing the maximum amortization period to 20 years for all current and future amortization bases.

HIS: The municipal bond index rate used to determine total pension liability decreased from 3.21% to 2.16%.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.1%	2.1%	1.1%
Fixed income	20.0%	3.8%	3.7%	3.3%
Global equity	54.2%	8.2%	6.7%	17.8%
Real estate (property)	10.3%	7.1%	6.2%	13.8%
Private equity	10.8%	11.7%	8.5%	26.4%
Strategic investments	3.7%	5.7%	5.4%	8.4%
Total	100.0%			

Assumed Inflation - Mean	2.4%	1.2%
--------------------------	------	------

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 8. State of Florida Retirement Plans, continued:

Discount Rate

The discount rate used to measure the total pension liability for the FRS Pension Plan was 6.80%. FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 2.16% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

Sensitivity Analysis

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

	FRS		
	Current		
	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability	\$ 1,709,403	\$ 382,240	\$ (727,119)

	HIS		
	Current		
	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
District's proportionate share of the net pension liability	\$ 358,615	\$ 310,195	\$ 270,525

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. FRS Investment Plan contributions for the fiscal year ended September 30, 2021 totaled \$5,835.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 9. Other Post Employment Benefits:

Plan Description

The Bayshore Fire Protection & Rescue Service District's Retire health Care Plan (Plan) is a single-employer defined benefit postemployment health care plan that covers eligible retired employees of the District. The Plan, which is administered by the District, allows employees who retire and meet retirement eligibility requirements under the District's retirement plan to continue medical insurance coverage as a participant in the District's plan. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust.

Employees Covered by Benefit Terms

At September 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	-
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	11
	11
	11

Benefits Provided

A retired employee and his or her spouse are eligible to continue health insurance identical to active employees if they meet the eligibility for retirements under the applicable retirement Plan. The retiree is responsible for paying the entire monthly premium for health coverage and that of any covered spouse or eligible dependents. Medicare coverage is assumed to become primary upon attainment of age 65.

Total OPEB Liability

The measurement date is September 30, 2020.

The measurement period for the OPEB expense was October 1, 2019 to September 30, 2020.

The reporting period is October 1, 2020 through September 30, 2021.

The District's Total OPEB Liability was measured as of September 30, 2020.

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 9. Other Post Employment Benefits, continued:

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2020 using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	2.50%
Discount Rate	2.14%
Initial Trend Rate	7.00%
Ultimate Trend Rate	4.00%
Years to Ultimate	54

For all lives, mortality rates were PubG-2010 Mortality Tables projected to the valuation date using Projection Scale MP-2019.

Discount Rate - Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.14%. The high quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond 20 Year High Grade Rate Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense - For the year ended September 30, 2021, the District will recognize OPEB Expense of \$58,041.

Changes in Total OPEB Liability

Reporting Period Ending September 30, 2020	\$ 100,438
Changes for the year:	
Service Cost	2,526
Interest	3,645
Differences between Expected and Actual Experience	12,242
Changes of Assumptions	38,628
Benefit Payments	(2,305)
Net Changes	<u>54,736</u>
Reporting Period Ending September 30, 2021	<u><u>\$ 155,174</u></u>

Bayshore Fire Protection and Rescue Service District
Notes to Financial Statements
September 30, 2021

Note 9. Other Post Employment Benefits, continued:

Changes of assumptions reflect a change in the discount rate from 3.58% for the fiscal year ending September 30, 2020 to 2.14% for the fiscal year ending September 30, 2021. Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

Sensitivity of the Total OPEB Liability to changes in the Discount Rate:

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 one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 1.14%	Current Discount Rate 2.14%	1% Increase 3.14%
Total OPEB Liability	\$ 182,409	\$ 155,174	\$ 132,791

Sensitivity of the Total OPEB Liability to changes in the Healthcare Cost Trend Rates

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 cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.00% - 6.00%	Healthcare Cost Trend Rate 4.00% - 7.0%	1% Increase 5.00% - 8.00%
Total OPEB Liability	\$ 132,558	\$ 155,174	\$ 182,346

Note 10. Deficit Unrestricted Net Position

The District reported a deficit net position in its unrestricted fund balance on the statement of net position. The deficit is attribute to the implementation of GASB No. 68 and the full recognition of the related net pension liability, deferred inflows of resources, and deferred outflows of resources pertaining to the District's defined benefit plans.

Note 11. Deficit Unrestricted Fund Balance

At September 30, 2021, the impact fee fund reported a deficit in fund balance of \$108,771. The deficit fund balance is attributed to the amount it owes the general fund for the repayment of a capital lease for the acquisition of a water tanker truck.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Bayshore Fire Protection and Rescue Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the fiscal year ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Ad Valorem taxes	\$ 1,535,149	\$ 1,560,933	\$ 1,560,933	\$ -
Charges for services	35,500	57,681	56,051	(1,630)
Intergovernmental rev. - other	3,240	2,284	2,284	-
Intergovernmental rev. - grant	86,223	133,535	133,535	-
Interest	-	4,566	4,566	-
Miscellaneous	-	13,969	13,969	-
Total revenues	<u>1,660,112</u>	<u>1,772,968</u>	<u>1,771,338</u>	<u>(1,630)</u>
Expenditures:				
Current				
Public safety				
Personal services	1,420,521	1,443,593	1,443,593	-
Operating	256,756	252,098	252,098	-
Capital outlay	29,040	14,522	14,522	-
Debt Service	18,508	18,508	18,508	-
Total expenditures	<u>1,724,825</u>	<u>1,728,721</u>	<u>1,728,721</u>	<u>-</u>
Excess of Revenues Over Expenditures	(64,713)	44,247	42,617	(1,630)
Fund balance, October 1, 2020	981,518	981,518	981,518	-
Fund balance, September 30, 2021	<u>\$ 916,805</u>	<u>\$ 1,025,765</u>	<u>\$ 1,024,135</u>	<u>\$ (1,630)</u>

Bayshore Fire Protection and Rescue Service District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Impact Fee Fund
For the fiscal year ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Fees:				
Impact Fees	\$ -	\$ 140,203	\$ 140,203	\$ -
Miscellaneous:				
Interest	-	146	146	-
Total revenues	<u>-</u>	<u>140,349</u>	<u>140,349</u>	<u>-</u>
Expenditures:				
Current				
Public safety				
Personal services	-	-	-	-
Operating	-	-	-	-
Capital outlay	-	-	-	-
Debt Service	23,654	23,654	23,654	-
Total expenditures	<u>23,654</u>	<u>23,654</u>	<u>23,654</u>	<u>-</u>
Excess of expenditures over revenues	(23,654)	116,695	116,695	-
Fund balance, October 1, 2020	(225,466)	(225,466)	(225,466)	-
Fund balance, September 30, 2021	<u>\$ (249,120)</u>	<u>\$ (108,771)</u>	<u>\$ (108,771)</u>	<u>\$ -</u>

Bayshore Fire Protection and Rescue Service District
Schedule of District Contributions
For the Fiscal Year Ended September 30, 2021

Last Eight Fiscal Years

Florida Retirement System (FRS)								
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 201,922	\$ 195,245	\$ 171,006	\$ 139,879	\$ 190,121	\$ 181,953	\$ 113,567	\$ 141,660
Contributions in relation to contractually require contribution	(201,922)	(195,245)	(171,006)	(139,879)	(190,121)	(181,953)	(113,567)	(141,660)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 874,695	\$ 833,748	\$ 744,257	\$ 642,582	\$ 909,250	\$ 891,448	\$ 600,684	\$ 779,202
Contributions as a percentage of covered-employee payroll	23.08%	23.42%	22.98%	21.77%	20.91%	20.41%	18.91%	18.18%

Note: Data was unavailable prior to 2014.

Health Insurance Subsidy Program (HIS)								
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 15,542	\$ 14,772	\$ 13,228	\$ 11,473	\$ 15,866	\$ 15,598	\$ 8,728	\$ 10,449
Contributions in relation to contractually require contribution	(15,542)	(14,772)	(13,228)	(11,473)	(15,866)	(15,598)	(8,728)	(10,449)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 936,282	\$ 889,860	\$ 796,843	\$ 691,145	\$ 955,795	\$ 939,651	\$ 646,473	\$ 838,599
Contributions as a percentage of covered-employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.35%	1.25%

Note: Data was unavailable prior to 2014.

Bayshore Fire Protection and Rescue Service District
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Fiscal Year Ended September 30, 2021
For the Last Eight Fiscal Years Ended June 30

Florida Retirement System (FRS)								
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.005060%	0.005960%	0.005144%	0.005571%	0.007205%	0.006690%	0.004979%	0.006189%
District's proportionate share of the net pension liability	\$ 382,240	\$2,583,273	\$1,771,374	\$1,678,033	\$2,131,099	\$1,689,274	\$ 643,126	\$ 377,613
District's covered-employee payroll	\$ 834,679	\$ 825,342	\$ 692,697	\$ 730,159	\$ 893,897	\$ 796,843	\$ 653,158	\$ 818,114
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	45.79%	312.99%	255.72%	229.82%	238.41%	212.00%	98.46%	46.16%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%	96.09%

Note: Data was unavailable prior to 2014.

Health Insurance Subsidy Program (HIS)								
	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.002529%	0.002537%	0.002225%	0.002383%	0.002950%	0.002731%	0.002289%	0.002823%
District's proportionate share of the net pension liability	\$ 310,195	\$ 309,765	\$ 248,967	\$ 252,244	\$ 315,417	\$ 318,321	\$ 233,394	\$ 263,975
District's covered-employee payroll	\$ 895,247	\$ 880,525	\$ 744,169	\$ 778,402	\$ 940,274	\$ 843,169	\$ 694,301	\$ 869,648
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	34.65%	35.18%	33.46%	32.41%	33.55%	37.75%	33.62%	30.35%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%	0.99%

Note: Data was unavailable prior to 2014.

Bayshore Fire Protection and Rescue Service District
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ended September 30, 2021
For the Four Last Fiscal Year Ended September 30

Total OPEB Liability Change

Reporting Period Ending	9/30/2021	9/30/2020	9/30/2019	9/30/2018
Measurement Date	9/30/2020	9/30/2019	9/30/2018	9/30/2017
Total OPEB Liability				
Service cost	\$ 2,526	2,434	\$ 8,443	\$ 8,318
Interest	3,645	3,536	3,670	2,976
Differences between expected and actual experience	12,242	-	(23,359)	(11,320)
Changes of assumptions	38,628	873	5,874	(1,853)
Benefit payments	2,305	(2,134.00)	-	-
Net Change in Total OPEB Liability	59,346	4,709	(5,372)	(1,879)
Total OPEB Liability - Beginning	100,438	95,729	101,101	102,980
Total OPEB Liability - Ending	<u>\$ 159,784</u>	<u>\$ 100,438</u>	<u>\$ 95,729</u>	<u>\$ 101,101</u>
Covered employee payroll	\$ 880,488	\$ 609,959	\$ 609,959	\$ 962,595
Total OPEB Liability as a percentage of covered employee payroll	17.62%	16.47%	15.69%	10.50%

Notes to Schedule:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	3.64%
Fiscal Year Ending September 30, 2018:	3.35%

Also reflected as assumption changes are updated mortality rates, updated health care costs and premiums, and updated health care cost trend rates.

Benefit Payments: The plan sponsor did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2021. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

Board of Commissioners
Bayshore Fire Protection & Rescue Service District
North Fort Myers, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Bayshore Fire Protection and Rescue Service District (the "District"), as of and for the fiscal year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 22, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida

March 22, 2022



PHONE: 941.639.6600 | FAX: 941.639.6115
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950
AshleyBrownCPAS.com

MANAGEMENT LETTER

To the Honorable Board of Commissioners
Bayshore Fire Protection & Rescue Service District
North Fort Myers, Florida

Report on the Financial Statements

We have audited the financial statements of the Bayshore Fire Protection and Rescue Service District, Florida, (the "District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 22, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated March 22, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements. The District had no component units as of September 30, 2021.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that we apply appropriate procedures and communicate the results of our determination as to whether or not the District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

Special District Component Units

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

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

- The total number of district employees compensated in the last pay period of the district's fiscal year is 12.
- The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year is 0.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$948,406.
- All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency is \$32,038.

Special District Component Units, continued

- The District did not have any construction project with a total cost of at least \$65,000 in the fiscal year ended September 30, 2021.

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

- The total amount of ad valorem taxes collected by or on behalf of the district is \$1,560,933.
- The District does not have any outstanding bonds.

Additional Matters

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

Purpose of this Letter

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida

March 22, 2021



PHONE: 941.639.6600 | FAX: 941.639.6115
366 E OLYMPIA AVE, PUNTA GORDA, FL 33950
AshleyBrownCPAS.com

Independent Accountant's Examination Report

Board of Commissioners
Bayshore Fire Protection & Rescue Service District
North Fort Myers, Florida

We have examined the Bayshore Fire Protection and Rescue Service District's (the "District") compliance with Section 218.415, Florida Statutes, in regards to investments for the year ended September 30, 2021.

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

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
March 22, 2022