

MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2022



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**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
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YEAR ENDED SEPTEMBER 30, 2022**

GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Matlacha/Pine Island Fire Control District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund for the District as of September 30, 2022, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government 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 GAAS and *Government 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.

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 29, 2023

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

This discussion and analysis of the Matlacha/Pine Island Fire Control District (the 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, 2022. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2022, the District's assets and deferred outflows exceeded its liabilities and deferred inflows, resulting in net position of \$5,454,374.
- The District's total net position increased \$928,615 or 20.52%, in comparison to the prior year.
- Total revenues increased \$571,460 or 8.89%, in comparison to the prior year.
- Total expenses increased \$871,179 or 16.75%, in comparison to the prior year.
- At the close of fiscal year 2022, governmental funds reported ending fund balance of \$6,131,138, an increase of \$473,102 as compared to beginning fund balance. \$2,578,679 of the fund balance is available for spending at the District's discretion (unassigned fund balance).

Government – Wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities) found on page 10 and 11 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 10) presents information on all of the District's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference being reported as net position. 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 11) 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 District accounts for its services in as governmental funds. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable government financial resources (and the current liabilities). The main focus is on how money flows into and out of the funds and the balances left at year-end that are available for spending. The District uses a General Fund and a Capital Projects Fund. The General Fund is the general operating fund. All general tax revenues and budgeted debt proceeds are accounted for in this fund. From this fund, all general operating expenditures and budgeted capital expenditures are paid. The Capital Projects Fund is used to account for debt proceeds specific to the construction of an additional fire station and the equipment related to that construction.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental fund financial statements, found on pages 12 and 14, are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 17. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

The following is a condensed summary of net position for the District for fiscal years 2022 and 2021:

	2022	2021
ASSETS		
Current and Other Assets	\$ 6,381,079	\$ 5,956,580
Capital Assets	6,727,924	6,405,408
Total Assets	13,109,003	12,361,988
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount Related to Pensions	1,571,102	1,344,846
Deferred Amount Related to OPEB	179,956	15,025
Total Deferred Outflows of Resources	1,751,058	1,359,871
 LIABILITIES		
Current Liabilities	526,768	603,990
Noncurrent Liabilities	8,334,099	4,837,424
Total Liabilities	8,860,867	5,441,414
 DEFERRED INFLOWS OF RESOURCES		
Deferred Amount Related to Pensions	373,092	3,659,689
Deferred Amount Related to OPEB	171,728	94,997
Total Deferred Inflows of Resources	544,820	3,754,686
 NET POSITION		
Net Investment in Capital Assets	4,183,520	3,871,479
Restricted	62,510	229,129
Unrestricted	1,208,344	425,151
Total Net Position	\$ 5,454,374	\$ 4,525,759

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Net investment in capital assets is comprised of land, buildings, improvements, equipment, furniture, and vehicles, net of accumulated depreciation, and the outstanding related debt used to acquire the assets. The unrestricted net position balance of \$1,208,344 represents the difference between the District's total net position and the amount invested in capital assets and restricted for capital outlay. The favorable change to unrestricted net position is due to the District's decrease in expenses. The expense decreases are offset by decreases in property tax revenues resulting from property valuation increases based on market conditions as well as new construction added to the rolls reduced by a decrease in millage rate.

The following schedule reports the revenues, expenses, and changes in net position (activities) for the District for the fiscal years 2022 and 2021:

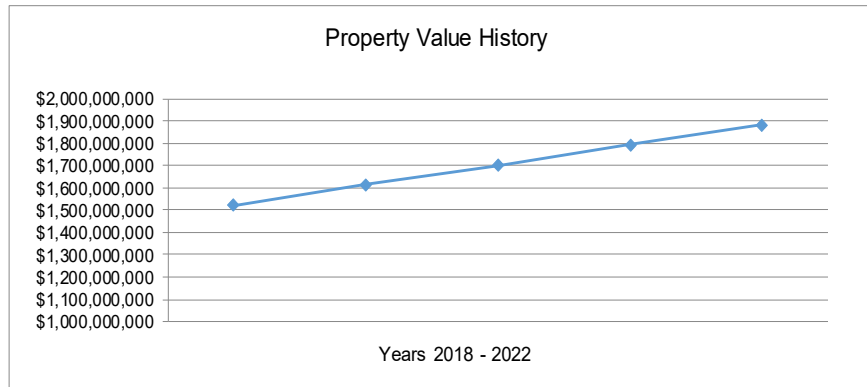
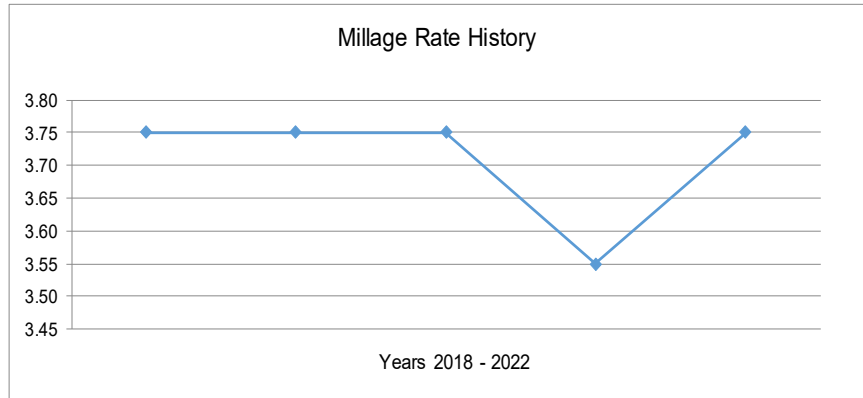
	<u>2022</u>	<u>2021</u>
REVENUES		
General Revenues:		
Property Taxes	\$ 6,804,755	\$ 6,145,558
Miscellaneous:		
Impact Fees	54,847	82,080
Investment Earnings	34,343	21,512
Donations from Private Sources	7,187	6,023
Other	84,977	89,829
Program Revenues:		
Intergovernmental Capital Grant	9,477	80,641
Charges for Services	4,164	2,647
Total Revenues	<u>6,999,750</u>	<u>6,428,290</u>
EXPENSES		
Public Safety - Fire Control:		
Personal Services	4,433,921	3,802,540
Operating	1,132,724	916,968
Interest	106,013	113,852
Depreciation	398,477	366,596
Total Expenses	<u>6,071,135</u>	<u>5,199,956</u>
INCREASE IN NET POSITION	928,615	1,228,334
Net Position - Beginning of Year	<u>4,525,759</u>	<u>3,297,425</u>
NET POSITION - END OF YEAR	<u>\$ 5,454,374</u>	<u>\$ 4,525,759</u>

Property tax revenue increased over the prior year by \$659,197 or 10.73% due to an increase in property values and an increase in millage rate.

Total expenses increased \$871,179 or 16.75% in comparison to the prior year primarily due to the increase in personnel services expenses due to the negotiation of higher union wages and the addition of 3 personnel.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

The following charts compare the change in property value and growth in millage rates for the past five years:



Governmental Funds

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

The general fund is the chief operating fund of the District.

At the end of the fiscal year, the general fund reported ending fund balance of \$6,131,138, an increase of \$639,103 or 11.64% from the previous year. Unassigned fund balance is \$2,578,679, or 42.06% of total fund balance.

During fiscal year 2022, the District's financial condition continued to improve. This is evidenced by the increase in the general fund's fund balance in the amount of \$639,103. Although tax revenues increased due to an increase in the adopted millage rate for fiscal year 2022 from 3.5500 mills to 3.7500 mills, there was a 5.0% market value increase in taxable property values and the addition of \$19,078,942 of new construction to the tax rolls.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

The Capital Projects fund is used to account for capital expenditures related to the purchases of equipment and construction expenditures.

Budgetary Highlights

The District adopts an annual budget for the general fund as required by Florida Statute. The difference between the final budgeted expenditures and actual expenditures represents a favorable variance of \$1,115,383 or 21.0%.

Budget versus actual comparison for the general fund can be found on page 16.

Capital Assets

Nondepreciable capital assets include land, construction in progress, and work in progress. Depreciable assets include buildings, improvements other than buildings, office equipment, machinery and equipment, and vehicles.

The following is a schedule of the District's capital assets for the fiscal years 2022 and 2021:

	<u>2022</u>	<u>2021</u>
CAPITAL ASSETS		
Land	\$ 918,381	\$ 918,381
Construction in Progress	405,662	9,226
Total Capital Assets Not being Depreciated	<u>1,324,043</u>	<u>927,607</u>
Fire and Rescue Equipment	738,112	450,381
Buildings	5,690,996	5,690,996
Fire and Rescue Vehicles	1,914,017	1,889,035
Pagers and Radios	181,172	181,172
Furniture, Fixtures, and Equipment	191,311	190,012
Total Capital Assets being Depreciated	<u>8,715,608</u>	<u>8,401,596</u>
ACCUMULATED DEPRECIATION		
Fire and Rescue Equipment	(332,176)	(274,485)
Buildings	(1,710,101)	(1,564,426)
Fire and Rescue Vehicles	(1,058,066)	(912,890)
Pagers and Radios	(87,350)	(61,468)
Furniture, Fixtures, and Equipment	(124,034)	(110,526)
Total Accumulated Depreciation	<u>(3,311,727)</u>	<u>(2,923,795)</u>
Total Capital Assets being Depreciated, Net	<u>5,403,881</u>	<u>5,477,801</u>
CAPITAL ASSETS, NET	<u><u>\$ 6,727,924</u></u>	<u><u>\$ 6,405,408</u></u>

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

Debt Administration

The following is a schedule of the District's outstanding debt at September 30:

	<u>2022</u>	<u>2021</u>
Financed Purchases	<u>\$ 2,556,293</u>	<u>\$ 2,699,933</u>

Additional information on the District's debt can be found in Note 5 on page 25.

Economic Factors and Next Year's Budget Rates

The following factors were used in the preparation of the fiscal year 2023 budget to continue to improve the financial condition of the District while being responsible to District taxpayers:

- The District decreased its levied tax rate to 3.3036 mills from 3.7500 mills for the fiscal year 2023 budget. This was the result of conducting a five-year budget projection analysis during the winter of 2022 and taking into consideration the impact of Hurricane Ian on tax payers.
- In addition to the decrease in tax (millage) rate resulted in Ad valorem tax revenue decreasing as compared to the prior year, there was a 1.51% increase in market values of existing properties and the addition of \$19,078,942 in new construction to the tax rolls.
- Personal services were budgeted to increase by \$584,757 or 11.23% for adding one (1) additional firefighter/EMT's to total personnel and the step increases.
- Operating expenditures were budgeted to decrease by \$224,239 or 12.76% due to the professional services, medical supplies and training related to the implementation of the Advanced Life Support (ALS) program.
- Capital outlay was budgeted to decrease by \$117,430 or 10.73% due to the purchase of fire equipment purchased in 2022, not included in 2023.
- Debt service expenditures were budgeted to decrease by \$222,375 or 48.1% due to the removal of the debt service for Station 4 truck, which was paid off in fiscal year 2022.

Requests for information

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to:

Ben Mickuleit, Fire Chief
Matlacha/Pine Island Fire Control District
5700 Pine Island Road
Bokeelia, Florida 33922
(239) 283-0030

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

ASSETS

Cash and Cash Equivalents	\$ 6,218,338
Prepaid Expenses	10,587
Due from Other Governments	36,904
Cash - Restricted	55,798
Due from Other Governments - Restricted	6,712
Other Assets	52,740
Capital Assets:	
Nondepreciable	1,324,043
Depreciable Assets, Net	5,403,881
Total Assets	13,109,003

DEFERRED OUTFLOWS OF RESOURCES

Deferred Amount Related to Pension	1,571,102
Deferred Amount Related to OPEB	179,956
Total Deferred Outflows of Resources	1,751,058

LIABILITIES

Accounts Payable	53,284
Accrued Liabilities	186,070
Accrued Interest	63,846
Compensated Absences:	
Expected to be Paid in One Year	50,804
Expected to be Paid After One Year	343,118
Finance Purchase Obligations:	
Expected to be Paid in One Year	172,764
Expected to be Paid After One Year	2,383,529
Total OPEB Liability	289,804
Net Pension Liability	5,317,648
Total Liabilities	8,860,867

DEFERRED INFLOWS OF RESOURCES

Deferred Amount Related to Pension	373,092
Deferred Amount Related to OPEB	171,728
Total Deferred Inflows of Resources	544,820

NET POSITION

Net Investment in Capital Assets	4,183,520
Restricted	62,510
Unrestricted	1,208,344
Total Net Position	\$ 5,454,374

See accompanying Notes to Basic Financial Statements.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

PROGRAM EXPENSES

Public Safety - Fire Control:

Personal Services	\$ 4,433,921
Operating	1,132,724
Interest	106,013
Depreciation	398,477
Total Program Expenses	6,071,135

PROGRAM REVENUES

Intergovernmental Capital Grant	9,477
Charges for Services	4,164
Total Program Revenue	13,641

NET PROGRAM EXPENSES

6,057,494

GENERAL REVENUES

Property Taxes	6,804,755
Impact Fees	54,847
Investment Earnings	34,343
Donations from Private Sources	7,187
Other	84,977
Total General Revenues	6,986,109

INCREASE IN NET POSITION

928,615

Net Position - Beginning of Year

4,525,759

NET POSITION - END OF YEAR

\$ 5,454,374

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 6,218,338	\$ -	\$ 6,218,338
Due from Other Governments	36,904	-	36,904
Other Assets	52,740	-	52,740
Cash - Restricted	55,798	-	55,798
Due from Other Governments - Restricted	<u>6,712</u>	<u>-</u>	<u>6,712</u>
Total Assets	<u><u>\$ 6,370,492</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,370,492</u></u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 53,284	\$ -	\$ 53,284
Accrued Liabilities	<u>186,070</u>	<u>-</u>	<u>186,070</u>
Total Liabilities	239,354	-	239,354
FUND BALANCE			
Restricted for Capital Outlay	62,510	-	62,510
Committed:			
Contingency/Disaster Reserve	1,621,365	-	1,621,365
Cancer Payments	50,000	-	50,000
Debt Service Reserve	289,813	-	289,813
Assigned for Subsequent Year's Expenditures	1,528,771	-	1,528,771
Unassigned	<u>2,578,679</u>	<u>-</u>	<u>2,578,679</u>
Total Fund Balances	<u><u>6,131,138</u></u>	<u><u>-</u></u>	<u><u>6,131,138</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 6,370,492</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,370,492</u></u>

See accompanying Notes to Basic Financial Statements.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund Balances - Governmental Funds		\$ 6,131,138
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the governmental funds.		6,727,924
Prepaid expenses reported on the statement of net position are not reported in the governmental funds.		10,587
Deferred outflows of resources are reported as a result of changes in deferred amounts related to pensions and OPEB in the statement of net position.		1,751,058
Debt interest payable that is not payable in the current period and, therefore, is not reported in the governmental funds.		(63,846)
Long-term liabilities are not payable in the current period and, therefore, are not reported in the governmental funds.		
Finance Purchase Obligations	\$ (2,556,293)	
Total OPEB Liability	(289,804)	
Compensated Absences	(393,922)	
Net Pension Liability	<u>(5,317,648)</u>	
		(8,557,667)
Deferred inflows of resources are reported as a result of changes in deferred amounts related to pensions and OPEB in the statement of net position		<u>(544,820)</u>
Net Position of Governmental Activities		<u><u>\$ 5,454,374</u></u>

See accompanying Notes to Basic Financial Statements.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2022**

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Property Taxes	\$ 6,804,755	\$ -	\$ 6,804,755
Charges for Services	4,164	-	4,164
Intergovernmental	9,477	-	9,477
Miscellaneous:			
Investment Earnings	34,330	13	34,343
Impact Fees	54,847	-	54,847
Rental Income	33,517	-	33,517
Donations from Private Sources	7,187	-	7,187
Other	51,460	-	51,460
Total Revenues	6,999,737	13	6,999,750
EXPENDITURES			
Public Safety:			
Current:			
Personal Services	4,420,661	-	4,420,661
Operating	1,132,516	430	1,132,946
Capital Outlay	720,993	-	720,993
Debt Service:			
Principal	353,056	165,584	518,640
Interest	108,408	-	108,408
Total Expenditures	6,735,634	166,014	6,901,648
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	264,103	(166,001)	98,102
OTHER FINANCING SOURCES			
Debt Proceeds	375,000	-	375,000
Total Other Financing Sources	375,000	-	375,000
NET CHANGE IN FUND BALANCE	639,103	(166,001)	473,102
Fund Balance - Beginning of Year	5,492,035	166,001	5,658,036
FUND BALANCE - END OF YEAR	\$ 6,131,138	\$ -	\$ 6,131,138

See accompanying Notes to Basic Financial Statements.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022**

Net Changes in Fund Balance - Governmental Funds \$ 473,102

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. Transactions involving capital assets are summarized below.

Expenditures for Capital Assets	\$ 720,993	
Depreciation Expense	(398,477)	
Subtotal		322,516

Certain operating expenditures for future periods recognized on the statement of revenues, expenditures, and changes in fund balances, but not on the statement of activities. This amount represents the change in prepaid expenses. 222

Certain 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.

Change in Compensated Absences	50,371	
Change in Accrued Interest Payable	2,395	
Subtotal		52,766

Issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position.

Proceeds from Finance Purchase Obligations	(375,000)	
Payments on Finance Purchase Obligations	518,640	
Subtotal		143,640

Net change in the total OPEB liability and related deferred amounts is reported in the government-wide statements, but not in the governmental fund statements. 7,836

Net change in the net pension liability and related deferred amounts is reported in the government-wide statements, but not in the governmental fund statements. (71,467)

Change in Net Position of Governmental Activities \$ 928,615

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND – BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Property Taxes	\$ 6,817,216	\$ 6,817,216	\$ 6,804,755	\$ (12,461)
Licenses and Permits	-	-	4,164	4,164
Intergovernmental	10,200	10,200	9,477	(723)
Miscellaneous:				
Investment Earnings	80,040	30,040	34,330	4,290
Impact Fees	25,000	25,000	54,847	29,847
Rental Income	33,517	33,517	33,517	-
Donations from Private Sources	-	7,086	7,187	101
Insurance Proceeds	-	34,212	34,212	-
Other	2,400	18,638	17,248	(1,390)
Total Revenues	<u>6,968,373</u>	<u>6,975,909</u>	<u>6,999,737</u>	<u>23,828</u>
EXPENDITURES				
Public Safety:				
Current:				
Personal Service:				
Salaries	3,032,331	3,111,541	2,754,899	356,642
Benefits	2,063,602	2,095,319	1,665,762	429,557
Operating:				
Professional Services	147,500	247,500	205,196	42,304
Training and Physicals	261,664	311,664	129,340	182,324
Accounting and Contractual Services	60,809	60,809	61,503	(694)
Travel	10,178	10,178	4,847	5,331
Communications	75,147	75,147	59,498	15,649
Utilities	45,500	45,500	59,644	(14,144)
Rentals and Leases	4,500	4,500	2,821	1,679
Insurance	106,600	106,600	97,623	8,977
Repairs and Maintenance	177,500	200,000	192,832	7,168
Fuel and Operating Supplies	40,712	40,712	115,985	(75,273)
Uniforms	13,740	13,740	11,565	2,175
Other	390,840	640,840	191,662	449,178
Capital Outlay	685,000	1,094,430	720,993	373,437
Debt Service:				
Principal	186,660	352,681	353,056	(375)
Interest	103,153	109,658	108,408	1,250
Total Expenditures	<u>7,405,436</u>	<u>8,520,819</u>	<u>6,735,634</u>	<u>1,785,185</u>
EXCESS (DEFICIT) REVENUES OVER EXPENDITURES	(437,063)	(1,544,910)	264,103	1,809,013
OTHER FINANCING SOURCES				
Debt Proceeds	350,000	375,000	375,000	-
Total Other Financing Sources	<u>350,000</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(87,063)	(1,169,910)	639,103	1,809,013
Fund Balance - Beginning of Year	5,492,035	5,492,035	5,492,035	-
FUND BALANCE - END OF YEAR	<u>\$ 5,404,972</u>	<u>\$ 4,322,125</u>	<u>\$ 6,131,138</u>	<u>\$ 1,809,013</u>

See accompanying Notes to Basic Financial Statements.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Defining the Governmental Reporting Entity

The Matlacha/Pine Island Fire Control District (the District) is an independent special district of the state of Florida. The District was established by an act of the Florida legislature dated July 10, 1963, as Chapter 63-1558, Laws of Florida, and as repealed and replaced by Chapter 2000-396 Laws of Florida, on May 22, 2000. The business and affairs of the District are governed by an elected Board of Commissioners, which consists of five members and operates under state statutes. The Commissioners serve on a staggered four-year term basis.

The District provides fire control and protection services, fire safety inspections, and rescue services to the District's incorporated land area. In providing these services, the District operates and maintains three station houses and their related equipment, and employs 37 full-time employees, including 32 professional firefighters.

In evaluating the District as a reporting entity, management considered all potential component units in accordance with applicable Governmental Accounting Standards Board Statements (GASBS). A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Management reviewed all of the financial accountability concepts and determined that there are no component units required to be included in the District's financial statements.

Basic Financial Statements

The government-wide financial statements consist of a statement of net position and a statement of activities that report information about the District as a whole. The statement of net position reports all financial and capital resources.

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

Fund financial statements are presented to report additional and detailed information about the District. Fund financial statements accompany the government-wide financial statements and present a summary reconciliation to explain differences between the data reported in the governmental funds and the data reported for the corresponding governmental activities in the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when such liabilities have matured. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Ad valorem property taxes are recorded as revenues in the fiscal year in which the taxes are due and collected within 60 days of fiscal year-end. Investment earnings are recognized when earned. All other sources of revenues are recognized when they become measurable and available to finance expenditures of the fiscal period. Generally, revenues are considered available when they are collected within the current period or within 60 days after the end of the fiscal year.

Fund Accounting

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, revenue 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. The District reports the following major governmental funds:

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.

Capital Projects Fund

The Capital Projects Fund is used to account for the accumulation of resources that are restricted, committed, or assigned to expenditure for the construction and equipping of the District's Fire Station 4.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year.

Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated acquisition value at the date of the donation.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Building	20 to 40 Years
Fire and Rescue Vehicles	5 to 15 Years
Fire and Rescue Equipment	5 to 7 Years
Furniture, Fixtures, and Equipment	5 to 7 Years
Pagers and Radios	5 to 7 Years

Budgets and Budgetary Accounting

The following procedures are used by the District in establishing the budgetary data reflected in the financial statements:

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed general fund-operating budget for the fiscal year commencing on the upcoming first day of October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget transfers cannot be made between expenditure accounts without approval of the Board of Commissioners.
5. Budget amounts, as shown in these financial statements, 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. Budgeted appropriations lapse at year-end.
7. The level of control for appropriations is exercised at the fund level. There were four supplemental appropriations made during the year ended September 30, 2022.
8. A budget was not adopted for the capital projects fund.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources reported in the District's statement of net position represent pension related amounts and other postemployment benefit (OPEB) related amounts. These amounts, except for contributions made after the measurement date, will be recognized as increases in pension expense and OPEB expense in future years.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources reported in the District's statement of net position represent pension related amounts and OPEB related amounts. These amounts will be recognized as reductions in expense in future years.

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. For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) and additions to/deductions from FRS's and HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and HIS plans. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

In the government-wide statement of net position, a liability is recognized for the District's total OPEB liability as determined by an actuarial review of the health care coverage purchased by retirees to continue participation in the District's health plan. The District does not subsidize the retirees' premium cost. OPEB expense is recognized immediately for changes in the OPEB liability resulting from current year service cost, interest on the total OPEB liability and changes of benefit terms or actuarial assumptions.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 approval from Lee County, may expend amounts collected on qualifying expenditures. Funds received that are not expended within 20 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. During the current fiscal year, the District recognized \$54,847 in impact fees. Restricted cash and restricted due from other governments presented in the accompanying financial statements related to impact fees totaled \$62,510 at September 30, 2022. This amount is also reflected as a restriction of net position.

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.

Nonspendable Fund Balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact. There was no nonspendable fund balance at September 30, 2022.

Restricted Fund Balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the District’s Board of Commissioners, the District’s highest level of decision-making authority. Commitments may be changed or lifted only by the Board of Commissioners taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned Fund Balance – Includes spendable fund balance amounts established by the administration of the District that are intended to be used for specific purposes that are considered neither restricted nor committed.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Unassigned Fund Balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance may also include negative balances for the General Fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District expends restricted amounts first when both restricted and unrestricted fund balances are available unless there are legal documents that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. 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 for which amounts in any of the unrestricted fund balance classifications could be used.

Minimum Fund Balance Policy

Unassigned fund balance is the residual classification for the General Fund and represents fund balance that has not been restricted, committed, or assigned to specific purposes within the general fund.

The District's fund balance policy states that annually, if prior committed or assigned fund balances cause the unassigned fund balance to fall below 17% of General Fund operating expenditures, the Fire Chief will notify the Board of Commissioners in order for the necessary action to be taken to restore the unassigned fund balance to 17% of the General Fund operating expenditures.

Compensated Absences

It is the District's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid upon separation of service. Vacation and sick leave are accrued as a liability when benefits are earned by the employees, that is, the employees have rendered services that give rise to the liability and it is probable that the District will compensate the employees in some manner, e.g., in cash or in paid time-off, now or upon termination or retirement. The liability is recognized at the government-wide level when the benefits are earned by employees.

For governmental funds, reporting a fund liability and expenditures for compensated absences is recognized as payments come due each period upon the occurrence of relevant events, such as employee resignations or retirements.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the government-wide financial statements. The District has elected to treat these expenses under the purchase method for the governmental fund financial statements. As such, the costs are recognized immediately as expenditures when paid.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of 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 as of the date of the financial statements, and the reported amounts of revenue and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Entity adopted the requirements of the guidance effective October 1, 2021.

NOTE 2 CASH AND CASH EQUIVALENTS

As of September 30, 2022, the District's cash was as follows:

Deposits with Financial Institutions	\$ 6,262,247
Cash with Escrow Agents	11,889
Total	<u><u>\$ 6,274,136</u></u>

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes, "Florida Security for Public Deposits Act," provides procedures for public depositories to ensure public monies in banks and savings and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Deposits (Continued)

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk for its deposits.

NOTE 3 CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 918,381	\$ -	\$ -	\$ -	\$ 918,381
Construction in Progress	9,226	399,776	-	(3,340)	405,662
Total Capital Assets, Not Being Depreciated	927,607	399,776	-	(3,340)	1,324,043
Capital Assets Being Depreciated:					
Fire and Rescue Equipment	450,381	296,881	(9,150)	-	738,112
Buildings	5,690,996	-	-	-	5,690,996
Fire and Rescue Vehicles	1,889,035	23,037	(1,395)	3,340	1,914,017
Pagers and Radios	181,172	-	-	-	181,172
Furniture, Fixtures, and Equipment	190,012	1,299	-	-	191,311
Total Capital Assets Being Depreciated	8,401,596	321,217	(10,545)	3,340	8,715,608
Less Accumulated Depreciation for:					
Fire and Rescue Equipment	(274,485)	(66,841)	9,150	-	(332,176)
Buildings	(1,564,426)	(145,675)	-	-	(1,710,101)
Fire and Rescue Vehicles	(912,890)	(146,571)	1,395	-	(1,058,066)
Pagers and Radios	(61,468)	(25,882)	-	-	(87,350)
Furniture, Fixtures, and Equipment	(110,526)	(13,508)	-	-	(124,034)
Total Accumulated Depreciation	(2,923,795)	(398,477)	10,545	-	(3,311,727)
Total Capital Assets Being Depreciated, Net	5,477,801	(77,260)	-	3,340	5,403,881
Total Capital Assets	\$ 6,405,408	\$ 322,516	\$ -	\$ -	\$ 6,727,924

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 4 LINE OF CREDIT

The District has an agreement with a local financial institution for a \$1,500,000 revolving line of credit. The proceeds of this line of credit can be used only for working capital and soft costs associated with the design or the new addition to the existing stations, and for other lawful purpose, as may be duly approved by the District's Board of Commissioners.

The line of credit has a current maturity of August 19, 2023. Interest is charged on a floating basis at 79% of the prime rate as quoted in *The Wall Street Journal*. There is no collateral associated with this line of credit. In connection with this agreement, the District is required to maintain its principal transaction account at the financial institution.

During the year ended September 30, 2022, the District borrowed and repaid \$-0- under this line of credit.

NOTE 5 LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended September 30, 2022:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Finance Purchase Obligations	\$ 2,699,933	\$ 375,000	\$ 518,640	\$ 2,556,293	\$ 172,764
Compensated Absences	444,293	302,301	352,672	393,922	50,804
Total	<u>\$ 3,144,226</u>	<u>\$ 677,301</u>	<u>\$ 871,312</u>	<u>\$ 2,950,215</u>	<u>\$ 223,568</u>

Long-term debt consisted of the following at September 30, 2022:

<u>Description</u>	<u>Amount</u>
\$443,933 Finance Purchase Obligations, Annual Payments of \$51,232, Including Interest Payable at 2.82%, due January 15, 2026.	\$ 192,444
\$375,000 Finance Purchase Obligations, Annual Payments of \$49,059, Including Interest Payable at 2.985%, due December 8, 2031.	375,000
\$2,502,500 Finance Purchase Obligations, Annual Payments of \$188,733, Including Interest Payable at 4.28%, due March 6, 2038.	1,988,849
Accrued Compensated Absences	<u>393,922</u>
Subtotal	2,950,215
Less: Amount Expected to be Paid in One Year	<u>(223,568)</u>
Long-Term Debt Payable After One Year	<u>\$ 2,726,647</u>

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

Future minimum finance purchase obligations are as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 172,764	\$ 116,259	\$ 172,764
2024	186,558	102,466	186,558
2025	193,352	95,671	193,352
2026	201,592	88,620	201,592
2027	156,489	81,303	156,489
2028 - 2032	830,714	309,185	830,714
2033 - 2037	799,421	144,242	799,421
2038 - 2042	15,403	7,746	15,403
Total	<u>\$ 2,556,293</u>	<u>\$ 945,492</u>	<u>\$ 2,556,293</u>

NOTE 6 PROPERTY TAXES

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

Key dates in the property tax cycle (latest date, where appropriate) are as follows:

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

The Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$3.75 per \$1,000 (3.75 mils) of the 2021 net taxable value of real property located within the District.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS

Background

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

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

The District's pension expense totaled \$684,460 for both the FRS Pension Plan and HIS Plan for the fiscal year ended September 30, 2022.

	<u>FRS Plan</u>	<u>HIS Plan</u>	<u>Total</u>
Net Pension Liability	\$ 4,615,706	\$ 701,942	\$ 5,317,648
Deferred Outflows of Resources			
Related to Pensions	1,400,937	170,165	1,571,102
Deferred Inflows of Resources			
Related to Pensions	254,491	118,601	373,092
Pension Expense (Benefit)	648,146	36,314	684,460

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan

Plan Description

The Florida Retirement System Pension Plan (FRS Plan) is a cost-sharing, multiemployer 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 special risk employees, such as law enforcement officers, meet the criteria to qualify for this class.

Employees enrolled in the FRS Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the FRS 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 members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the FRS Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Employees enrolled in the FRS Plan may include up to four years of credit for military service toward creditable service. The FRS 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 FRS 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 FRS Plan to defer receipt of monthly benefit payments while continuing employment with an FRS participating employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate, except that certain instructional personnel may participate for up to 96 months. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided

Benefits under the FRS 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 class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors' benefits. The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	Percent Value
Regular Class Members Initially Enrolled	
Before July 1, 2011:	
Retirement up to Age 62 or up to 30 Years of Service	1.60 %
Retirement up to Age 63 or up to 31 Years of Service	1.63
Retirement up to Age 64 or up to 32 Years of Service	1.65
Retirement up to Age 65 or up to 33 Years of Service	1.68
Regular Class Members Initially Enrolled on or	
After July 1, 2011:	
Retirement up to Age 65 or up to 33 Years of Service	1.60
Retirement up to Age 66 or up to 34 Years of Service	1.63
Retirement up to Age 67 or up to 35 Years of Service	1.65
Retirement up to Age 68 or up to 36 Years of Service	1.68
Elected County Officers	3.00
Senior Management Service Class	2.00
Special Risk Regular	
Service from December 1, 1970, through	
September 30, 1974	2.00
Service On and After October 1, 1974	3.00

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Benefits Provided (Provided)

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% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. FRS Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement. In 2017, Senate Bill 7022 made several changes to FRS. The bill provides for renewed membership in the investment plan to reemployed defined contribution plan retirees, as well as In-Line-of Duty Death Benefits.

Contributions

The Florida Legislature establishes contribution rates for participating employers and employees. Effective July 1, 2011, all FRS Plan members (except those in DROP) are required to make 3% employee contributions on a pretax basis. The contribution rates attributable to the District, effective July 1, 2021, were applied to employee salaries as follows: regular employees 10.82%, senior management 29.01%, special risk 25.89%, and DROP participants 18.34%. The District's contributions to the FRS Plan were \$571,795 for the year ended September 30, 2022.

Pension Costs

At September 30, 2022, the District reported a liability of \$4,615,706 for its proportionate share of the FRS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The District's proportion of the net pension liability was based on the District's contributions received by FRS during the measurement period for employer payroll paid dates from July 1, 2021, through June 30, 2022, relative to the total employer contributions received from all of FRS's participating employers. At June 30, 2022, the District's proportion was .01240%, which was a decrease of 0.0006% from its proportion measured as of June 30, 2021.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Costs (Continued)

For the year ended September 30, 2022, the District recognized pension expense of \$648,146 for its proportionate share of FRS's pension expense. In addition, the District reported its proportionate share of FRS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 219,213	\$ -
Changes in Actuarial Assumptions	568,428	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	304,766	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	151,501	254,491
District Contributions Subsequent to the Measurement Date	157,029	-
Total	<u>\$ 1,400,937</u>	<u>\$ 254,491</u>

\$157,029 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 242,998
2024	88,472
2025	(111,614)
2026	729,654
2027	39,907
Total	<u>\$ 989,417</u>

Actuarial Assumptions

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

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Investment Rate of Return	6.70%, Net of Pension Plan Investment Expense, Including Inflation

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Actuarial Assumptions (Continued)

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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, as outlined in the FRS Plan's investment policy and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0 %	2.6 %	2.6 %	1.1 %
Fixed Income	19.8	4.4	4.4	3.2
Global Equity	54.0	8.8	7.3	17.8
Real Estate (Property)	10.3	7.4	6.3	15.7
Private Equity	11.1	12.0	8.9	26.3
Strategic Investments	3.8	6.2	5.9	7.8
Total	<u>100.0 %</u>			
Assumed Inflation - Mean			2.4 %	1.3 %

Discount Rate

The discount rate used to measure the total pension liability was 6.70% for the FRS Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension 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 long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

Pension Liability Sensitivity

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

Description	1% Decrease	Current Discount Rate	1% Increase
FRS Plan Discount Rate	5.70 %	6.70 %	7.70 %
District's Proportionate Share of the FRS Plan Net Pension Liability	\$ 7,982,329	\$ 4,615,706	\$ 1,800,578

Pension Plan Fiduciary Net Position

Detailed information about the FRS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

Retiree Health Insurance Subsidy Program

Plan Description

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

Benefits Provided

For the HIS Plan's fiscal year ended June 30, 2022, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the contribution rate was 1.66% of payroll pursuant to section 112.363, Florida Statutes. The District contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled. The District's contributions to the HIS Plan were \$42,671 for the year ended September 30, 2022.

Pension Costs

At September 30, 2022, the District reported a liability of \$701,942 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportion of the net pension liability was based on the District's contributions received during the measurement period for employer payroll paid dates from July 1, 2021 through June 30, 2022, relative to the total employer contributions received from all participating employers. At June 30, 2022, the District's proportion was 0.00663%, which was an increase of 0.00018% from its proportion measured as of June 30, 2021.

For the year ended September 30, 2022, the District recognized pension expense of \$36,314 for its proportionate share of HIS's pension expense. In addition, the District reported its proportionate share of HIS's deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 21,306	\$ 3,089
Changes in Actuarial Assumptions	40,236	108,590
Net Difference Between Projected and Actual Earnings on HIS Program Investments	1,016	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	96,412	6,922
District Contributions Subsequent to the Measurement Date	11,195	-
Total	<u>\$ 170,165</u>	<u>\$ 118,601</u>

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Costs (Continued)

\$11,195 reported as deferred outflows of resources related to pensions resulting from District contributions to the FRS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

<u>Year Ending September 30.</u>	<u>Amount</u>
2023	\$ 6,229
2024	15,606
2025	19,585
2026	11,542
2027	(7,055)
Thereafter	(5,538)
Total	<u>\$ 40,369</u>

Actuarial Assumptions

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

Inflation	2.40% Per Year
Salary Increases	3.25%, Average, Including Inflation
Municipal Bond Rate	3.54%

Mortality rates were based on the Generational PUB-2010 with Projection Scale MP-2018. The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 3.54% for the HIS Plan. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS (CONTINUED)

Retiree Health Insurance Subsidy Program (Continued)

Pension Liability Sensitivity

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

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
HIS Plan Discount Rate	2.54 %	3.54 %	4.54 %
District's Proportionate Share of the HIS Plan Net Pension Liability	\$ 803,079	\$ 701,942	\$ 618,253

Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary's net position is available in a separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report. That report may be obtained through the Florida Department of Management Services website at <http://www.dms.myflorida.com>.

NOTE 8 DEFINED CONTRIBUTION PLANS

Florida Retirement System Pension Plan

The Florida State Board of Administration (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 Annual Comprehensive Financial Report.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 DEFINED CONTRIBUTION PLANS (CONTINUED)

Florida Retirement System Pension Plan (Continued)

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, Special Risk Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06% of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2021-22 fiscal year, as established by Section 121.72, Florida Statutes, are based on a percentage of gross compensation, by class. The percentages are the same as those listed previously to the FRS Plan.

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS-covered employment within the five-year period, the employee will regain control over their account. If the employee does not return within the five-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2022, 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 \$46,098 for the year ended September 30, 2022.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 8 DEFINED CONTRIBUTION PLANS (CONTINUED)

New York Life Pension Plan

The District had for numerous years offered pension benefits for all full-time employees through a defined contribution plan with New York Life. Beginning in the fiscal year ended September 30, 2002, the District provided the Florida Retirement System as a benefit option to all employees. Each employee was allowed to choose to remain with the existing defined contribution plan with New York Life or to transfer to the Florida Retirement System. All new employees after this date are required to participate in the Florida Retirement System. The District amends the provisions of its defined contribution plan with the New York Life to mirror the periodic changes for the high-risk employees provided by the Florida Retirement System.

The New York Life Plan (the Plan) is a single employer plan. Employees are eligible to participate if they have reached 18 years of age and have completed one year of service upon the anniversary date of the Plan. Contributions are made to the Plan based upon eligible compensation. The contribution rate mirrors the Florida Retirement System contribution rates. Each participant becomes 100% vested immediately upon participation in the Plan.

Contributions to the Plan for the fiscal year ended September 30, 2022, were \$62,826. The number of participants with vested benefits at September 30, 2022, was three. All eligible employees are required to contribute 3% of their salary to this pension Plan.

The Plan provides for a variety of participant directed investments in mutual funds, all of which are administered by New York Life Insurance and Annuity Corporation.

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description and Funding Policy

The District provides postemployment health care benefits in accordance with Section 112.0801, *Florida Statutes*, to all eligible employees who retire from the District. Retirees are to pay their full premium for the plan. This is a benefit to retirees because the cost to the District of health insurance for retirees exceeds the full premium. Employees will subsidize the cost of retirees under the group coverage. This benefit is available to employees with 25 years of service or age 55 with 6 years of service. There are currently two retirees eligible for this benefit. Expenditures for postemployment health care benefits are recognized as premiums are paid.

No trust or agency has been established for the plan.

The plan does not issue a separate financial report.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Participant Data

As of the October 1, 2021 valuation date, the following employees were covered by the benefit terms:

Retirees	3
Active Employees	34
Total Employees	<u>37</u>

Total OPEB Liability

The District's total OPEB liability of \$289,804 was measured as of September 30, 2021 and was determined by an actuarial valuation as of October 1, 2021. The following table shows the changes in the District's total OPEB liability for the year ended September 30, 2022.

	<u>Total OPEB Liability</u>
Balance, as of October 1, 2021	\$ 209,440
Changes:	
Service Cost	12,354
Interest	5,021
Differences Between Expected and Actual Experience	161,025
Changes of Assumptions	(95,864)
Benefit Payments	<u>(2,172)</u>
Net Changes	<u>80,364</u>
Balance, as of September 30, 2022	<u>\$ 289,804</u>

Methods and Assumptions

The total OPEB liability measured as of September 30, 2021 was determined using the following actuarial assumptions.

Actuarial Cost Method	Entry Age Normal level percent of pay
Discount rate	2.19% (20-year GO AA bond index)
Health Care Cost Trend Rate	7.50% for FY2022, gradually decreasing over several decades to an ultimate rate of 3.94% in FY2075 and later years.
	The 7.50% percent trend is greater than the past valuation due to recent inflation, which is estimated to result in higher medical costs as providers renew their contracts. This rate is expected to decrease to 4.64% in 2050, ultimately leveling off at 3.94% in 2075.
Inflation rate	2.50%

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Methods and Assumptions (Continued)

The following are changes in assumptions and inputs that have been made since the previous valuation date:

- The discount rate was changed from 2.41% to 2.19% based on updated 20-year municipal bond rates.

OPEB Liability Discount Rate Sensitivity

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
OPEB Plan Discount Rate	1.19%	2.19%	3.19%
Total OPEB Liability	\$ 306,975	\$ 289,804	\$ 272,748

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

<u>Description</u>	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate</u>	<u>1% Increase</u>
Ultimate Trend Rate	2.94%	3.94%	4.94%
Total OPEB Liability	\$ 259,312	\$ 289,804	\$ 326,773

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the District's OPEB expense was \$13,062. At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Actuarial Assumptions	\$ 11,379	\$ 99,234
Differences Between Expected and Actual Experience	147,606	72,494
District Benefit Payments Subsequent to the Measurement Date	20,971	
Total	<u>\$ 179,956</u>	<u>\$ 171,728</u>

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 9 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

**OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB
(Continued)**

\$20,971 reported as deferred outflows of resources related to OPEB resulting from District benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as an increase/(decrease) in OPEB expense as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ (4,313)
2024	(4,313)
2025	(4,313)
2026	(4,313)
2027	(4,317)
Thereafter	8,826
Total	<u>\$ (12,743)</u>

NOTE 10 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 for which the District carries commercial insurance.

The District participates in workers' compensation insurance program with Preferred Governmental Insurance Trust (PGIT). The District pays an annual premium for this insurance program. Participation in this risk pool is nonassessable. There were no significant reductions in insurance coverage as compared to the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years. The District transfers the risk of loss to PGIT with limits of liability of \$1,000,000 per accident or disease for workers' compensation.

The District purchased commercial insurance for general/professional liability, automobile and rescue vehicle, and property. The District retains the risk of loss up to a deductible amount (ranging from \$-0- to \$1,000) with the risk of loss in excess of this amount transferred to the pool with limits of liability of either guaranteed replacement value or between \$1,000,000 to \$5,000,000, per occurrence, for general/professional liability, automobile, and property. There were no significant reductions in insurance coverage as compared to the prior year. Settlement claims have not exceeded insurance coverage in any of the past three years.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

NOTE 10 RISK MANAGEMENT (CONTINUED)

The District has a partial self-insurance plan (the Plan) for group health, life, vision, and dental coverage provided to employees and their dependents as well as retirees. The District is the plan administrator and a third-party acts as the claim administrator. As of September 30, 2022, the Plan has an individual participant stop-loss limit of \$30,000 and excess loss coverage to an aggregate individual stop-loss limit of \$30,000. The Plan then covers losses in excess of this amount. Settled claims did not exceed the stop-loss coverage in the past year.

The District's Office uses a Third-Party Administrator (TPA) CIGNA to administer and pay claims for the health plan.

NOTE 11 SUBSEQUENT EVENT

The District entered into a contract on December 23, 2021, and intends to purchase two one-acre tracts of vacant land at 3989 Sunshine Boulevard, Saint James City, Florida in the amount of \$190,000.

NOTE 12 LITIGATION

The District received a claim in the amount of \$1,711,703 in connection with a breach of contract for lost wages and benefits. The District filed a Motion for Trial De Novo, both parties filed motions for summary judgement. On June 12, 2023, The Court denied both motions for Final Summary Judgement and Plaintiff's Motion for Partial Summary Judgement for breach of contract. The District is vigorously defending this matter.

REQUIRED SUPPLEMENTARY INFORMATION

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS¹
LAST FIVE FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:					
Service Cost	\$ 12,354	\$ 11,642	\$ 8,101	\$ 8,398	\$ 8,913
Interest	5,021	5,267	10,211	9,457	8,526
Differences Between Expected and Actual					
Experience	161,025	-	(99,679)	-	-
Changes of Assumptions	(95,864)	1,738	13,689	(9,391)	(11,444)
Benefit Payments	<u>(2,172)</u>	<u>(1,444)</u>	<u>(13,397)</u>	<u>(10,678)</u>	<u>(11,000)</u>
Net Change in Total OPEB Liability	80,364	17,203	(81,075)	(2,214)	(5,005)
Total OPEB Liability - Beginning	<u>209,440</u>	<u>192,237</u>	<u>273,312</u>	<u>275,526</u>	<u>280,531</u>
Total OPEB Liability - Ending	<u><u>\$ 289,804</u></u>	<u><u>\$ 209,440</u></u>	<u><u>\$ 192,237</u></u>	<u><u>\$ 273,312</u></u>	<u><u>\$ 275,526</u></u>
Covered-Employee Payroll	\$ 2,649,377	\$ 2,596,617	\$ 2,596,617	\$ 2,342,018	\$ 2,190,250
District's Total OPEB Liability as a Percentage of Its Covered-Employee Payroll	10.9%	8.1%	7.4%	11.7%	12.6%

*The amounts presented for each fiscal year were determined as of a measurement date of September 30 of the preceding fiscal year

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

Note: No assets are accumulated in a trust that meets the criteria in GASBS No. 75, paragraph 4, to pay related benefits.

Notes to Schedule

Changes in assumptions:

The discount rate changed from 2.41% as of the previous measurement date to 2.19% as of September 30, 2021.

The discount rate changed from 2.75% as of the previous measurement date to 2.41% as of September 30, 2020.

The discount rate changed from 3.83% as of the previous measurement date to 2.75% as of September 30, 2019.

The discount rate changed from 3.50% as of the previous measurement date to 3.83% as of September 30, 2018.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
LAST EIGHT FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.012404794%	0.012468632%	0.013599410%	0.012624484%	0.012234971%	0.012269380%	0.013239069%	0.011234914%
District's Proportionate Share of the Net Pension Liability	\$ 4,615,706	\$ 941,989	\$ 5,894,311	\$ 4,347,697	\$ 3,685,237	\$ 3,629,200	\$ 3,342,875	\$ 1,451,140
District's Covered Payroll	\$ 2,207,122	\$ 2,083,933	\$ 1,839,298	\$ 1,697,315	\$ 1,703,443	\$ 1,533,379	\$ 1,604,254	\$ 1,493,665
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	209.13%	45.20%	320.47%	256.15%	216.34%	236.68%	208.38%	97.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.89%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

*The amounts presented for each fiscal year were determined as of the pension plan's measurement date of June 30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
FLORIDA RETIREMENT SYSTEM PENSION PLAN ¹
LAST EIGHT FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 571,795	\$ 476,311	\$ 470,305	\$ 401,060	\$ 347,919	\$ 318,327	\$ 300,433	\$ 276,646
Contributions in Relation to the Contractually Required Contribution	<u>(571,795)</u>	<u>(476,311)</u>	<u>(470,305)</u>	<u>(401,060)</u>	<u>(347,919)</u>	<u>(318,327)</u>	<u>(300,433)</u>	<u>(276,646)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,360,653	\$ 2,066,634	\$ 1,950,423	\$ 1,720,051	\$ 1,705,952	\$ 1,595,463	\$ 1,544,059	\$ 1,477,342
Contributions as a Percentage of Covered Payroll	24.22%	23.05%	24.11%	23.32%	20.39%	19.95%	19.46%	18.73%

*The amounts presented for each fiscal year were determined as of the District's reporting period of September 30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
LAST EIGHT FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability	0.006627349%	0.006451211%	0.005885069%	0.005621452%	0.005242455%	0.005187613%	0.005609455%	0.005357147%
District's Proportionate Share of the Net Pension Liability	\$ 701,942	\$ 791,338	\$ 718,557	\$ 628,983	\$ 554,867	\$ 554,684	\$ 653,759	\$ 546,345
District's Covered Payroll	\$ 2,415,216	\$ 2,293,205	\$ 2,042,545	\$ 1,880,049	\$ 1,772,708	\$ 1,657,850	\$ 1,733,671	\$ 1,625,157
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	29.06%	34.51%	35.18%	33.46%	31.30%	33.46%	37.71%	33.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	4.81%	3.00%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

*The amounts presented for each fiscal year were determined as of the pension plan's measurement date of June 30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
HEALTH INSURANCE SUBSIDY PENSION PLAN ¹
LAST EIGHT FISCAL YEARS***

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 42,671	\$ 37,546	\$ 35,855	\$ 31,588	\$ 28,170	\$ 28,390	\$ 27,720	\$ 21,909
Contributions in Relation to the Contractually Required Contribution	<u>(42,671)</u>	<u>(37,546)</u>	<u>(35,855)</u>	<u>(31,588)</u>	<u>(28,170)</u>	<u>(28,390)</u>	<u>(27,720)</u>	<u>(21,909)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,574,948	\$ 2,275,615	\$ 2,159,531	\$ 1,902,562	\$ 1,757,028	\$ 1,710,241	\$ 1,669,860	\$ 1,602,413
Contributions as a Percentage of Covered Payroll	1.66%	1.65%	1.66%	1.66%	1.60%	1.66%	1.66%	1.37%

*The amounts presented for each fiscal year were determined as of the District's reporting period of September 30.

¹ Information is required to be presented for 10 years. However, until a full 10-year trend is compiled, the District will present information for only those years for which information is available.



**INDEPENDENT AUDITORS' 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
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Matlacha/Pine Island Fire Control District (the District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 29, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

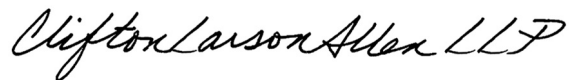
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

The District’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 29, 2023

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2022**

2022-001: Inaccurate Schedules

Type of Finding: Material Weakness in Internal Control Over Financial Reporting

Criteria or specific requirement: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the District's ability to ensure financial transactions are accurate. The District's management is responsible for establishing and maintaining internal controls for the proper recording and review of all the District's transaction in the financial statements and ensuring all schedules are accurate and complete.

Condition: During our audit we noted there were calculations errors of the Capital Asset, and inaccurate schedules for Retirement Contributions & Compensated Absence Schedules. Management corrected the schedules.

Effect: Without accurate schedules, the financial statements may be improperly stated.

Cause: schedules were not reviewed and approved for accuracy.

Repeated finding: No

Recommendation: We recommend management enhance its review and approval process for all supporting schedules to ensure the information is accurate and fairly presented.



MANAGEMENT LETTER

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

Report on the Financial Statements

We have audited the financial statements of the Matlacha/Pine Island Fire Control District (the District), as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 29, 2023.

Auditors' 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 Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 29, 2023, 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 financial audit report. Corrective actions have not been taken to address findings and recommendations made in the preceding financial audit report. See Appendix A for the current year status of findings and recommendations made in the preceding annual financial 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 Note 1 to the financial statements.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to 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. The District does not have any special district component units.

Specific Information

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:

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 37.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 1.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$2,754,897.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$9,852.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as none.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, is disclosed on page 16 of the financial statements.

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:

- a. The millage rate or rates imposed by the district as 3.7500.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as \$6,804,755.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds is none.

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 identified one such finding, as described below.

2022-002 Florida Statute Chapter 280

Condition

The DFS-J1-1009 form was not filed until February 16, 2023.

Criteria

Florida Statute Chapter 280.17 (6) Each public depositor shall submit by November 30 an annual report to the Chief Financial Officer.

Effect

If a public depositor does not comply with this section on each public deposit account, the protection from loss provided in s. 280.18 is not effective as to that public deposit account. However, the protection from loss provided in s. 280.18 remains effective if a public depositor fails to present the form described by the Chief Financial Officer for identification of public deposit accounts and the Chief Financial Officer determines that the defaulting or insolvent depository had classified, reported, and collateralized the account as a public deposit account.

Cause

Management did not file the report until after the deadline.

Repeat Finding

The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2021-001.

Recommendation

The District should file the DFS-J1-1009 form by the required due date.

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.



CliftonLarsonAllen LLP

Fort Myers, Florida
June 29, 2023

**MATLACHA/PINE ISLAND FIRE CONTROL DISTRICT
MANAGEMENT LETTER
SEPTEMBER 30, 2022**

APPENDIX A – PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Prior Year Findings		Finding Number			Current Year Status		
		Current Year	2020-2021	2019-2020	Cleared	Partially Cleared	Not Cleared
Florida Statute Chapter 280	Management Letter	2022-002	2021-001	N/A			X



Matlacha/Pine Island Fire Control District

5700 Pine Island Road, Bokeelia, FL 33922
Phone: 239-283-0030 Fax: 239-283-3313

June 21, 2023

CliftonLarsonAllen LLP
12800 University Drive, Suite 210
Fort Myers, FL 33907

Dear Sir:

Please be advised that this serves as written response regarding any findings or recommendations contained in the Internal Control and Management Letters included in the audit of financial statements dated September 30, 2022.

With regard to the Management Letter, this serves as written statement of explanation pursuant to the rules of the Auditor General Section 10.557(1). The District responds as follows to the current and prior year finding:

FINDING:

2022-001 Inaccurate Schedules

Criteria or specific requirement:

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the District's ability to ensure financial transactions are accurate. The District's management is responsible for establishing and maintaining internal controls for the proper recording of all the District's transaction in the financial statements and ensuring all schedules are accurate and complete.

Condition

During our audit we noted there were calculations errors of the Capital Asset, and inaccurate schedules for Retirement Contributions & Compensated Absence Schedules. Management corrected the schedules.

Cause

Schedules were not reviewed and approved for accuracy.

Effect

Without accurate schedules, the financial statements may be improperly stated.



Matlacha/Pine Island Fire Control District

5700 Pine Island Road, Bokeelia, FL 33922
Phone: 239-283-0030 Fax: 239-283-3313

Recommendation

We recommend management enhance its review and approval process for all supporting schedules to ensure the information is accurate and fairly presented

RESPONSE:

Due to Hurricane Ian which heavily impacted the District on September 28, 2022 by washing out roads and bridges to the District administrative offices as well as destroying or making uninhabitable many of staff's personal homes, the internal control procedure for reviewing these calculations was unable to be made this year. Staff will make every effort and has every confidence that after recovery from Hurricane Ian, all internal controls will be followed.

FINDING:

2022-002 Florida Statute Chapter 280

Repeat Finding of Prior Year Comment 2021-001 Florida Statute Chapter 280

Criteria

Florida Statute Chapter 280.17 (6) Each public depositor shall submit by November 30 an annual report to the Chief Financial Officer.

Condition

The DFS-J1-1009 form was not filed until February 16, 2023.

Cause

Management did not file the report until after the deadline.

Effect

If a public depositor does not comply with this section on each public deposit account, the protection from loss provided in s. 280.18 is not effective as to that public deposit account. However, the protection from loss provided in s. 280.18 remains effective if a public depositor fails to present the form described by the Chief Financial Officer for identification of public deposit accounts and the Chief Financial Officer determines that the defaulting or insolvent depository had classified, reported, and collateralized the account as a public deposit account.

Recommendation

The District should file the DFS-J1-1009 form by the required due date



Matlacha/Pine Island Fire Control District

5700 Pine Island Road, Bokeelia, FL 33922
Phone: 239-283-0030 Fax: 239-283-3313

RESPONSE:

Although the District management and administrative staff made calendar notations to ensure that Form DFS-J1-1009, the annual public depositor report required under Florida Statute Chapter 280.17 (6) was submitted by November 30, 2022, Hurricane Ian heavily impacted the District on September 28, 2022, which greatly reduced the ability of District staff to function since the road and bridges leading to the administrative offices were washed out and staff was working from off-site locations. This plus dealing with the damages to the District offices, FEMA and insurance claims and all the additional work surrounding the recovery effort caused this deadline to be missed. Every effort will be made for the September 30, 2023 report to be timely filed by November 30, 2023.

The District appreciates the thorough review of internal controls and management comments provided by CliftonLarsonAllen LLP during the audit of the fiscal year 2022 financial statements. The District will continue to work conscientiously in order that there will be no future management comments.

Respectfully submitted,

Benjamin Mickuleit (Jun 21, 2023 17:06 GMT+2)

Benjamin Mickuleit
Fire Chief

BM/rlw



INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Matlacha/Pine Island Fire Control District
Bokeelia, Florida

We have examined Matlacha/Pine Island Fire Control District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds, during the year ended September 30, 2022. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements 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 judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

In our opinion, the District complied, in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022.

This report is intended solely for the information and use of the 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Myers, Florida
June 29, 2023