

ENGLEWOOD AREA
FIRE CONTROL DISTRICT

September 30, 2022

BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS
OF INDEPENDENT AUDITOR

Table of Contents

| | Page(s) |
|---------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Introductory Section | i - iii |
| Report of Independent Auditor | 1 - 3 |
| Management's Discussion and Analysis (MD&A) | 4 - 11 |
| Basic Financial Statements | |
| <u>Government-wide Financial Statements:</u> | |
| Statement of Net Position..... | 12 |
| Statement of Activities..... | 13 |
| <u>Fund Financial Statements</u> | |
| Governmental Funds: | |
| Balance Sheet..... | 14 |
| Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position..... | 15 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance..... | 16 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities..... | 17 |
| Fiduciary Fund - Public Safety Pension Fund: | |
| Statement of Fiduciary Net Position..... | 18 |
| Statement of Changes in Fiduciary Net Position..... | 19 |
| Notes to the Financial Statements | 20 - 59 |
| Required Supplementary Information Other Than MD&A | |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund..... | 60 - 61 |
| <u>Other Required Supplementary Information</u> | |
| Schedule of Investments- Firefighters' Plan..... | 62 |
| Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Plan..... | 63 - 64 |
| Notes to the Required Supplementary Information..... | 65 |
| Schedule of Contributions - Firefighters' Plan..... | 66 |
| Notes to the Required Supplementary Information..... | 66 - 67 |

Table of Contents - Continued

| | <u>Page(s)</u> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Required Supplementary Information Other Than MD&A (continued) | |
| Schedule of District's Proportionate Share of the Net Pension Liability - Florida Retirement System (FRS) Pension Plan..... | 68 |
| Schedule of District Contributions - Florida Retirement System (FRS) Pension Plan..... | 68 |
| Schedule of District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy (HIS) Pension Plan..... | 69 |
| Schedule of District Contributions - Health Insurance Subsidy (HIS) Pension Plan..... | 69 |
| Schedule of Changes in Total OPEB Liability and Related Ratios..... | 70 |
| Additional Reports | |
| Independent Auditor's Report on Internal Control Over Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 71 - 72 |
| Management Letter..... | 73 - 75 |
| Independent Accountant's Examination Report..... | 76 |
| Schedule of Findings..... | 77 |
| Management's Corrective Action Plan..... | 78 |

Englewood Area Fire Control District

September 30, 2022

BOARD OF FIRE COMMISSIONERS

Ronald Davison, Chairman

Ronald Benedetti
Vice Chairman

Billy Kimberlin
Secretary/Treasurer

Mark Knauf
Fire Commissioner

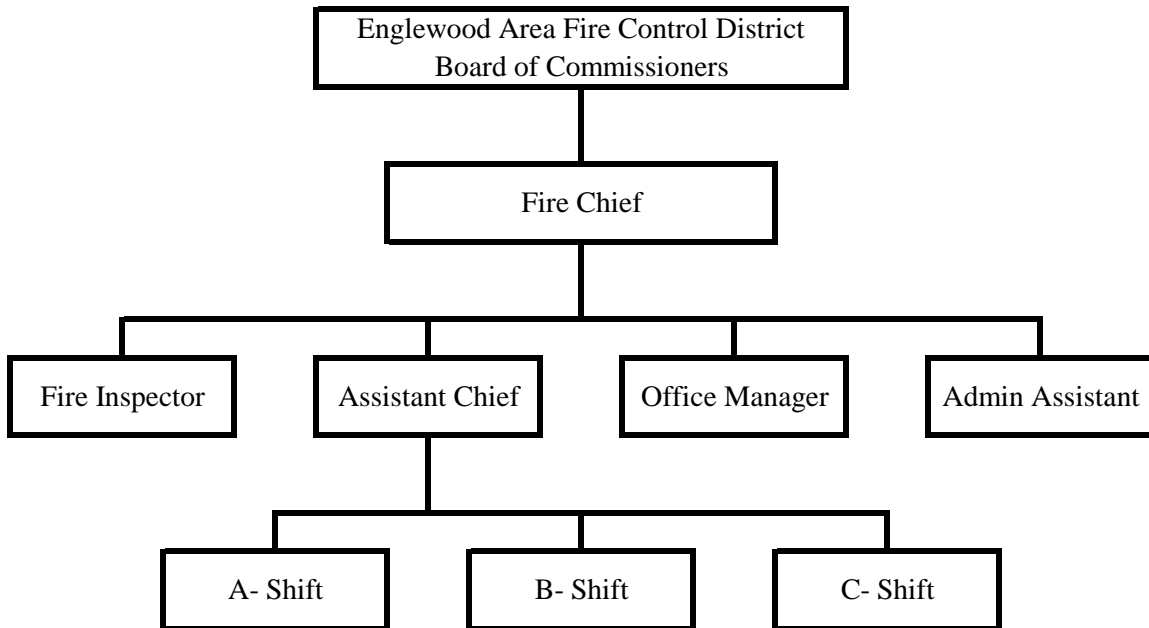
Eldon Loisell
Fire Commissioner

Fire Chief
Kevin Easton

Finance Director
Jolanda DeWaard

Englewood Area Fire Control District

September 30, 2022



Englewood Area Fire Control District

September 30, 2022

Listing of District Officials

Elected Officials

Commissioner
Commissioner
Commissioner
Commissioner
Commissioner

Ronald Davison
Billy Kimberlin
Mark Knauf
Ronald Benedetti
Eldon Loisell

Appointed Officials

Fire Chief
Attorney

Kevin Easton
Lori Wellbaum Emery

Assistant Chief

John Stubbs



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

Report of Independent Auditor

Board of Commissioners
Englewood Area Fire Control District
Englewood, FL

We have audited the accompanying financial statements of the governmental activities of the Englewood Area Fire Control District, (the "District") as of and for the fiscal 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 of the District, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

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

Emphasis of Matter

As discussed in Note F to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards 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 and budgetary comparison information, and other required supplementary information, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Required Supplementary Information, Continued

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 included our report dated April 26, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida

April 26, 2023

Management Discussion and Analysis

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

As management of the Englewood Area Fire Control District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the 2022 fiscal year by \$6,254,594.
- The District's total net position increased by \$3,796,536.
- As of the close of the 2022 fiscal year, the District's governmental funds (general fund, special revenue fund, and capital projects fund) reported an ending fund balance of \$4,963,808 an increase of \$1,116,626 in comparison with the prior year. Approximately \$588,766 is available for spending at the District's discretion.

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

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

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Government-wide Financial Statements, continued

The government-wide financial statements should distinguish functions of the Englewood Area Fire Control District that are principally supported by the District's residents and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All of the District's activities are governmental. The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more information about the District's general fund, capital projects fund, and training facilities fund - not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The District's funds consist of governmental and fiduciary fund categories.

Governmental Funds

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

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

The District maintains three governmental funds: 1) the general fund; 2) the capital projects fund ; and 3) training facility fund. These funds are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and in the changes in fund balance.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14 and 16 of this report.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

OVERVIEW OF THE FINANCIAL STATEMENTS, CONTINUED

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the district's own programs. Accounting used for fiduciary funds is much like that used for the government-wide financial statements. The fiduciary fund financial statements for the Firefighters' Pension Plan can be found on pages 18 and 19 of this report.

Notes to The Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the District's progress in funding its obligation to provide pension benefits to its firefighters. Required supplementary information can be found beginning on page 59.

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 conditions from the prior year.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

The following is a condensed summary of net position for the primary government for the fiscal year 2022 and 2021:

**Summary of Net Position
September 30, 2022 and 2021**

| | <u>2022</u> | <u>2021</u> |
|-----------------------------------------------------|---------------------|---------------------|
| Assets: | | |
| Current and other assets | \$ 8,159,794 | \$ 3,940,793 |
| Capital assets | 4,683,911 | 5,101,544 |
| Total Assets | <u>12,843,705</u> | <u>9,042,337</u> |
| Deferred outflows of resources | <u>3,124,441</u> | <u>3,458,293</u> |
| Total assets and deferred outflows of resources | <u>15,968,146</u> | <u>12,500,630</u> |
| Liabilities | | |
| Current liabilities | 414,025 | 482,975 |
| Long term liabilities | 3,910,272 | 8,223,185 |
| Total Liabilities | <u>4,324,297</u> | <u>8,706,160</u> |
| Deferred inflows of resources | <u>5,389,255</u> | <u>1,336,412</u> |
| Total liabilities and deferred inflows of resources | <u>9,713,552</u> | <u>10,042,572</u> |
| Net position | | |
| Investment in capital assets, net of related debt | 2,142,989 | 2,260,077 |
| Restricted | 695,606 | 348,809 |
| Unrestricted (deficit) | 3,415,999 | (150,828) |
| Total net position | <u>\$ 6,254,594</u> | <u>\$ 2,458,058</u> |

A significant portion of the District's assets reflects its investment in capital assets (e.g., land, buildings and improvements, and equipment). The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS, CONTINUED

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

**The District's Change in Net Position
Years ended September 30, 2022 and 2021**

| | 2022 | 2021 |
|-----------------------------------------------------|---------------------|---------------------|
| Revenues: | | |
| Program Revenues: | | |
| Tuition | \$ 172,808 | \$ 164,028 |
| Charges for services | 21,000 | 12,440 |
| Federal grant revenue | - | 21,682 |
| Total Program Revenues | 193,808 | 198,150 |
| General Revenues: | | |
| Property assessments | 9,128,876 | 8,637,545 |
| Impact fees | 355,099 | 197,356 |
| Interest income | 21,945 | 19,739 |
| Other | 167,700 | 196,946 |
| Total General Revenues | 9,673,620 | 9,051,586 |
| Total Revenues | 9,867,429 | 9,249,736 |
| Expenses: | | |
| Public safety - Fire and Rescue Services | 6,070,892 | 7,101,031 |
| Change in net position - increase (decrease) | 3,796,537 | 2,148,705 |
| Net position - beginning of the year | 2,458,057 | 309,352 |
| Net position - end of the year | \$ 6,254,594 | \$ 2,458,057 |

As the District has no business-type activities, governmental activities were responsible for increasing the District's net position. For the year ended September 30, 2022, revenue increased approximately \$617,692 as compared to the previous year. This is due primarily to the increase in property assessments and impact fees.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

BUDGETARY HIGHLIGHTS

An annual budget is legally adopted for the general fund. Revenues exceeded the budgeted revenues by approximately \$233,995.

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis on pages 60-61.

Fiscal Year 2022 Budget - General Fund

| | Budget | Actual | Variance |
|-----------------------------------------|-------------------|-------------------|-------------------|
| Total revenue | \$ 9,076,978 | \$ 9,310,975 | \$ 233,997 |
| Total expenditures | 8,590,401 | 8,563,758 | 26,643 |
| Total Other Financing Sources (Uses) | 105,000 | (2,532) | 107,532 |
| Net change in fund balance | <u>\$ 381,577</u> | <u>\$ 749,749</u> | <u>\$ 368,172</u> |

Fiscal Year 2021 Budget - General Fund

| | Budget | Actual | Variance |
|----------------------------|-------------------|-------------------|-------------------|
| Total revenue | \$ 8,516,711 | \$ 8,871,413 | \$ 354,702 |
| Total expenditures | 8,341,941 | 8,225,985 | 115,956 |
| Net change in fund balance | <u>\$ 174,770</u> | <u>\$ 645,428</u> | <u>\$ 470,658</u> |

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

CAPITAL ASSETS

The following is a schedule of the District's capital assets as of September 30, 2022 and 2021:

**Capital Assets
September 30, 2022 and 2021**

| | 2022 | 2021 |
|---------------------------------------------|---------------------|---------------------|
| Capital Assets | | |
| Capital Assets, not being depreciated | | |
| Land | \$ 386,100 | \$ 386,100 |
| Total Capital assets, not being depreciated | 386,100 | 386,100 |
| Capital Assets, being depreciated | | |
| Buildings and improvements | 3,555,323 | 3,555,323 |
| Vehicles | 3,714,935 | 3,714,935 |
| Equipment | 1,306,728 | 1,238,929 |
| Total capital assets being depreciated | 8,576,986 | 8,509,187 |
| Accumulated Depreciation | | |
| Buildings and improvements | (2,299,925) | (2,227,561) |
| Vehicles | (1,275,886) | (970,099) |
| Equipment | (703,364) | (596,083) |
| Total accumulated depreciation | (4,279,175) | (3,793,743) |
| Capital assets, net | \$ 4,683,911 | \$ 5,101,544 |

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

DEBT ADMINISTRATION

The District's outstanding debt is comprised of promissory notes, compensated absences, a net OPEB (other post-employment benefit) obligation for retiree health insurance, and net pension liability. The following is a schedule of the District's outstanding debt at September 30, 2022 and 2021:

| | 2022 | 2021 |
|-----------------------------|---------------------|---------------------|
| Promissory Notes | \$ 2,540,922 | \$ 2,841,467 |
| Compensated Absences | 586,388 | 570,121 |
| Net Pension Liabilities | (2,928,768) | 4,019,068 |
| Total OPEB Liability | 1,025,459 | 1,181,892 |
| Total long-term debt | \$ 1,224,001 | \$ 8,612,548 |

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2022**

DEBT ADMINISTRATION, CONTINUED

Compensated absences increased by \$16,267 or 3% in comparison to the prior year. This liability represents the total amount the District has due at the termination of all employees' employment as of September 30, 2022. Promissory notes decreased \$300,545 or 11% in fiscal year 2022. Net pension liability of decreased by \$6,947,836 or 173% in comparison to the prior year. The Total OPEB Liability decreased by \$156,433 or 13% between years.

Additional information on the District's long-term debt can be found in Note E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The following factors were considered when next year's budget (2022-2023) was adopted:

- The District will collect \$8,934,858 in assessment revenue, an increase of \$550,217 over the 2021-2022 fiscal year.
- The District's board of commissioners approved a \$9,554,609.00 expenditures budget for the 2022-2023 fiscal year, an increase of \$602,631 over the prior year's budget.

REQUEST FOR INFORMATION

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

Chief Kevin Easton
Fire Chief's Office
516 Paul Morris Dr.
Englewood, Florida 34223

BASIC FINANCIAL STATEMENTS

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
September 30, 2022

| | Governmental Activities |
|------------------------------------------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 5,012,952 |
| Accounts receivables | 73,505 |
| Prepaid Items | 39,371 |
| Lease receivable | 105,198 |
| Net pension asset | 2,928,768 |
| Capital assets: | |
| Capital assets not being depreciated | 386,100 |
| Capital assets, net of accumulated depreciation and amortization | 4,297,811 |
| Total Assets | 12,843,705 |
| DEFERRED OUTFLOW OF RESOURCES - PENSIONS | 3,124,441 |
| LIABILITIES | |
| Accounts payable | 70,997 |
| Accrued salaries and benefits payable | 100,531 |
| Long-term liabilities | |
| Long-term liabilities due within one year | 242,497 |
| Long-term liabilities due in more than one year | 2,884,813 |
| Net OPEB liability | 1,025,459 |
| Total Liabilities | 4,324,297 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension | 5,293,565 |
| Leases | 95,690 |
| Total Deferred Inflows of Resources | 5,389,255 |
| NET POSITION | |
| Investment in capital assets | 2,142,989 |
| Restricted for capital projects | 695,606 |
| Unrestricted (deficit) | 3,415,999 |
| TOTAL NET POSITION | \$ 6,254,594 |

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
September 30, 2022

| | Governmental Activities |
|------------------------------------------|----------------------------|
| PROGRAM EXPENSES | |
| Governmental activities | |
| Public safety - fire protection | |
| Personal services | \$ 4,553,260 |
| Operating expenses | 950,988 |
| Interest and fiscal charges | 79,949 |
| Depreciation | 486,695 |
| | 6,070,892 |
| PROGRAM REVENUES | |
| Tuition | 172,808 |
| Charges for services | 21,000 |
| | 193,808 |
| NET PROGRAM EXPENSES | 5,877,084 |
| GENERAL REVENUES | |
| Property assessments | 9,128,876 |
| Impact Fees | 355,099 |
| Firefighter supplemental | 17,169 |
| Interest income | 21,945 |
| Rental income | 135,060 |
| Gain on the sale of capital assets | 8,500 |
| Miscellaneous | 6,971 |
| | 9,673,620 |
| INCREASE IN NET POSITION | 3,796,536 |
| NET POSITION - OCTOBER 1, 2021 | 2,458,058 |
| NET POSITION - SEPTEMBER 30, 2022 | \$ 6,254,594 |

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

| | General Fund | Non-Major Governmental | | Total Governmental Funds |
|-------------------------------------------------------------------------------|---------------------|-----------------------------|---------------------------|--------------------------------|
| | | Capital Projects Fund | Training Facility Fund | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 4,168,246 | \$ 695,606 | \$ 149,100 | \$ 5,012,952 |
| Accounts receivables | 66,845 | - | 6,660 | 73,505 |
| Lease receivable | 105,198 | - | - | 105,198 |
| Prepaid items | 39,371 | - | - | 39,371 |
| Total Assets | \$ 4,379,660 | \$ 695,606 | \$ 155,760 | \$ 5,231,026 |
| LIABILITIES | | | | |
| Accounts payable | \$ 69,312 | \$ - | \$ 1,685 | \$ 70,997 |
| Accrued expenses | 100,531 | - | - | 100,531 |
| Total Liabilities | 169,843 | - | 1,685 | 171,528 |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Leases | 95,690 | - | - | 95,690 |
| Total Deferred Inflow of Resources | 95,690 | - | - | 95,690 |
| FUND BALANCES | | | | |
| Restricted | - | 695,606 | - | 695,606 |
| Committed | 3,525,361 | - | - | 3,525,361 |
| Assigned | - | - | 154,075 | 154,075 |
| Unassigned | 588,766 | - | - | 588,766 |
| Total Fund Balances | 4,114,127 | 695,606 | 154,075 | 4,963,808 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 4,379,660 | \$ 695,606 | \$ 155,760 | \$ 5,231,026 |

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
September 30, 2022**

| | | |
|--------------------------------------------|--|--------------|
| Total fund balances for governmental funds | | \$ 4,963,808 |
|--------------------------------------------|--|--------------|

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

| | | |
|--------------------------------|--------------------|-----------|
| Land | \$ 386,100 | |
| Building and improvements | 3,555,323 | |
| Vehicles | 3,714,935 | |
| Equipment | 1,306,728 | |
| Less: accumulated depreciation | <u>(4,279,175)</u> | |
| | | 4,683,911 |

Deferred outflows and deferred inflows of resources related to pensions are applied to future periods and, therefore, are not reported in the governmental funds:

| | | |
|----------------------------------------------------|--------------------|-------------|
| Deferred outflows of resources related to pensions | 3,124,441 | |
| Deferred inflows of resources related to pensions | <u>(5,293,565)</u> | |
| | | (2,169,124) |

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

| | | |
|-------------------------------------|--------------------|--------------------|
| Less: promissory notes | (2,540,922) | |
| Less: compensated absences | (586,388) | |
| Net pension asset - (Firefighters') | 3,106,717 | |
| Less: net pension liability - FRS | (128,683) | |
| Less: net pension liability - HIS | (49,266) | |
| Less: net OPEB obligation | <u>(1,025,459)</u> | |
| | | <u>(1,224,001)</u> |

| | | |
|-----------------------------------------------|--|----------------------------|
| Total net position of governmental activities | | <u><u>\$ 6,254,594</u></u> |
|-----------------------------------------------|--|----------------------------|

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
Year Ended September 30, 2022

| | Non-Major Governmental | | | Total Governmental Funds |
|---------------------------------------------|------------------------|-----------------------------|---------------------------|--------------------------------|
| | General Fund | Capital Projects Fund | Training Facility Fund | |
| REVENUES | | | | |
| Property assessments | \$ 9,128,876 | \$ - | \$ - | \$ 9,128,876 |
| Impact fees | - | 355,099 | - | 355,099 |
| Intergovernmental | | | | |
| Firefighter supplemental | 17,169 | - | - | 17,169 |
| Charges for services | 21,000 | | | 21,000 |
| Interest income | 19,984 | 1,493 | 468 | 21,945 |
| Rental income | 118,535 | - | 16,525 | 135,060 |
| Miscellaneous | 5,410 | 125 | 1,436 | 6,971 |
| Tuition | | - | 172,808 | 172,808 |
| Total Revenues | <u>9,310,974</u> | <u>356,717</u> | <u>191,237</u> | <u>9,858,928</u> |
| EXPENDITURES | | | | |
| Public safety: | | | | |
| Personal services | 7,277,642 | - | 72,450 | 7,350,092 |
| Operating expenditures | 852,311 | 1,800 | 96,877 | 950,988 |
| Capital outlay | 60,942 | 8,120 | - | 69,062 |
| Debt service: | | | | |
| Principal reduction | 300,710 | - | - | 300,710 |
| Interest and fiscal charges | 79,949 | - | - | 79,949 |
| Total Expenditures | <u>8,571,554</u> | <u>9,920</u> | <u>169,327</u> | <u>8,750,801</u> |
| Excess of Revenues | | | | |
| Over/(Under) Expenditures | <u>739,420</u> | <u>346,797</u> | <u>21,910</u> | <u>1,108,127</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 8,500 | - | - | 8,500 |
| Transfer from/(to) other funds | 1,829 | - | (1,829) | - |
| Total Other Financing Sources (Uses) | <u>10,329</u> | <u>-</u> | <u>(1,829)</u> | <u>8,500</u> |
| Net Change in Fund Balance | 749,749 | 346,797 | 20,081 | 1,116,627 |
| Fund Balances - October 1, 2021 | <u>3,364,378</u> | <u>348,809</u> | <u>133,994</u> | <u>3,847,181</u> |
| Fund Balances - September 30, 2022 | <u>\$ 4,114,127</u> | <u>\$ 695,606</u> | <u>\$ 154,075</u> | <u>\$ 4,963,808</u> |

The accompanying notes are an integral part of this statement

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
Year Ended September 30, 2022**

Net change (expenditures in excess of revenues and other financing sources) in fund balances - total governmental funds \$ 1,116,627

The increase (change) in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Additionally, dispositions of capital assets resulted in an increase to net assets. The total sale proceeds provides current financial resources and reduces expenses in the governmental funds.

| | | |
|-----------------------------------------|------------------|-----------|
| Plus: expenditures for capital assets | \$ 69,062 | |
| Less: current year depreciation expense | <u>(486,695)</u> | |
| | | (417,633) |

The issuance of debt is reported as a financing source in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

| | | |
|-------------------------|----------------|---------|
| Repayments of principal | <u>300,710</u> | |
| | | 300,710 |

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

| | | |
|-------------------------------------------------------------------------------------------------|-----------------|------------------|
| Change in pension due to the amortization of deferred outflows and deferred inflows | 2,656,666 | |
| OPEB expense due to the decrease in the Total OPEB Liability | 156,433 | |
| Increase of personal services expense due to the increase in the compensated absences liability | <u>(16,267)</u> | |
| | | <u>2,796,832</u> |

| | | |
|-----------------------------------------------------|--|----------------------------|
| Increase in net position of governmental activities | | <u><u>\$ 3,796,536</u></u> |
|-----------------------------------------------------|--|----------------------------|

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND
September 30, 2022

| | <u>Public Safety Pension Fund</u> |
|--------------------------------------|---------------------------------------|
| ASSETS | |
| Cash and Cash Equivalents | \$ 301,324 |
| Receivables: | |
| District Contributions in Transit | 457,247 |
| Member Contributions in Transit | 12,015 |
| Intergovernmental: | |
| State | - |
| Investment Income | 26,317 |
| Total Receivables | <u>495,579</u> |
| Investments at Fair Value: | |
| Fixed Income: | |
| U.S. Bonds and Bills | 2,959,210 |
| Federal Agency Guaranteed Securities | 307,889 |
| Corporate Bonds | 983,824 |
| Mutual Funds - Fixed Income | 3,777,372 |
| Mutual Funds - Equity | 25,275,562 |
| Real estate | 6,487,805 |
| Total investments | <u>39,791,662</u> |
| TOTAL ASSETS | <u>40,588,565</u> |
| LIABILITIES | |
| Investment Expense Payable | 10,587 |
| Administrative Expense Payable | 1,091 |
| TOTAL LIABILITIES | <u>11,678</u> |
| NET POSITION | |
| Held in trust for pension benefits | <u>40,576,887</u> |
| TOTAL NET POSITION | <u><u>\$ 40,576,887</u></u> |

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
Year Ended September 30, 2022

| | | Public Safety Pension Fund |
|-------------------------------------------|-------------|-------------------------------|
| ADDITIONS | | |
| Contributions: | | |
| Member | \$ 360,321 | |
| District | 1,765,568 | |
| State | 415,428 | |
| Total contributions | | \$ 2,541,317 |
| Investment income (loss): | | |
| Net Increase in Fair Value of Investments | (8,291,425) | |
| Interest and Dividends | 1,658,313 | |
| Less: investment expense | (113,924) | |
| Investment income, net | | (6,747,036) |
| Total Additions | | (4,205,719) |
| DEDUCTIONS | | |
| Distributions to Members | | |
| Benefit Payments | 1,504,361 | |
| Lump Sum PLOP Distributions | 172,096 | |
| Total Distributions | | 1,676,457 |
| Administrative Expenses | | 65,728 |
| Total Deductions | | 1,742,185 |
| CHANGE IN NET POSITION | | (5,947,904) |
| Net Position - October 1, 2021 | | 46,524,791 |
| Net Position - September 30, 2022 | | \$ 40,576,887 |

The accompanying notes are an integral part of this statement

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Englewood Area Fire Control District (the "District") is a political subdivision of the State of Florida, located in Charlotte and Sarasota Counties in the southwest portion of the State. The District was incorporated in 1982 under the provisions of the Laws of Florida, Chapter 82-381 under a Board of Commissioners (the "Board") structure. In 2001, the Charter was codified, reenacted and amended to, among other items, provide for the redefinition of the boundaries of the District. The District is approximately eighty-three square miles in area. The District is governed by a five-member (5) elected Board of Commissioners. Commissioners serve on a staggered four (4) year term basis.

The District was organized to prevent and control damage, destruction or injury to people or property by fire, disaster, or other emergencies.

Summary of Significant Accounting Policies

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

Reporting Entity

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

Government-wide Financial Statements

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

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

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Government-wide Financial Statements, Continued

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

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

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

Fund Financial Statements

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54).

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

Fund financial statements for the District's governmental and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate for governmental funds. The fiduciary statements include information for the Englewood Area Fire Control District Firefighters' Pension Trust Fund (the "Plan"). The fiduciary fund represents assets held by the District in a custodial capacity for the benefit of other individuals. This fund is properly not reflected as part of the government-wide financial statements as the net assets of this fund are held in trust and are not available to support the District's operations.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Governmental Funds

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

The District's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34). The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

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

Fiduciary Fund

A Fiduciary Fund accounts for assets held by the government in a trustee capacity or as an agent on behalf of others. Specifically, a trust fund accounts for assets held by the government under the terms of a formal trust agreement. The District has one fiduciary fund: a pension trust fund—(Public Safety Trust Fund) the Englewood Area Fire Control District Firefighters' Pension Trust Fund.

Measurement Focus and Basis of Accounting

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

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

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

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting, Continued

Revenues susceptible to accrual are ad valorem taxes, interest on investments, and intergovernmental revenues. Property taxes are recorded as revenues in the fiscal year in which they are levied, provided they are collected in the current period or within sixty days thereafter. Interest on invested funds are recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met. Inspection fees are not susceptible to accrual because generally they are not measurable until received in cash.

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

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

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

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

Major Funds

The District reports the following major governmental funds:

General Fund

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, including any impact fees collected.

Non-major Governmental Funds

The District reports the following non-major governmental funds:

Capital Projects Fund

The *Capital Projects Fund* consists of impact fee revenues collected under Florida Statute, Section 191.009(4). The fees are restricted and can only be used for certain capital expenditures associated with growth within the District.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Non-major Governmental Funds, continued

Training Facility Fund

The *Training Facility Fund* is a special revenue fund which accounts for the tuition revenues and expenses incurred in the operation of the District's new firefighters' training facility.

Fiduciary Funds

Fiduciary funds are excluded in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The only type of fiduciary fund the District maintains is the Firefighters' pension plan, which accumulates resources for pension benefit payments to qualified public safety employees.

Budgetary Information

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

Deposits and Investments

The District adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," as amended by GASB Number 79, "Certain External Investment Pools and Pool Participants", and Statement 40, "Deposit and Risk Investment Disclosures," an amendment to GASB Statement Number 3, and GASB Statement 72, "Fair Value Measurement and Application."

The District's investment policy is to maintain funds in investments which yield the highest possible efficiency and return within the limitations established by Florida Statutes, Chapter 166.261. Provisions of those statutes authorize the District to invest in:

- a) Florida State Board of Administration Local Government Pooled Investment Fund.
- b) Bonds, notes or other obligations of the United States or for which the credit of the United States is pledged for the payment thereof.
- c) Interest-bearing time deposits, savings accounts or collective investment funds in banks or savings and loan associations organized under the laws of the United States.
- d) Obligations of the federal farm credit banks and the Federal Home Loan Mortgage Corporation.
- e) Obligations of the Federal National Mortgage Association and the Government National Mortgage Association.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Deposits and Investments, continued

Investments in fixed income securities are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investments held by the District's pension trust funds are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Prepaid Items

Certain payments to vendors and for insurance premiums reflect costs applicable to future accounting periods and are recorded as prepaid items. The costs of governmental fund-type prepaid items are recorded as expenditures using the purchase method. Under this method, prepaid items are recorded as expenditures when purchased. Prepaid items reported in the general fund are therefore equally offset by a fund balance reserve, which indicates the assets are unavailable for appropriation even though they are a component of reported assets.

Property Assessments

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of the County Property Appraiser and the County Tax Collector.

The special assessment levy (the "assessment") of the District is established by the Board of Commissioners on or after February 1 of each year and the Sarasota and Charlotte County Property Appraisers incorporate the District's assessment into the total tax levy. The District may change the rate of assessment from that assessed in the prior year as provided by Chapter 191, Florida Statutes. The 2022 rates of assessment by the District were as follows: Residential Property \$202.25 per unit, Non-residential Property \$0.29 per square foot, Church Property \$0.20 per square foot, Vacant Lot Property \$54.47 per lot.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Property Assessments, Continued

An assessment roll showing the assessment rate is prepared and completed by the Board of Commissioners on or before September 30 of each year. The Board of Commissioners, upon the adoption of the resolution fixing the rate of assessment, shall prepare an assessment and collection roll setting forth a description of each lot or parcel of land subject to taxation in the district together with the amount of assessment against the lot or parcel of land and attach thereto a certified copy of the resolution fixing the rate of assessment, and it shall, before September 15 each year, deliver the roll to the County Tax Collectors of Sarasota and Charlotte Counties, for collection of the assessments. All assessments shall be made against the land subject to assessment, and the roll shall set forth the names of the owners of such land.

All assessments are due and payable on November 1 of each year or as soon thereafter as the assessment roll is certified and delivered to the Tax Collector. All unpaid assessments become delinquent on April 1 following the year in which they are assessed.

Because of the Sarasota and Charlotte County Tax Collectors' Offices efficient system for selling tax certificates and remitting the proceeds to the District, any delinquent or uncollected assessments at year end are immaterial.

The District's assessment calendar is as follows:

| | |
|-----------------|---------------------------|
| Valuation Date: | January 1 |
| Levy Date: | November 1 |
| Due Date: | March 31, succeeding year |
| Lien Date: | April 1, succeeding year |

Capital Assets

Capital assets, which include property, plant, equipment and right-to-use lease assets are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred, if any, during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

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

Summary of Significant Accounting Policies, Continued

Capital Assets, continued

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

| Assets | Years |
|----------------------------|--------|
| Buildings and Improvements | 5 - 39 |
| Equipment | 5 - 15 |
| Vehicles | 5 - 10 |

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay, personal and compensatory time benefits. Vacation time is not accrued.

Vacation Leave: All full-time and part-time employees are eligible for vacation leave. Vacation leave earned for the calendar year shall be used by December 31. Upon termination of employment, unused vacation leave in that calendar year will be calculated on a quarterly basis and paid out accordingly based on the following compensation rate:

| Years of Service | Vesting % |
|--------------------------|------------------------|
| 0 year thru 5 years | no compensation rate |
| 6 years thru 10 years | 30% compensation rate |
| 11 years thru 15 years | 60% compensation rate |
| 16 years thru 20 years | 80% compensation rate |
| 21 years thru retirement | 100% compensation rate |

Personal Time: Personal time is earned at the rate of eight (8) hours per year by all full-time (forty-hour per week) employees - unused personal time may be accumulated and is payable at the rate of pay in effect at termination.

Sick leave: Full-time (forty hours per week) employees earn eight (8) hours of sick leave for each full month of employment. Sick leave may be accumulated up to a maximum of three hundred and twenty (320) hours for all forty (40) hour per week employees. All full-time (fifty-six hours per week) employees earn fourteen (14) hours of sick leave for each full month of employment. Two (2) of the fourteen (14) hours goes into the sick leave bank or B-Bank each month. Sick leave may be accumulated up to a maximum of four hundred and eighty (480) hours for all fifty-six (56) hour per week employees. Sick leave is paid out upon termination after ten (10) years of service at 100% compensation rate.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Compensated Absences, Continued

Compensatory (Comp) Time: Compensatory time at the rate equal to that of overtime may be requested in lieu of overtime. Unused Comp time up to two hundred and forty (240) hours will be paid at the rate of pay in effect at termination.

Vested or accumulated sick leave, personal or comp time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated sick leave, personal or comp time that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

All sick pay, personal and comp time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and/or retirements.

Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement.

Leases

GASB Statement No. 87 defines a lease as a contract that transfers the right to use another entity's asset for a specific period of time in an exchange or exchange-like transaction. The District leases its real property and structures to others. Under these contracts, the District recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term in the government-wide and governmental fund financial statements. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This represents a consumption of net position that applies to a future period, which will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, which is deferred costs pertaining to the District's pension plans. These amounts will be amortized and recognized in future years.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This represents an addition to net position that applies to a future period, which will not be recognized as an inflow of resources (revenue) until then. The District has one item that qualifies for reporting in this category, which is deferred inflows resulting from the District's pension plans. These amounts will be amortized and recognized in future years.

Pensions

For purposes of measuring the net pension (asset)/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Safety Pension Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post Employment Benefits (OPEB)

In fiscal year 2018, the District implemented GASB Statement Number 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The District expenses OPEB payments to retirees and changes in the Total OPEB Liability as a component of personal services expense.

Net Position

Government-wide statements utilize an economic resources measurement focus and categorize net position among the following components:

Invested in Capital Assets, Net of Related Debt: The portion of net position which represents the District's equity in capital assets, less the amount of related debt.

Restricted Net Position: The portion of net position which is segregated due to external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Net Position

Unrestricted Net Position: The portion of net position which is available for general operations.

Fund Balance

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

The components of Fund Balance are:

Nonspendable Fund Balances: Include amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The District considers prepaid items as part of this category, as well as long-term receivables from which proceeds are not restricted, committed or assigned.

Spendable Fund Balances: Spendable fund balances are further classified as restricted, committed, assigned or unassigned, based on the extent to which there are external or internal constraints on the spending of these fund balances.

Restricted Fund Balance: Amounts that are restricted to specific purposes, and are restricted through enabling legislation and are legally enforceable. The legislation that creates the revenue stream must also stipulate the purposes for which that revenue can be used.

Committed Fund Balance: Amounts that are committed for specific purposes by formal action of the governments' highest level of decision making authority. These amounts are not subject to legal enforceability as in restricted, however those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously impose the limitation.

Assigned Fund Balance: Amounts that are intended by the government to be used for specific purposes but are neither restricted nor limited. Intent should be expressed by (a) the governing body itself, or (b) a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Summary of Significant Accounting Policies, Continued

Fund Balance, Continued

Unassigned Fund Balance: The residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, limited or assigned to specific purposes within the general fund.

Spending Order of Fund Balances - the District requires restricted amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents/contracts 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 classification could be used.

Use of Estimates

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

Budgets

Budgets are prepared and adopted after public hearings for the governmental funds, pursuant to the requirements of the Florida Statutes. The District utilizes the same basis of accounting for budgets as it does for revenues and expenditures in its various funds. The legal level of budgetary control is at the fund level. All budgeted appropriations lapse at year end. Expenditures should not exceed total appropriations. The District prepares a budget for the General Fund only.

On or before June 1 of each year, the department heads of each of the District's divisions submit requests for appropriation to the Fire Chief so that a budget may be prepared. The budget is prepared by fund, function and activity (divisions), and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the Board of Commissioners (Board) for review by July 1. The Board holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the Fire Chief and the Division head or the revenue estimates must be changed by an affirmative vote of a majority of the Board.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE B - CASH & CASH EQUIVALENTS

At year-end, the carrying amount of the District's deposits was \$5,012,952 and the bank balance was \$5,572,057. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act (the "Act"). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

NOTE C - INVESTMENTS

District Investments

FL-FIT Cash Pool is a money market alternative that is managed to a dollar-in/dollar-out strategy. The portfolio management team utilizes a hybrid approach managing current market conditions and portfolio duration, to ensure maximum flexibility in all market conditions. The Cash pool is rated AAAs/S1 by Fitch Ratings. Offering same-day liquidity for transactions entered by 2:00 p.m. EST, while seeking to preserve principal and maximize yield, the Cash Pool provides an investment option for local governments short-term funds.

District Investment - FV Maturity

| <u>Investment Type</u> | <u>Total Fair Value</u> | <u>Less than 1</u> | <u>1 to 5</u> | <u>6 to 10</u> | <u>More than 10</u> |
|----------------------------|-------------------------|--------------------|---------------|----------------|---------------------|
| Florida Fixed Income Trust | \$ 57,072 | \$ - | \$ - | \$ - | \$ - |

District Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment

The Florida Fixed Income Trust uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or rest date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

The Florida Fixed Income Trust's Cash Pool has daily liquidity with unlimited investments and redemptions. The pool has investments in Commercial Paper, Certificates of Deposits, Qualified Public Deposits (QPD), Short-term Bond Funds, Money Market Funds and Municipal Bonds.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE C - INVESTMENTS, CONTINUED

District Credit Risk

The District follows Florida Statue 218.415 (17).

AUTHORIZED INVESTMENTS; NO WRITTEN INVESTMENT POLICY - Those units of local government electing not to adopt a written investment policy in accordance with investment policies developed as provided in subsections (1)-(15) may invest or reinvest any surplus public funds in their control or possession in:

- (a) The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969, as provided in s. 163.01.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.
- (c) Interest-bearing time deposits or savings accounts in qualified public depositories, as defined in s. 280.02.
- (d) Direct obligations of the U.S. Treasury.

The Florida Fixed Income Trust is rated AAAf/S1 by Fitch.

FL-FIT is a Local Government Investment Pool created by Florida Statue 163.01.

District Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transactions, the District will not be able to recover the value of investment or collateral securities that are in possession of an outside party. Section 218.415(18), Florida Statutes, requires the District to earmark all investments and 1) if registered with the issuer or its agents, the investment must be immediately placed for safekeeping in a location that protects the governing body's interest in the security; 2) if, in book-entry form, the investment must be held for the credit of the governing body by a depository chartered by the Federal Government, the State, or any other state or territory of the United States which has a branch or principal place of business in the State, or by a national association organized and existing under the laws of the United States which is authorized to accept and execute trusts and which is doing business in this State, and must be kept by the depository in an account separate and apart from the assets of the financial institution; or 3) if physically issued to the holder but not registered with the issuer or its agents, must be immediately places for safekeeping in a secured vault.

The Florida Fixed Income Trust uses U.S. Bank as its custodian.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE C - INVESTMENTS, CONTINUED

District Concentration of Credit Risk

The Florida Fixed Income Trust investment policies have established permitted investment sectors that are designed to reduce the concentration of credit risk of the Districts in the various local government investment pools.

District Foreign Currency Risk

The Florida Fixed Income Trust does not allow for investments in foreign currency. Therefore, the pool has no exposure to foreign currency risk.

District Quality Rating of Credit Risk Debt

| | <u>Fair Value</u> | <u>Percentage of Portfolio</u> |
|------------------------------------------------------|-----------------------|------------------------------------|
| Quality rating of credit risk debt securities | | |
| F1 | \$ 36,646 | 64.21% |
| F1+ | 15,250 | 26.72% |
| AAAf | 4,149 | 7.27% |
| AAAmf | 890 | 1.56% |
| AAA | 137 | 0.24% |
| | | |
| Total credit risk debt securities | <u>\$ 57,072</u> | <u>100.00%</u> |

(1) Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not have purchase limitations.

FIDUCIARY INVESTMENTS

Cash and cash equivalents and investments of the Pension Plan totaled \$301,324 and \$39,791,662 respectively, at September 30, 2022. Such investments are controlled by the Pension Plan's Board policy.

Pension Plan Investment Authorization

The Pension Plan's investment policy is determined by its Board of Trustees. The policy provides for the use of investment managers to oversee the investments of the Fund in a manner so that the assets will provide benefits to the participants and preserve capital while maximizing the rate of return.

The policy establishes certain investment objectives and asset class targets. The Pension Plan is expected to earn a return over time exceeding the actuarial earnings assumptions, and provide inflation protection by meeting Consumer Price Index plus by 3%.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE C - INVESTMENTS, CONTINUED

Pension Plan Investment Authorization, continued

The Board of Trustees adopted the following asset class targets, based on market value:

| Asset Class | % Target | % Range | Benchmark Index |
|----------------------------------|---------------|---------|---------------------------|
| Domestic Equity | 55.0% | 40-70% | Russell 3000 |
| International Equity | 10.0% | 5-15% | MSCI-ACW ex. US |
| Broad Market Fixed Income | 10.0% | 5-30% | Bloomberg Barclays |
| Global Tactical Asset Allocation | 5.0% | 0-10% | Strategy Index |
| Global Fixed Income | 5.0% | 0-10% | Bloomberg Barclays Global |
| Real Estate | 15.0% | 0-15% | NCREIF ODCE |
| | <u>100.0%</u> | | |

The following table indicates the Pension Plan's investments as of September 30, 2022:

| Asset Class | Fair Value | % of Portfolio |
|------------------------|----------------------|----------------|
| Equity | \$ 25,275,562 | 63% |
| Fixed Income | 6,069,045 | 15% |
| Global Tactical Asset | 1,959,250 | 5% |
| Real Estate | 6,487,805 | 16% |
| Receipt & Disbursement | 301,324 | 1% |
| | <u>\$ 40,092,986</u> | <u>100.00%</u> |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. Through its investment policies, the pension trust fund manages its exposure to fair value losses arising from increasing interest rates. The fund limits the effective duration of its investment portfolio through the adoption of nationally accepted risk measure benchmarks.

Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Pension Plan's investment policy utilizes portfolio diversification in order to control this risk. Consistent with state law, it is the Pension Plan's policy to limit its debt investments to the A rating or higher issued by nationally recognized statistical rating organizations.

Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in the currency exchange rate may affect transactions conducted in currencies other than US Dollars and the carrying value of foreign investments. The Pension Plan's exposure to foreign currency risk derives mainly from its investments in international equity funds.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE C - INVESTMENTS, CONTINUED

Custodial Credit Risk

Custodial credit risk is defined as the risk that the Plan may not recover cash and investments held by another party in the event of a financial failure. The Pension Plan requires all securities to be held by a third party custodian in the name of the Pension Plan. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

The investments in mutual funds and investment partnerships are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No.3, because they are not evidenced by securities that exist in physical or book-entry form.

Concentration of Credit Risk

The investment policy of the Pension Plan contains limitations on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. Not more than 5% of the Pension Plan's assets shall be invested in the stock of one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company. The value of bonds issued by any single corporation shall not exceed 3% of the total fund. Investments in real estate shall not exceed 15% of the market value of the total Pension Plan at the time of purchase.

Pension Plan Fair Value Measurements

The framework for measuring fair value provided a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE C - INVESTMENTS, CONTINUED

Pension Plan Fair Value Measurements, Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at September 30, 2022.

- Equity Securities: Valued at the closing price reported on the New York Stock Exchange.
- Mutual and Money Funds: These investments are valued at the daily closing price as reported by the fund. Mutual funds are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price.
- US government securities: Valued at the closing price reported in the active market in which the individual security is traded.
- Corporate Bonds: Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.
- Mortgage Backed Securities: The fair value of asset backed securities is estimated based on models that consider the estimated cash flows of each tranche of the entity, establishes a benchmark yield, and develops an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche.
- Real Estate: Valued on the basis of a discounted cash flow approach, which includes the future rental receipts, expenses, and residual values as the highest and best use of the real estate from a market participant view as rental property.

The following table sets forth by level, within the fair value hierarchy, the Pension Plan's assets at fair value at September 30, 2022:

| <u>Asset Type</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|----------------------------|----------------------|---------------------|----------------|----------------------|
| Cash and Cash Equivalents | \$ 301,324 | \$ - | \$ - | \$ 301,324 |
| US Government Obligations | 2,959,210 | - | - | 2,959,210 |
| Securities | 307,889 | - | - | 307,889 |
| Corporate Bonds | 983,824 | - | - | 983,824 |
| Mutual Funds- Fixed Income | 3,777,372 | - | - | 3,777,372 |
| Mutual Funds- Equity | 25,275,562 | - | - | 25,275,562 |
| Real Estate | - | 6,487,805 | - | 6,487,805 |
| | <u>\$ 33,605,181</u> | <u>\$ 6,487,805</u> | <u>\$ -</u> | <u>\$ 40,092,986</u> |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE D - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2022:

| <i>Governmental Activities</i> | Beginning Balance 10/1/2021 | Increases | Decreases | Ending Balance 9/30/2022 |
|----------------------------------------------------------------------|-----------------------------------|---------------------|----------------|--------------------------------|
| Capital Assets not Depreciated | | | | |
| Land | \$ 386,100 | \$ - | - | \$ 386,100 |
| Total Capital Assets not Depreciated | <u>386,100</u> | <u>-</u> | <u>-</u> | <u>386,100</u> |
| Capital Assets Being Depreciated | | | | |
| Building and improvements | 3,555,323 | - | - | 3,555,323 |
| Vehicles | 3,714,935 | - | - | 3,714,935 |
| Equipment | 1,238,929 | 69,062 | (1,263) | 1,306,728 |
| Total Assets Being Depreciated | <u>8,509,187</u> | <u>69,062</u> | <u>(1,263)</u> | <u>8,576,986</u> |
| Less Accumulated Depreciation for | | | | |
| Building and improvements | (2,227,561) | (72,364) | - | (2,299,925) |
| Vehicles | (970,099) | (305,787) | - | (1,275,886) |
| Equipment | (596,083) | (108,544) | 1,263 | (703,364) |
| Total Accumulated Depreciation | <u>(3,793,743)</u> | <u>(486,695)</u> | <u>1,263</u> | <u>(4,279,175)</u> |
| | | | | - |
| Total Capital Assets Being Depreciated, Net | <u>4,715,444</u> | <u>(417,633)</u> | <u>-</u> | <u>4,297,811</u> |
| Total Governmental Activities Capital Assets, Net of Depreciation | <u>\$ 5,101,544</u> | <u>\$ (417,633)</u> | <u>\$ -</u> | <u>\$ 4,683,911</u> |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE E - LONG TERM LIABILITIES

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

| Description | Beginning Balance 10/1/2021 | Increases | Decreases | Ending Balance 9/30/2022 | Amounts Due Within One Year |
|--------------------------------------------|-----------------------------------|-----------------------|---------------------|--------------------------------|-----------------------------------|
| Promissory Notes | \$ 2,841,467 | \$ - | \$ (300,545) | 2,540,922 | \$ 139,714 |
| Compensated Absences | 570,121 | 861,953 | (845,686) | 586,388 | 102,783 |
| Net Pension Liability - (Firefighters') | 3,940,804 | (12,614,022) | 5,566,501 | (3,106,717) | - |
| Net Pension Liability - (FRS) | 24,754 | 119,828 | (15,899) | 128,683 | - |
| Net Pension Liability - (HIS) | 53,510 | 9,672 | (13,916) | 49,266 | - |
| Net OPEB Liability | 1,181,892 | 370,518 | (526,951) | 1,025,459 | - |
| | <u>\$ 8,612,548</u> | <u>\$(11,252,051)</u> | <u>\$ 3,863,504</u> | <u>\$ 1,224,001</u> | <u>\$ 242,497</u> |

Long-term liabilities is comprised of the following at September 30, 2022:

Promissory Notes

\$438,611 refinanced promissory note collateralized by the land and building at 516 Paul Morris Drive dated December 6, 2016 (original promissory note dated September 6, 2012 for \$562,500), with a maturity of September 6, 2027, with interest at 2.58%. Principal and interest payable are due in monthly installments of \$3,905. \$ 214,300

\$805,000 promissory note collateralized by the training facility dated March 3, 2008, with a maturity date of September 3, 2029, with interest of 3.25%. Principal and interest payable are due in monthly installments of \$4,168. 326,317

\$1,281,735 promissory note collateralized by two Sutphen vehicles ((1) SP-70 Platform and (1) G-2 Pumper) dated June 15, 2017, with a maturity date of June 15, 2029, with interest at 3.24%. Principal and interest payable are due in annual installments of \$130,622. 806,383

\$1,414,076 promissory note collateralized by three Sutphen engines dated May 15, 2020, with a maturity date of July 15, 2028, with interest at 2.78%. Principal and interest payable are due in annual installments of \$153,165. 1,193,922

Total Promissory Notes \$ 2,540,922

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE E - LONG TERM LIABILITIES, CONTINUED

The annual debt service requirements at September 30, 2022, were as follows:

| Year Ending September 30, | Principal | Interest | Total |
|------------------------------|---------------------|-------------------|---------------------|
| 2023 | 139,714 | 54,218 | 193,932 |
| 2024 | 144,368 | 49,619 | 193,987 |
| 2025 | 149,140 | 44,920 | 194,060 |
| 2026 | 154,084 | 40,066 | 194,150 |
| 2027 | 164,258 | 35,080 | 199,338 |
| 2028 - 2029 | 708,123 | 30,382 | 738,505 |
| Total Promissory Notes | <u>\$ 1,459,687</u> | <u>\$ 254,285</u> | <u>\$ 1,713,972</u> |

Compensated Absences

The District's employees accumulate sick, vacation, personal and comp time based on length of service and job classification. Upon separation from the District, employees are entitled to unused vacation time based on their length of service. After 10 years of service, all unused sick time up to a maximum of four hundred-eighty hours is paid to employees upon separation. As of September 30, 2022, the District recorded a liability for accrued vacation and sick time of \$586,388.

NOTE F - Leases

District as Lessor

The District implemented GASB Statement Number 87, Leases, for the fiscal year ended September 30, 2022. This Statement requires a lessor is required to recognize a lease receivable and a deferred inflow of resources.

As of the October 1, 2021 implementation date for the new lease standard, the District as lessor had two lease agreements already in existence. At September 30, 2022, the District's receivable for lease payments is \$105,198 and corresponding deferred inflows is \$95,690. Discount rates utilized to measure the initial lease receivable ranged from 0.5-0.6% depending on the underlying leased property. For the fiscal year ended September 30, 2022, the amount of the inflows of resources recognized during the fiscal year for variable payments not previously included in the measurement of the lease receivable was \$44,678.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

NOTE F - LEASES, CONTINUED

The following are brief descriptions of each of the County's leases existing as of September 30, 2022:

On June 1, 2014, the District began leasing a portion of property located at Station 71 to an external party for a five-year term. The agreement allows the tenant the option to extend the term of the lease for five successive periods of five years each. The tenant may terminate the lease at any time with ninety days prior written notice to the District for any or no reason provided tenant pays to the District a termination fee equal to three months of the then current rent. The tenant is required to make monthly principal and interest payments of \$1,520. Annually, on the anniversary of the commencement date, the lease payment is increased by 3.0%.

On March 1, 2010, the District began leasing a portion of property located at Station 72 to an external party for a five-year term. The agreement allows the tenant the option to extend the term of the lease for eight successive periods of five years each. The tenant may terminate the lease with a written thirty day notice of termination. The tenant is required to make monthly principal and interest payments of \$2,533. Annually, on the anniversary of the commencement date, the lease payment is adjusted for a change in the Consumer Price Index.

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases all of its insurance coverages from commercial insurance carriers.

The District also carries commercial insurance for all other risks of loss including employee accident insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The District has not had any significant coverage reductions under these policies from the prior year.

NOTE H - DETAILS OF CONSTRAINTS ON FUND BALANCES OF GOVERNMENTAL FUNDS

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used.

The District has established the following committed fund balance reserves in the General Fund:

Station Construction Projects Reserve

The *Station Construction Projects Reserve* fund balance is committed by the Commission as set forth in the annual budget (and any amendments thereto) to ensure the adequacy of funds for station projects as they arise in future years.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

**NOTE H - DETAILS OF CONSTRAINTS ON FUND BALANCES OF GOVERNMENTAL FUNDS,
CONTINUED**

Fleet Service Reserve

The *Fleet Service Reserve* fund balance is committed by the Commission in order to fund the replacement of fleet assets as well as maintenance of infrastructure at a level consistent with a depreciation based methodology or as recommended by an independent condition assessment. Funding shall be designated to maintain the condition of assets at a desirable service level without shifting the cost disproportionately to future rate (tax) payers.

General Operating Reserve

The General Operating Reserve fund balance is committed by the Commission to operate the District in the event of a natural disaster or emergency.

Equipment Reserve

The Equipment Reserve fund balance is committed by the Commission as outlined in the annual budget (and any amendments thereto) to ensure the adequacy of funds for capital equipment purchases as they arise in future years.

Health Insurance Reserve

The Health Insurance Reserve fund balance is committed by the Commission as outlined in the annual budget (and any amendments thereto) to ensure the adequacy of funds for health insurance as they arise in future years.

Details of fund balances of the governmental funds are as follows:

| | General Fund | Capital Projects Fund | Training Facility Fund |
|-------------------------------|-----------------|--------------------------|---------------------------|
| Fund Balances: | | | |
| Restricted to: | | | |
| Infrastructure | \$ - | \$ 695,606 | \$ - |
| Committed to: | | | |
| Station construction projects | 783,721 | - | - |
| Fleet Service reserve | 823,819 | - | - |
| Operating reserve | 1,496,925 | | |
| Equipment reserve | 359,910 | | |
| Health Insurance reserve | 60,986 | | |
| Total committed fund balance | 3,525,361 | - | - |
| Assigned to: | | | |
| Training facility | - | - | 154,075 |
| Unassigned | 588,766 | - | - |
| Total Fund Balances | \$ 4,114,127 | \$ 695,606 | \$ 154,075 |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS

The following two retirement plans have been established by the District:

Plan 1 - Florida Retirement System (FRS)

Plan 2 - Firefighters' Pension Trust Fund (Florida Statute 175)

Employee participation in a specific plan is based on the respective employee's classification.

Plan 1 - Florida Retirement System

All of the District's general employees participate in the Florida Retirement System ("FRS"), a non-contributory cost-sharing, multiple-employer public employee retirement system.

Defined Benefit Plans

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

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

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

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 1 - Florida Retirement System, Continued

Benefits Provided

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

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

Contributions

The contribution requirements of plan members and the employer are established and may be amended by the Florida Legislature. Employees are required to contribute 3.00% of their salary to the FRS Pension Plan. The employer's contribution rates as of September 30, 2022, were as follows:

| | <u>FRS</u> | <u>HIS</u> |
|---------------------------------|------------|------------|
| Regular class | 11.91% | 1.66% |
| Special risk class | 27.83% | 1.66% |
| Senior management service class | 31.57% | 1.66% |
| Elected officials | 57.00% | 1.66% |
| DROP from FRS | 18.60% | 1.66% |

The District's contributions for the year ended September 30, 2022, were \$15,399 to the FRS Pension Plan and \$2,911 to this HIS Program.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 1 - Florida Retirement System, Continued

Pension Liabilities and Pension Expense

In its financial statements for the year ended September 30, 2022, the District reported a liability for its proportionate share of the net pension liability of the FRS Pension Plan and its proportionate share of the net pension liability of the HIS Program. The net pension liabilities were measured as of June 30, 2022. The District's proportions of the net pension liabilities were based on its share of contributions to the pension plans relative to the contributions of all participating entities, actuarially determined.

| | <u>FRS</u> | <u>HIS</u> |
|--------------------------|------------|------------|
| Net pension liability | \$ 128,683 | \$ 49,266 |
| Proportion at: | | |
| Current measurement date | 0.000346% | 0.000465% |
| Prior measurement date | 0.000328% | 0.000436% |
| Pension expense | \$ 7,249 | \$ 742 |

At September 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>FRS</u> | | <u>HIS</u> | |
|---------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 6,112 | \$ - | \$ 1,495 | \$ (217) |
| Change of assumptions | 15,848 | - | 2,824 | (7,621) |
| Net difference between projected and actual earnings on pension plan investments | 8,497 | - | 71 | - |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 15,897 | - | 5,256 | (428) |
| District contributions subsequent to the measurement date | 4,774 | - | 904 | - |
| | <u>\$ 51,128</u> | <u>\$ -</u> | <u>\$ 10,550</u> | <u>\$ (8,266)</u> |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 1 - Florida Retirement System, Continued

Pension Liabilities and Pension Expense, Continued

Deferred outflows of resources related to employer contributions paid subsequent to the measurement date, and prior to the employer's fiscal year-end will be recognized as a reduction of the net pension liability in the reporting period ending September 30, 2023. Other pension-related amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

| <u>Fiscal year ending September 30:</u> | <u>FRS</u> | <u>HIS</u> |
|-----------------------------------------|------------------|-----------------|
| 2023 | \$ 12,122 | \$ 479 |
| 2024 | 7,178 | 590 |
| 2025 | 1,536 | 618 |
| 2026 | 23,907 | 361 |
| 2027 | 1,611 | (395) |
| Thereafter | - | (273) |
| | <u>\$ 46,354</u> | <u>\$ 1,380</u> |

Actuarial Assumptions

The total pension liability for each of the defined benefit plans was measured as of June 30, 2022. The total pension liability for the FRS Pension Plan was determined by an actuarial valuation dated July 1, 2022. The individual entry age normal actuarial cost method was used for each plan, along with the following significant actuarial assumptions:

| | <u>FRS</u> | <u>HIS</u> |
|---------------------------|------------|------------|
| Inflation | 2.40% | 2.40% |
| Salary increases | 3.25% | 3.25% |
| Investment rate of return | 6.70% | N/A |
| Discount rate | 6.70% | 3.54% |

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

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

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 1 - Florida Retirement System, Continued

Actuarial Assumptions, Continued

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

| Asset Class | Target Allocation (1) | Annual Arithmetic Return | Compound Annual (Geometric) Return | Standard Deviation |
|--------------------------|--------------------------|--------------------------------|---------------------------------------------|-----------------------|
| Cash | 1.0% | 2.6% | 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 for the FRS Pension Plan was 6.70%. FRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program is essentially funded on a pay-as-you-go basis, a municipal bond rate of 3.54% was used to determine the total pension liability for the program. The Bond Buyer General Obligation Bond 20-Bond Municipal Bond Index was used as the applicable municipal bond index.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 1 - Florida Retirement System, Continued

Sensitivity Analysis

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

| | FRS | | |
|-------------------------------------------------------------|------------------------|--------------------------|------------------------|
| | Current | | |
| | 1% Decrease (5.70%) | Discount Rate (6.70%) | 1% Increase (7.70%) |
| District's proportionate share of the net pension liability | \$ 222,548 | \$ 128,683 | \$ 50,200 |

| | HIS | | |
|-------------------------------------------------------------|------------------------|--------------------------|------------------------|
| | Current | | |
| | 1% Decrease (2.54%) | Discount Rate (3.54%) | 1% Increase (4.54%) |
| District's proportionate share of the net pension liability | \$ 56,364 | \$ 49,266 | \$ 43,392 |

Pension Plans' Fiduciary Net Position

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

Defined Contribution Plan

Pursuant to Chapter 121, Florida Statutes, the Florida Legislature created the Florida Retirement Investment Plan ("FRS Investment Plan"), a defined contribution pension plan qualified under Section 401(a) of the Internal Revenue Code. The FRS Investment Plan is an alternative available to members of the Florida Retirement System in lieu of the defined benefit plan. There is a uniform contribution rate covering both the defined benefit and defined contribution plans, depending on membership class. There were no FRS Investment Plan contributions for the fiscal year ended September 30, 2022.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund

The District maintains a single employer, defined benefit pension plan (Englewood Area Fire Control District Firefighters' Pension Trust Fund, the "Plan") which covers all full-time firefighters of the District. Participation in the Plan is required as a condition of employment. Originally established by District Resolution in 1995, and amended through 2017, the Plan provides for pension, death and disability benefits. The Plan is subject to provisions of Chapter 175 of the State of Florida Statutes.

The Plan, in accordance with the above statute, is governed by a five member pension board. Two firefighters who are elected by a majority of the members of the Plan, two are legal residents of the District and are appointed by the District and a fifth member elected by the other four members constitute the pension board. The District and the Plan participants are obligated to fund all Plan costs based upon actuarial valuations. The District is authorized to establish benefit levels and the Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Plan membership as of October 1, 2021:

| | |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| Inactive Plan Members or Beneficiaries Currently Receiving Benefit | 28 |
| Inactive Plan Members Entitled to But Not Yet Receiving Benefit | 1 |
| Active plan members | 50 |
| Total Plan Members | <hr style="border: 0.5px solid black;"/> <hr style="border: 0.5px solid black;"/> 79 |

Basis of Accounting

The Plan follows the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Asset Valuation

Investments in common stock and bonds traded on a national securities exchange are valued at the last reported sales price on the last business day of the year; securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are valued at the mean between the past reported bid and asked prices; investments in securities not having an established market value are valued at fair value as determined by the Board of Trustees. The fair value of an investment is the amount that the Plan could reasonably expect to receive for it in a current sale between a willing buyer and a willing seller, other than in a forced or liquidation sale. Purchases and sales of investments are recorded on a trade date basis.

Investment income is recognized on the accrual basis as earned. Unrealized appreciation in fair value of investments includes the difference between cost and fair value of investments held. The net realized and unrealized investment appreciation or depreciation for the year is reflected in the Statement of Changes in Plan Net Position.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund, Continued

Benefits Provided

The Plan provides retirement, termination, disability, and death benefits.

Accrued Benefit

The sum of the following:

- a) 3.50% of average final compensation (using the highest two-year average of pensionable earnings prior to January 6, 2012) for each year of credited service prior to January 6, 2012, plus
- b) 3.25% of average final compensation (using the highest five-year average of pensionable earnings earned after January 5, 2012) for each year of credited service earned after January 5, 2012.
- c) Members hired after September 30, 2017 accrue benefits at 3.00% for each year of credit service, subject to an 80% of average final compensation maximum, but not less than 2.75% for each year of credited service.

Normal Retirement

Date: Earlier of age 55 and 10 years of credited service, or 20 years (25 years for members hired after September 30, 2017) of credited service, regardless of age.

Form of Benefit: Ten Year Certain and Life Annuity (options available).

Early Retirement

Eligibility: Age 50 with 10 years of credited service.

Benefit: Accrued Benefit, reduced 3% per year.

Cost of Living Adjustment

Each October 1, after one full year of retirement, normal and early retirees receive a 1.7% (1.0% for members hired after September 30, 2017) increase in their monthly benefit.

Vesting

Schedule: 100% after 10 years of credited service.

Benefit: Member will receive the vested portion of his (her) accrued benefit payable at the otherwise normal retirement date.

Disability

Eligibility: Service Incurred: Covered from date of employment. *Non-Service Incurred:* 10 years of credited service.

Benefit: Benefit accrued to date of disability but not less than 42% of average final compensation (service incurred).

Duration: Payable for life with 120 payments guaranteed or until recovery (as determined by the Board).

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund, Continued

Benefits Provided, Continued

Pre-Retirement Death Benefits

Vested: Monthly accrued benefit payable to designated beneficiary for 10 years.

Non-Vested: Refund of accumulated contributions without interest.

Post-Retirement Death Benefits

Benefits payable to beneficiary in accordance with option selected at retirement.

Contributions

District Contributions

Remaining amount necessary to pay current costs and amortize past service cost, if any, over a period of up to 30 years. Minimum contribution by District is 16.6% of total salary of the members.

Member Contributions

Effective October 1, 2019, the member contribution rate is 10.0%.

Investment Policy:

The following was the Board's adopted asset allocation policy as of September 30, 2022:

| Asset Class | Target Allocation |
|---------------------------|-------------------|
| Domestic Equity | 55.0% |
| International Equity | 10.0% |
| Broad Market Fixed Income | 10.0% |
| Global Bond | 5.0% |
| Real Estate | 15.0% |
| GTAA | 5.0% |
| | 100% |

Concentration:

The Plan did not hold investments in any one organization that represent 5 percent or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2022, the annual money-weighted rate of return on Pension Plan investments, net Pension Plan investment expense, was (14.52) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund, Continued

Deferred Retirement Option Program (DROP)

Eligibility: Satisfaction of normal retirement requirements.

Participation: Not to exceed 60 months, but may not participate beyond the date the Member has been employed as a firefighter for the District for 30 years.

Rate of Return: Member can elect either a) an effective annual rate of 2.65%, or b) actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited for each fiscal quarter.

The DROP balance as of September 30, 2022 was \$1,225,830.

Net Pension Liability

The measurement date is September 30, 2021. The measurement period for the pension expense was October 1, 2020 to September 30, 2021. The reporting period is October 1, 2021 to September 30, 2022. The District's net pension liability was measured as of September 30, 2021. The total pension liability used to calculate the net pension liability was determined as of that date.

The components of the Net Pension Liability of the District on September 30, 2022 were as follows:

| | |
|---------------------------------------------------------------------------|---------------------|
| Total Pension Liability | \$ 46,412,574 |
| Plan Fiduciary Net Pension | <u>(40,576,888)</u> |
| District's Net Pension Liability | <u>\$ 5,835,686</u> |
| Plan Fiduciary Net Position as a percentage of Total Pension Liability | 87.43% |

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2021 updated to September 30, 2022 using the following actuarial assumptions:

| | |
|-----------------------------|---------------|
| • Inflation | 2.50% |
| • Salary increases | Service Based |
| • Discount rate | 7.30% |
| • Investment rate of return | 7.30% |

Mortality Rate Healthy Active Lives:

- Female: PubS.H-2010 (below median) for employees, set forward one year.
- Male: PubS.H-2010 (below median) for employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

- Female: PubS.H-2010 (above median) for healthy retirees, set forward one year.
- Male: PubS.H-2010 (above median) for healthy retirees, set forward one year.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund, Continued

Actuarial Assumptions, Continued

Mortality Rate Beneficiary Lives:

- Female: PubS.H-2010 (above median) for healthy retirees.
- Male: PubS.H-2010 (above median) for healthy retirees.

Mortality Rate Disabled Lives:

- 80% PubG.H-2010 for disabled retirees / 20% PubS.H-2010 for disabled retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

The most recent actuarial experience study used to review the other significant assumptions was dated September 9, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. For 2022, the inflation rate assumption of the investment rate advisor was 2.50%. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|-------------------|----------------------------------------|
| Domestic Equity | 55% | 7.50% |
| International Equity | 10% | 8.50% |
| Broad Market Fixed Income | 10% | 2.50% |
| Global Bond | 5% | 3.50% |
| Real Estate | 15% | 4.50% |
| GTAA | 5% | 3.50% |
| | <u>100%</u> | |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund, Continued

Discount Rate:

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Changes in Net Pension Liability

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|-------------------------------------------------------|------------------------------------|----------------------------------------|----------------------------------|
| Balance at September 30, 2021 | \$ 40,963,410 | \$ 37,022,606 | \$ 3,940,804 |
| Changes during the year: | | | |
| Service cost | 1,039,531 | - | 1,039,531 |
| Interest | 3,033,671 | - | 3,033,671 |
| Differences between expected and actual experience | (161,538) | - | (161,538) |
| Changes of assumptions | - | - | - |
| Changes of benefit terms | - | - | - |
| Contributions - employer | - | 1,779,000 | (1,779,000) |
| Contributions - state | - | 395,820 | (395,820) |
| Contributions - employees | - | 375,396 | (375,396) |
| Net investment income | - | 8,445,268 | (8,445,268) |
| Benefit payments | (1,457,000) | (1,457,000) | - |
| Administrative expenses | - | (36,299) | 36,299 |
| Net changes | <u>2,454,664</u> | <u>9,502,185</u> | <u>(7,047,521)</u> |
| Balance at September 30, 2022 | <u>\$ 43,418,074</u> | <u>\$ 46,524,791</u> | <u>\$ (3,106,717)</u> |

Sensitivity of the District's Proportionate Share of Net Pension Liability

The following presents the District's net pension liability calculated using the discount rate of 7.30%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower and 1 percentage point higher than the current rate:

| | <u>1% Decrease (6.30%)</u> | <u>Current Rate (7.30%)</u> | <u>1% Increase (8.30%)</u> |
|----------------------------------|------------------------------------|-------------------------------------|------------------------------------|
| District's net pension liability | <u>\$ 2,407,739</u> | <u>\$ (3,106,717)</u> | <u>\$ (7,640,274)</u> |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Plan 2 - Firefighters' Pension Trust Fund, Continued

Deferred Inflows and Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the District will recognize a pension expense (benefit) of (\$2,664,822). The District reported deferred inflows and outflows of resources related to pensions from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|----------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ (764,747) |
| Change of assumptions | 881,767 | (36,940) |
| Net difference between projected and actual earnings on pension plan investments | - | (4,483,612) |
| Employer and State Contributions subsequent to the measurement date | 2,180,996 | - |
| Total | <u>\$ 3,062,763</u> | <u>\$ (5,285,299)</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension for this Plan will be recognized in pension expense as follows:

| Year Ending September 30, | Amount |
|------------------------------|----------------|
| 2023 | \$ (1,185,679) |
| 2024 | (881,702) |
| 2025 | (1,335,187) |
| 2026 | (1,060,244) |
| 2027 | 59,280 |
| Thereafter | - |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

Note I - RETIREMENT PLANS, CONTINUED

Combined totals of pension expense, net pension liability, deferred outflows of resources and deferred inflows of resources pertain to pensions for the District as a whole are as follows:

| <u>Pension Expense (Benefit)</u> | <u>Amount</u> |
|----------------------------------|-----------------------|
| Firefighters' | \$ (2,664,822) |
| General employees' (FRS) | 7,249 |
| General employees' (HIS) | 742 |
| Total Pension Expense (Benefit) | <u>\$ (2,656,831)</u> |

| <u>Net Pension Liability</u> | <u>Amount</u> |
|------------------------------|-----------------------|
| Firefighters' | \$ (3,106,717) |
| General employees' (FRS) | 128,683 |
| General employees' (HIS) | 49,266 |
| Total Net Pension Liability | <u>\$ (2,928,768)</u> |

| <u>Deferred Outflows of Resources</u> | |
|---------------------------------------|---------------------|
| Firefighters' | \$ 3,062,763 |
| General employees' (FRS) | 51,128 |
| General employees' (HIS) | 10,550 |
| Total Deferred Outflows of Resources | <u>\$ 3,124,441</u> |

| <u>Deferred Inflows of Resources</u> | |
|--------------------------------------|---------------------|
| Firefighters' | \$ 5,285,299 |
| General employees' (FRS) | - |
| General employees' (HIS) | 8,266 |
| Total Deferred Inflows of Resources | <u>\$ 5,293,565</u> |

NOTE J - DEFINED CONTRIBUTION COMPONENT FOR FIREFIGHTERS AS PART OF THE DEFINED BENEFIT PLAN

The District provides pension benefits for its firefighters, as a supplement to the benefits provided under the Englewood Are Fire District- Firefighters' Pension Plan defined benefit pension plan, through the Chapter 175 Share Plan. Benefits from this plan depends solely on amounts contributed to the plan, plus investment earnings. Employer contributions to the plan are the proceeds of a tax on certain insurance companies collected by the State of Florida and distributed to qualified special districts, according to the Florida Statutes 175. The plan is administered by the Pension Board.

Chapter 175 Share Plan

Eligibility: Individual share accounts shall be established as of September 30, 2016 for all active members. Members who retired or entered DROP after September 30, 2015, and prior to September 30, 2015, are also entitled to an allocation of share monies.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

NOTE J - DEFINED CONTRIBUTION COMPONENT FOR FIREFIGHTERS AS PART OF THE DEFINED BENEFIT PLAN, CONTINUED

Annual Crediting: In addition to the initial \$166,671 allocation as of September 30, 2016 (based on a mutual consent agreement between the District and Membership), 50% of state monies received by the District in excess of \$396,874 shall be allocated to participant accounts on a pro-rata basis (based on credited service).

Investment Earnings: Net-of-fees plan performance realized for the fiscal year.

Expenses: Administrative expenses associated with share plan are allocated to participant accounts on a pro-rata basis (based on the percentage of each share balance to total plan assets).

NOTE K - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Plan Description

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

Employees Covered by Benefit Terms

At September 30, 2022, the following employees were covered by the benefit terms:

| | |
|---------------------------------------------------------------------|----|
| Inactive plan members of beneficiaries currently receiving benefits | 9 |
| Inactive plan members entitled to but not yet receiving benefits | - |
| Active plan members | 58 |
| | 67 |
| | 67 |

Benefits Provided

The benefits provided are the same as those provided for active employees. Dependents of eligible retirees are also eligible for medical coverage. All employees of the District are eligible to receive postemployment health care benefits. All retiree and dependent coverage is at the expense of the retiree. Medicare is assumed to become primary upon attainment of age 65.

Previously, the Plan did not allow for spouses of eligible retirees to be covered under the Plan. Effective in 2020, the Plan was amended to allow for spouse coverage. This change is reflected in the valuation as of September 30, 2020.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022**

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

Total OPEB Liability

The measurement date is September 30, 2022. The measurement period for the OPEB expense was October 1, 2021 to September 30, 2022. The reporting period is October 1, 2021 through September 30, 2022. The District's Total OPEB Liability was measured as of September 30, 2022.

Actuarial Assumptions:

The Total OPEB Liability was determined by an actuarial valuation as of September 30, 2022 using the following actuarial assumptions:

| | |
|---------------------|-------|
| Inflation | 2.50% |
| Salary Increases | 2.50% |
| Discount Rate | 4.77% |
| Initial Trend Rate | 7.25% |
| Ultimate Trend Rate | 4.00% |
| Year to Ultimate | 52 |

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

Discount Rate:

Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the measurement date of the of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

OPEB Expense:

For the year ended September 30, 2022, the District will recognize OPEB expense/(revenue) of \$(102,526).

Changes in Total OPEB Liability

| | Increases/ (Decrease) in Total OPEB Liability |
|----------------------------------------------------|--------------------------------------------------|
| Reporting period ending September 30, 2021 | \$ 1,181,892 |
| Service Cost | 31,938 |
| Interest | 28,884 |
| Differences Between Expected and Actual Experience | 309,696 |
| Changes of Assumptions | (476,244) |
| Benefit Payments | (50,707) |
| Net Changes | (156,433) |
| Reporting period ending September 30, 2022 | \$ 1,025,459 |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2022

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

Changes of assumptions reflect a change in the discount rate from 2.43% for the fiscal year ending September 30, 2021 to 4.77% for the fiscal year ending September 30, 2022. Also reflected as assumption changes are updated health care costs and premiums, and updated health care cost trend rates.

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

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

| | 1% Decrease 3.77% | Current Discount Rate 4.77% | 1% Increase 5.77% |
|----------------------|----------------------|--------------------------------------|----------------------|
| Total OPEB Liability | \$ 1,147,706 | \$ 1,025,459 | \$ 921,998 |

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

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

| | 1% Decrease 3.00-6.25% | Healthcare Cost Trend Rates 4.00-7.25% | 1% Increase 5.00-8.25% |
|----------------------|---------------------------|-------------------------------------------------|---------------------------|
| Total OPEB Liability | \$ 925,036 | \$ 1,025,459 | \$ 1,143,009 |

NOTE L - SUBSEQUENT EVENTS

Pursuant to the provisions set forth in GASB Statement No. 56, "Subsequent Events", management has considered subsequent events through April 26, 2023, which is the date that the financial statements were available to be issued and determined that there were no events to report.

REQUIRED SUPPLEMENTARY
INFORMATION

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Fiscal Year Ended September 30, 2022

| | Budgets | | Actual | Variance with |
|--------------------------------------|------------------|------------------|------------------|----------------|
| | Original | Final | | Final Budget - |
| | | | | Favorable |
| REVENUES | | | | (Unfavorable) |
| Assessments | \$ 8,934,858 | \$ 8,934,858 | \$ 9,128,876 | \$ 194,018 |
| Intergovernmental | | | | |
| Firefighter supplemental | 18,720 | 18,720 | 17,169 | (1,551) |
| Charges for services | 10,000 | 10,000 | 21,000 | 11,000 |
| Interest income | 10,000 | 10,000 | 19,984 | 9,984 |
| Rental income | 103,400 | 103,400 | 118,535 | 15,135 |
| Miscellaneous | - | - | 5,410 | 5,410 |
| TOTAL REVENUES | 9,076,978 | 9,076,978 | 9,310,975 | 233,996 |
| EXPENDITURES | | | | |
| Current | | | | |
| Public Safety | | | | |
| Personnel Services: | | | | |
| Executive salaries | 254,000 | 254,000 | 253,999 | - |
| Regular salaries | 4,218,213 | 4,218,213 | 4,168,711 | 49,502 |
| Overtime | 175,000 | 175,000 | 219,175 | (44,175) |
| Special pay | 63,720 | 63,720 | 63,643 | 77 |
| Compensated annual leave | 10,000 | 10,000 | - | 10,000 |
| Compensated sick leave | 125,000 | 125,000 | 103,080 | 21,920 |
| FICA taxes | 87,000 | 87,000 | 78,812 | 8,188 |
| Retirement contributions | 1,941,000 | 1,941,000 | 1,786,245 | 154,755 |
| Life & health insurance | 488,500 | 488,500 | 484,289 | 4,211 |
| Workers' compensation | 247,000 | 247,000 | 119,688 | 127,312 |
| Total personnel services | 7,609,433 | 7,609,433 | 7,277,642 | 331,790 |
| Operating Expenditures: | | | | |
| Professional services | 80,000 | 80,000 | 62,422 | 17,578 |
| Accounting and auditing | 16,000 | 16,000 | 38,702 | (22,702) |
| Court reporter services | 600 | 600 | 297 | 303 |
| Travel and per diem | 10,000 | 10,000 | 5,581 | 4,419 |
| Communication services | 81,100 | 81,100 | 79,727 | 1,373 |
| Freight and postage services | 3,900 | 3,900 | 2,394 | 1,506 |
| Utility services | 56,000 | 56,000 | 53,445 | 2,555 |
| Rental and leases | 13,500 | 13,500 | 16,345 | (2,845) |
| District insurance | 78,000 | 78,000 | 71,313 | 6,687 |
| Repairs and maintenance services | 174,000 | 174,000 | 132,443 | 41,557 |
| Printing and reproduction | 1,000 | 1,000 | 226 | 774 |
| Advertising and public relations | 3,000 | 3,000 | 964 | 2,036 |
| Other current charges | 170,200 | 170,200 | 161,638 | 8,562 |
| Office supplies | 10,000 | 10,000 | 5,342 | 4,658 |
| Operating supplies | 175,000 | 175,000 | 170,606 | 4,394 |
| Books, publications, and memberships | 14,000 | 14,000 | 7,526 | 6,474 |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND, CONTINUED
For the Fiscal Year Ended September 30, 2022

| | Budgets | | Actual | Variance with Final Budget - Favorable (Unfavorable) |
|---------------------------------------------------------|------------|------------|--------------|---------------------------------------------------------------|
| | Original | Final | | |
| EXPENDITURES, CONTINUED | | | | |
| Current, continued | | | | |
| Public Safety, continued | | | | |
| Operating Expenditures, continued: | | | | |
| Training and educational | 49,668 | 49,668 | 24,085 | 25,583 |
| Ambulance and rescue services | 25,000 | 25,000 | 11,460 | 13,540 |
| Total operating expenditures | 960,968 | 960,968 | 844,515 | 116,452 |
| Capital outlay | 20,000 | 20,000 | 60,942 | (40,942) |
| Debt service | 381,577 | 381,577 | 380,659 | 918 |
| TOTAL EXPENDITURES | 8,590,401 | 8,590,401 | 8,563,758 | 407,300 |
| | | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | 486,577 | 486,577 | 747,217 | (173,304) |
| | | | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | - | - | 8,500 | 8,500 |
| Hurricane expenses | (5,000) | (5,000) | (7,797) | (2,797) |
| Transfer from other funds | - | - | 1,829 | 1,829 |
| Transfer to reserves | (100,000) | (100,000) | (100,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | (105,000) | (105,000) | (97,468) | 7,532 |
| | | | | |
| NET CHANGE IN FUND BALANCE | \$ 381,577 | \$ 381,577 | 649,749 | \$ (165,772) |
| | | | | |
| GAAP Reconciliation | | | | |
| Other financing sources (uses) | | | | |
| Transfer to reserves | | | 100,000 | |
| Net change in fund balance | | | 749,749 | |
| | | | | |
| FUND BALANCE, October 1, 2021 | | | 3,364,378 | |
| | | | | |
| FUND BALANCE, September 30, 2022 | | | \$ 4,114,127 | |

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF INVESTMENTS- FIREFIGHTERS' PLAN
Last Nine Fiscal Years**

| <u>Fiscal Year Ended</u> | <u>Annual Money Weighted Rate of Return Net of Investment Expense</u> |
|--------------------------|-------------------------------------------------------------------------------|
| 9/30/2022 | -14.52% |
| 9/30/2021 | 22.90% |
| 9/30/2020 | 11.01% |
| 9/30/2019 | -0.71% |
| 9/30/2018 | 12.99% |
| 9/30/2017 | 14.23% |
| 9/30/2016 | 9.25% |
| 9/30/2015 | -0.13% |
| 9/30/2014 | 11.24% |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
FIREFIGHTERS' PLAN
Last Eight Fiscal Years

| Reporting period ending | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 |
|----------------------------------------------------------------------------|-----------------------|----------------------|----------------------|----------------------|
| Measurement date | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
| Total Pension Liability: | | | | |
| Service Cost | \$ 1,039,531 | \$ 1,058,772 | \$ 999,561 | \$ 982,723 |
| Interest | 3,033,671 | 2,812,182 | 2,674,461 | 2,599,311 |
| Change in excess state money | - | - | - | 24,522 |
| Share plan allocation | - | - | - | - |
| Changes of benefit terms | - | - | (3,694) | - |
| Difference between expected and actual experience | (161,538) | (328,369) | (98,750) | (529,451) |
| Changes in assumptions | - | 931,794 | 221,455 | 209,205 |
| Benefit payments, including refunds of employee contributions | (1,457,000) | (1,426,341) | (2,046,307) | (2,000,992) |
| Net change in total pension liability | 2,454,664 | 3,048,038 | 1,746,726 | 1,285,318 |
| Total pension liability - beginning | 40,963,410 | 37,915,372 | 36,168,646 | 34,883,328 |
| Total pension liability - ending (a) | <u>\$ 43,418,074</u> | <u>\$ 40,963,410</u> | <u>\$ 37,915,372</u> | <u>\$ 36,168,646</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - employer | 1,779,000 | 1,656,127 | 1,772,772 | 1,325,142 |
| Contributions - state | 395,820 | 378,934 | 371,666 | 376,216 |
| Contributions - employee | 375,396 | 337,985 | 297,230 | 260,018 |
| Net investment income | 8,445,268 | 3,571,313 | (228,130) | 3,666,038 |
| Benefit payments, including refunds of employee contributions | (1,457,000) | (1,426,341) | (2,046,307) | (2,000,992) |
| Administrative expenses | (36,299) | (39,990) | (46,214) | (60,227) |
| Net change in plan fiduciary net position | 9,502,185 | 4,478,028 | 121,017 | 3,566,195 |
| Plan fiduciary net position - beginning | 37,022,606 | 32,544,578 | 32,423,561 | 28,857,366 |
| Plan fiduciary net position - ending (b) | <u>\$ 46,524,791</u> | <u>\$ 37,022,606</u> | <u>\$ 32,544,578</u> | <u>\$ 32,423,561</u> |
| Net Pension Liability - Ending (a)-(b) | <u>\$ (3,106,717)</u> | <u>\$ 3,940,804</u> | <u>\$ 5,370,794</u> | <u>\$ 3,745,085</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 107.16% | 90.38% | 85.83% | 89.65% |
| Covered employee payroll | \$ 3,754,348 | \$ 3,379,850 | \$ 3,262,375 | \$ 3,235,813 |
| Net pension liability as a percentage of covered employee payroll | -82.75% | 116.60% | 164.63% | 115.74% |

ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS -
FIREFIGHTERS' PLAN, CONTINUED
Last Eight Fiscal Years

| Reporting period ending | 9/30/2018 | 9/30/2017 | 9/30/2016 | 9/30/2015 |
|----------------------------------------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date | 9/30/2017 | 9/30/2016 | 9/30/2015 | 9/30/2014 |
| Total Pension Liability: | | | | |
| Service Cost | \$ 924,574 | \$ 812,539 | \$ 830,190 | \$ 907,603 |
| Interest | 2,527,569 | 2,360,906 | 2,206,787 | 2,048,033 |
| Change in excess state money | (357,863) | 54,059 | 91,911 | 37,771 |
| Share plan allocation | 178,931 | - | - | - |
| Changes of benefit terms | 2,287 | - | - | - |
| Difference between expected and actual experience | (392,858) | (631,754) | (117,198) | - |
| Changes in assumptions | (129,288) | 933,482 | - | - |
| Benefit payments, including refunds of employee contributions | (1,954,853) | (779,795) | (914,610) | (608,388) |
| Net change in total pension liability | 798,499 | 2,749,437 | 2,097,080 | 2,385,019 |
| Total pension liability - beginning | 34,084,829 | 31,335,392 | 29,238,312 | 26,853,293 |
| Total pension liability - ending (a) | <u>\$ 34,883,328</u> | <u>\$ 34,084,829</u> | <u>\$ 31,335,392</u> | <u>\$ 29,238,312</u> |
| Plan Fiduciary Net Position: | | | | |
| Contributions - employer | 1,439,455 | 1,315,488 | 1,098,040 | 1,022,327 |
| Contributions - state | 421,396 | 450,934 | 488,785 | 434,646 |
| Contributions - employee | 229,766 | 214,858 | 204,823 | 215,077 |
| Net investment income | 3,510,405 | 2,043,545 | (27,879) | 2,051,288 |
| Benefit payments, including refunds of employee contributions | (1,954,853) | (779,795) | (914,610) | (608,388) |
| Administrative expenses | (47,741) | (40,861) | (51,582) | (30,621) |
| Net change in plan fiduciary net position | 3,598,428 | 3,204,169 | 797,577 | 3,084,329 |
| Plan fiduciary net position - beginning | 25,258,938 | 22,054,769 | 21,257,192 | 18,172,863 |
| Plan fiduciary net position - ending (b) | <u>\$ 28,857,366</u> | <u>\$ 25,258,938</u> | <u>\$ 22,054,769</u> | <u>\$ 21,257,192</u> |
| Net Pension Liability - Ending (a)-(b) | <u>\$ 6,025,962</u> | <u>\$ 8,825,891</u> | <u>\$ 9,280,623</u> | <u>\$ 7,981,120</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 82.73% | 74.11% | 70.38% | 72.70% |
| Covered employee payroll | \$ 3,283,434 | \$ 3,068,303 | \$ 3,689,554 | \$ 3,072,530 |
| Net pension liability as a percentage of covered employee payroll | 183.53% | 287.65% | 251.54% | 259.76% |

The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND
RELATED RATIOS - FIREFIGHTERS' PLAN, CONTINUED
Last Eight Fiscal Years**

Notes to Schedule of Changes in Net Pension Liability and Related Ratios - Firefighters' Plan

Changes of Benefit Terms:

For measurement date 9/30/2019, amounts reported as changes in benefit terms resulted from the provisions of Chapter 112.1816, Florida Statutes. The Statutes state that, effective July 1, 2019, a death or disability (under the Plan's definition of total and permanent disability) for a Firefighter due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer will be treated as duty-related.

For measurement date 9/30/2017, amounts reported as changes in benefit terms resulted from:

- For Members hired prior to October 1, 2017, an increase in the member contribution rate, to be phased in through October 1, 2019.
- A change in the normal retirement date, benefit accrual rate, maximum benefit percentage, cost-of-living adjustment, and member contribution rate for members hired after September 30, 2017.

Changes of Assumptions:

For measurement date 9/30/2022, as a result of an experience study dated September 9, 2022, the Board of Trustees has implemented the following changes:

- Investment Rate - Reduced from 7.35% to 7.30% per year, net of investment related expenses
- Salary Increases - Reduced rates prior to completion of 5 years of service
- Normal Retirement Rates - Reduced rates resulting in a later assumed retirement age
- Withdrawal Rates - Increased rates overall prior to completion of 8 years of service

For measurement date 9/30/2020, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

For measurement date 9/30/2019, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.40% to 7.35%

For measurement date 9/30/2018, amounts reported as changes of assumptions resulted from lowering the investment rate of return from 7.45% to 7.40%

For measurement date 9/30/2017, as a result of the Experience Study dated September 22, 2017, the Board has adopted changes to the following assumptions in conjunction with the 10/01/2017 valuation of the Plan:

- | | |
|---------------------|-------------------------------------|
| • Payroll growth | • Mortality rates |
| • Salary increase | • Normal and early retirement rates |
| • Investment return | • Withdrawal rates |

For measurement date 09/30/2016, as a result of Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the assumptions used by the Florida Retirement System for special risk employees. The inflation assumption rate was lowered from 3.00% to 2.50%, matching the long-term inflation assumption utilized by the Plan's investment consultant.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS' PLAN
Last Nine Fiscal Years**

| Fiscal Year Ended | Actuarially Determined Contribution | Contributions in relation to the Actuarially Determined Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a percentage of Covered Payroll |
|-------------------|-------------------------------------------|-----------------------------------------------------------------------------------|----------------------------------------|--------------------|-----------------------------------------------------------|
| 9/30/2022 | \$ 1,506,964 | \$ 2,171,719 | \$ (664,755) | \$ 3,603,199 | 60.27% |
| 9/30/2021 | 1,506,964 | 2,174,820 | (667,856) | 3,754,348 | 57.93% |
| 9/30/2020 | 1,783,970 | 2,035,061 | (251,091) | 3,379,850 | 60.21% |
| 9/30/2019 | 1,980,232 | 2,144,438 | (164,206) | 3,262,375 | 65.73% |
| 9/30/2018 | 1,934,443 | 1,904,006 | 30,437 | 3,235,813 | 58.84% |
| 9/30/2017 | 1,823,234 | 2,015,261 | (192,027) | 3,283,434 | 56.30% |
| 9/30/2016 | 1,671,305 | 1,712,362 | (41,057) | 3,068,303 | 55.81% |
| 9/30/2015 | 1,494,914 | 1,494,914 | - | 3,689,554 | 40.52% |
| 9/30/2014 | 1,419,201 | 1,419,201 | - | 3,072,560 | 46.19% |

The covered payroll numbers shown are in compliance with GASB 82, except for the 9/30/2015 measurement period which includes DROP payroll.

Notes to Schedule

Valuation Date: 10/1/2020

Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine contribution rates for the year September 30, 2022:

Funding Method Entry Age Normal Actuarial Cost Method

Mortality Healthy lives: Female- RP2000 Generational, 100% Combined Healthy White Collar, Scale BB; Male- RP2000 Generational, 10% Combined Healthy White Collar/90% Combined Healthy Blue Collar, Scale BB

Healthy Inactive lives: Female- RP2000 Generational, 100% Annuitant White Collar, Scale BB; Male- RP2000 Generational, 10% Annuitant White Collar/90% Annuitant Blue Collar, Scale BB

Disabled Lives: Female- 60% RP2000 Disabled Female set forward two years/40% Annuitant White Collar with no setback, no projection scale. Male- 60% RP2000 Disabled Male setback four years/40% Annuitant White Collar with no setback, no projection scale

The assumed rates of mortality were mandated by Chapter 2015-157, Laws of the State of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2018 FRS actuarial valuation report for special risk employees. This assumption sufficiently accommodates future mortality improvements.

**ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CONTRIBUTIONS - FIREFIGHTERS' PLAN
Last Nine Fiscal Years**

Notes to Schedule, Continued

Interest Rate 7.35% (prior year 7.40%) per year compounded annually, net of investment-related expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Retirement Age Earlier age 55 and 10 years of service or 20 years (25 years for Members hired after September 30, 2017) of credited service, regardless of age.

Early retirement Commencing with eligibility for Early Retirement Age (Age 50 with 10 years of service), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Cost-of-Living Adjustment Each October 1, after one full year of retirement, Normal and Early Retirees receive a 1.7% (1.0% for Members hired after September 30, 2017) increase in their monthly benefit.

Payroll Growth 0.00% (prior year 0.87% for bases established prior to October 1, 2017) for purposes of amortizing the Unfunded Actuarial Accrued Liability. This assumption cannot exceed the ten-year average payroll growth, in compliance with Part VII of Chapter 112, Florida Statutes.

Asset Smoothing Methodology The actuarial value of assets is brought forward using the historical four-year geometric average of Market Value Returns (net-of-fees). Over time, this may result in an insignificant bias that is above or below the Market Value of Assets.

| Termination rate | % Terminating | |
|-------------------------|----------------------|------------------------|
| | <u>Service</u> | <u>During the Year</u> |
| | <3 | 4.50% |
| | 3 - 4 | 3.00% |
| | 5 - 7 | 2.00% |
| | 8+ | 0.00% |

Disability Rate 90% (previously 75%) of Disability Retirements are assumed to be Line-of-Duty related. This assumption is consistent with rates utilized by other Florida Municipal Defined Benefit Plans for Firefighters.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY- FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN
For the Last Nine Fiscal Years Ended June 30

Amounts presented for each fiscal year were determined as of June 30,

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|-----------|------------|------------|-----------|
| District's proportion of the net pension liability | 0.000346% | 0.000328% | 0.000292% | 0.000264% | 0.000257% | 0.000247% | 0.000277% | 0.000277% | 0.000430% |
| District's proportion share of the net pension liability | \$ 128,683 | \$ 24,754 | \$ 126,675 | \$ 91,062 | \$ 77,438 | \$ 72,928 | \$ 57,516 | \$ 35,832 | \$ 26,223 |
| District's covered - employee payroll | \$ 160,281 | \$ 151,353 | \$ 143,845 | \$ 110,661 | \$ 102,900 | \$ 95,562 | \$ 123,172 | \$ 110,469 | \$ 95,848 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 80.29% | 16.36% | 88.06% | 82.29% | 75.26% | 76.31% | 46.70% | 32.44% | 27.36% |
| 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% | 96.09% |

Note: Data was unavailable prior to 2014.

SCHEDULE OF DISTRICT CONTRIBUTIONS - FLORIDA RETIREMENT SYSTEM (FRS) PENSION PLAN
For the Last Nine Fiscal Years Ended September 30

Amounts presented for each fiscal year were determined as of September 30,

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------------------------------------------|-----------|-----------|-----------|----------|----------|----------|----------|----------|----------|
| Contractually required contribution | \$ 15,399 | \$ 13,504 | \$ 10,025 | \$ 8,009 | \$ 6,643 | \$ 5,771 | \$ 5,555 | \$ 6,764 | \$ 9,414 |
| Contributions in relation to the contractually required contribution | (15,399) | (13,504) | (10,025) | (8,009) | (6,643) | (5,771) | (5,555) | (6,764) | (9,414) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | 175,382 | 157,960 | 141,101 | 121,354 | 102,391 | 97,703 | 123,172 | 110,469 | 95,848 |
| Contributions as a percentage of covered-employee payroll | 8.78% | 8.55% | 7.10% | 6.60% | 6.49% | 5.91% | 4.51% | 6.12% | 9.82% |

Note: Data was unavailable prior to 2014.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
For the Last Nine Fiscal Years Ended June 30

Amounts presented for each fiscal year were determined as of June 30,

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|
| District's proportion of the net pension liability | 0.000465% | 0.000436% | 0.000414% | 0.000422% | 0.000422% | 0.000409% | 0.000383% | 0.000388% | 0.000450% |
| District's proportion share of the net pension liability | \$ 49,266 | \$ 53,510 | \$ 50,605 | \$ 46,938 | \$ 44,636 | \$ 43,732 | \$ 44,674 | \$ 39,540 | \$ 42,053 |
| District's covered - employee payroll | \$ 169,511 | \$ 154,430 | \$ 143,845 | \$ 140,301 | \$ 137,740 | \$ 130,359 | \$ 123,172 | \$ 110,469 | \$ 95,848 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 29.06% | 34.65% | 35.18% | 33.46% | 32.41% | 33.55% | 36.27% | 35.79% | 43.87% |
| Plan fiduciary net position as a percentage of the total pension liability | 4.81% | 3.56% | 3.00% | 2.63% | 2.15% | 1.64% | 0.97% | 0.50% | 0.99% |

Note: Data was unavailable prior to 2014.

SCHEDULE OF DISTRICT CONTRIBUTIONS - HEALTH INSURANCE SUBSIDY (HIS) PENSION PLAN
For the Last Nine Fiscal Years Ended September 30

Amounts presented for each fiscal year were determined as of September 30,

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----------------------------------------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Contractually required contribution | \$ 2,911 | \$ 2,826 | \$ 2,342 | \$ 2,309 | \$ 2,278 | \$ 2,200 | \$ 1,965 | \$ 1,482 | \$ 1,541 |
| Contributions in relation to the contractually required contribution | (2,911) | (2,826) | (2,342) | (2,309) | (2,278) | (2,200) | (1,965) | (1,482) | (1,541) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's covered-employee payroll | 175,382 | 170,267 | 141,101 | 139,058 | 137,231 | 132,434 | 123,172 | 110,469 | 95,848 |
| Contributions as a percentage of covered-employee payroll | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.66% | 1.60% | 1.34% | 1.61% |

Note: Data was unavailable prior to 2014.

ENGLEWOOD AREA FIRE CONTROL DISTRICT
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Last Five Fiscal Years Ended September 30

| Reporting Period Ending Measurement Date | 9/30/2022 | 9/30/2021 | 9/30/2020 | 9/30/2019 | 9/30/2018 |
|-------------------------------------------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------|--------------------------|
| Total OPEB Liability | | | | | |
| Service Cost | \$ 31,938 | \$ 33,059 | \$ 25,035 | \$ 21,601 | \$ 23,532 |
| Interest | 28,884 | 26,207 | 32,778 | 34,640 | 31,638 |
| Difference between Expected and Actual Experience | 309,696 | - | 107,039 | - | - |
| Changes of Benefit Terms | - | - | 151,478 | - | - |
| Changes of Assumptions | (476,244) | (45,118) | 28,271 | 65,441 | (58,200) |
| Benefit Payments | <u>(50,707)</u> | <u>(47,390)</u> | <u>(39,689)</u> | <u>(36,749)</u> | <u>(33,870)</u> |
| Net Change in Total OPEB Liability | (156,433) | (33,242) | 304,912 | 84,933 | (36,900) |
| Total OPEB Liability - Beginning | <u>1,181,892</u> | <u>1,215,134</u> | <u>910,222</u> | <u>825,289</u> | <u>862,189</u> |
| Total OPEB Liability - Ending | <u><u>\$ 1,025,459</u></u> | <u><u>\$ 1,181,892</u></u> | <u><u>\$ 1,215,134</u></u> | <u><u>\$ 910,222</u></u> | <u><u>\$ 825,289</u></u> |
| Covered Employee Payroll | \$ 4,495,878 | \$ 3,886,844 | \$ 3,792,043 | 3731033 | 3640333 |
| Total OPEB Liability as a percentage of Covered Employee Payroll | 22.81% | 30.41% | 32.04% | 24.40% | 22.67% |

Notes to Schedule:

Changes of Benefit Terms:

Changes of Benefit Terms in 2020 show the impact of a change to the retiree medical benefits that are available. Previously, the Plan did not allow for spouses of eligible retirees to be covered under the Plan. Effective in 2020, the Plan was amended to allow for spouse coverage. Of retirees assumed to elect medical coverage in the future, 15% are also assumed to elect spouse coverage.

Changes of Assumptions

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

| | |
|----------------------------------------|-------|
| Fiscal Year Ending September 30, 2022: | 4.77% |
| Fiscal Year Ending September 30, 2021: | 2.43% |
| Fiscal Year Ending September 30, 2020: | 2.14% |
| Fiscal Year Ending September 30, 2019: | 3.58% |

Also reflected as assumption changes are updated health care costs and premiums, and updated health care cost trend rates for the fiscal year ending on September 30, 2022.

Benefit Payments

The District did not provide actual net benefits paid by the Plan for the fiscal year ending on September 30, 2022. Expected net benefit payments produced by the valuation model for the same period are shown in the table above.

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

Board of Commissioners
Englewood Area Fire Control District
Englewood, FL

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, each major fund, and the aggregate remaining fund information of the Englewood Area 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 April 26, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings (page 77) as item 2022-001-Journal Entries that we consider to be a significant deficiency.

Englewood Area Fire Control District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan (page 78). The District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Compliance and Other Matters

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

Purpose of this Report

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida

April 26, 2023

Independent Auditor's Management Letter

Board of Commissioners
Englewood Area Fire Control District
Englewood, FL

Report on the Financial Statements

We have audited the financial statements of the Englewood Area Fire Control District, (the "District") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated April 26, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated April 26, 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 annual financial audit report. There were no recommendations made in the preceding audit report.

Official Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District discloses this information in the notes to the financial statements.

Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us apply appropriate procedures and communicate the results of our determination as to whether or 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 recommendation 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 219.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Sections 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 fiscal year is 62.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year is 7 from the general fund and 9 from the training facility fund.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$4,778,608 for the fiscal year.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency is \$98,353 from the general fund and \$90,608 from the training facility fund.
- e. The District did not have any construction project with a total cost of at least \$65,000 that is scheduled to begin on or after October 1 of the fiscal year being reported.
- 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 Statute as can be found on pages 61-62.

Special District Component Units, continued

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

- a. The rates of non-ad valorem special assessments imposed by the District as \$202.25 for residential, \$0.20 rate per square foot for non-residential, and \$54.47 per lot for vacant land.
- b. The total amount of assessments collected by or on behalf of the District is \$9,128,876.
- c. The District does not have any outstanding bonds.

Additional Matters

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

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, the Englewood Area Fire Control District and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
April 26, 2023



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

**Report of Independent Accountant on Compliance with
Local Government Investment Policies**

Board of Commissioners
Englewood Area Fire Control District
Englewood, Florida

We have examined the Englewood Area Fire Control District's (the "District") compliance with Section 218.415, Florida Statutes, in regards to investments for the year ended September 30, 2022.

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

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
April 26, 2023

ENGLEWOOD AREA FIRE CONTROL DISTRICT

SCHEDULE OF FINDINGS

September 30, 2022

Finding 2022-001 - Journal Entries (Significant Deficiency)

Condition: District management is responsible for establishing and maintaining internal controls for the proper recording of all journal entries recorded in the general ledger.

Criteria: As part of our audit, we performed procedures and reviewed internal controls over journal entries recorded in the general ledger. Journal entries are an important accounting function as they are not only used to record some types of transactions on a daily basis but they can also be used to correct the original postings and also modify financial reporting.

Cause: Based on our inquiries and procedures, we noted that the Finance Director is preparing and posting all required journal entries in QuickBooks, however these entries were not reviewed or approved by someone other than the preparer when recorded.

Effect: Segregation of duties over preparing and approval of journal entries is essential to prevent errors and unauthorized posting of transactions which could potentially result in fraudulent financial reporting or misappropriation of assets. In order to obtain adequate segregation of duties, journal entries posted to the general ledger should be reviewed and approved by someone other than the person proposing the entry. The review and approval should include a review of the supporting information used to develop the journal entry.

Recommendation: We recommend that the District review its current internal controls and process over journal entries and consider implementing a control whereby each journal entry and its supporting documentation is manually reviewed and approved by someone other than the person who prepared it and who is qualified to perform the review. In addition, we recommend that the process should include producing a report on a monthly basis of all journal entries posted to the general ledger which is then compared to the manually-approved journal entries to ensure that all journal entries that were posted were properly approved and were posted correctly.

ENGLEWOOD AREA FIRE CONTROL DISTRICT

ADMINISTRATION CENTER
516 Paul Morris Drive
Englewood, FL 34223



PHONE: (941) 474-3311
FAX: (941) 473-2600
www.englewood-fire.com

Corrective Action Plan

April 26, 2023

In response to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, the District issues the following response:

Management Response to **Finding 2022-001 - Journal Entries**

With respect to the Audit Adjustments finding, we agree with the findings and we are in the process of reviewing our internal control policies. We plan to use the auditor's recommendations in order to improve our internal control policies.

SIGNED

Fire Chief

TITLE

4/24/23

DATE