

UPPER CAPTIVA FIRE PROTECTION
AND RESCUE SERVICE DISTRICT

September 30, 2022

FINANCIAL STATEMENTS,
TOGETHER WITH REPORTS OF INDEPENDENT AUDITORS

TABLE OF CONTENTS

	<u>Page</u>
Report of the Independent Auditors	1 - 3
Management's Discussion and Analysis	4 - 8
Basic Financial Statements	
Statement of Net Position	9
Statement of Activities	10
Balance Sheet	11
Reconciliation of the Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance	13
Reconciliation of the Statement of Revenues, Expenditures and changes in Fund Balance to the Statement of Net Assets	14
Notes to Basic Financial Statements	15 - 23
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	24 - 25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Assessment Fund	26
Notes to Budgetary Comparison Schedule	27
Independent Auditors Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	28 - 29
Management Letter	30 - 32
Schedule of Current Year Findings	33
Independent Accountant's Examination Report	34
Management's Corrective Action Plan	35



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

Independent Auditor's Report

Honorable Board of Commissioners
Upper Captiva Fire Protection and Rescue Service District
North Captiva Island, Florida

We have audited the accompanying financial statements of the governmental activities of the Upper Captiva Fire Protection and Rescue Service 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with 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, budgetary comparison information, schedules of the District's net proportionate share of net pension liability- pension plan and health insurance subsidy plan, schedules of district contributions- pension plan and health insurance subsidy plan and schedule of changes in the total OPEB liability and related ratios to 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.

Required Supplementary Information, Continued

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Ashley, Brown & Smith, CPAs

Punta Gorda, FL
September 20, 2023

MANAGEMENT'S
DISCUSSION AND ANALYSIS

Upper Captiva Fire Protection and Rescue Service District

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Upper Captiva Fire Protection and Rescue Service District (the "District") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the District's financial activities for the fiscal year ended September 30, 2022. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and notes. We hope this will assist readers in identifying significant financial issues and changes in the District's financial position.

District Highlights

- At the close of fiscal year 2022, the District's assets exceeded its liabilities, resulting in net position of \$1,305,665.
- The District's total net position increased \$111,458, or 9.33 percent, in comparison to prior year.
- The District had \$258,333 of unassigned fund balance that can be used to meet the District's ongoing obligations.
- Total revenues increased \$123,390, or 9.72 percent, in comparison to prior year.
- Total expenses increased \$84,436, or 7.05 percent, in comparison to prior year.

Government-wide Financial Statements

Government-wide financial statements (statement of net position and statement of activities found on pages 9 and 10) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

The *Statement of Net Position* (page 9) presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. The District's capital assets (property, plant, and equipment) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (page 10) presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense recognized when a liability is incurred).

Fund Financial Statements

The District accounts for its services in a *general governmental fund*. A fund is a grouping of related accounts that is being used to maintain control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for the sources, uses, and balances of a government's expendable general government financial resources (and the current liabilities). The main focus is on how money flows into and out of the general fund and the balances left at year-end that are available for spending.

Upper Captiva Fire Protection and Rescue Service District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Fund Financial Statements (continued)

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The *Fund Financial Statements* can be found on pages 11 and 13.

Notes to the Financial Statements

The *notes* to the financial statements explain in detail some of the data contained in the preceding statements and begin on page 15. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

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

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

Upper Captiva Fire Protection and Rescue Service District Summary of Net Position September 30,		
	2022	2021
Assets:		
Current and Other Assets	\$ 627,603	\$ 684,121
Capital Assets	997,102	579,019
Total Assets	1,624,705	1,263,140
Liabilities:		
Current Liabilities	66,175	68,933
Long-Term Liabilities	252,865	-
Total Liabilities	319,040	68,933
Net Position:		
Net Investment in capital assets	744,237	579,017
Restricted for purchase of capital assets	19,563	18,020
Unrestricted	541,865	597,170
Total Net Position	\$ 1,305,665	\$ 1,194,207

Investment in capital assets totaled \$744,236, which represents 57.00 percent of total net position and is comprised of land, building and improvements, and fire and rescue equipment, net of accumulated depreciation.

Upper Captiva Fire Protection and Rescue Service District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

The unrestricted net position balance of \$541,865 represents resources available to meet the District's ongoing obligations. The restricted net position balance of \$19,563 is comprised of impact fee funds received and restricted for the purchase of capital assets.

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

	2022	2021
Revenues:		
General revenues		
Ad valorem taxes	\$ 816,876	\$ 743,891
Proceeds from insurance	14,732	-
Donations	57,892	37,326
Impact fees	1,532	6,131
Gain on disposal of fixed assets	36,615	-
Miscellaneous	4,645	5,145
Program revenues		
Charges for services	455,661	451,070
Operating grants	5,000	26,000
Total Revenues	1,392,953	1,269,563
Expenses:		
Public safety- fire and rescue services		
Personal services	826,074	809,526
Operating expenditures	357,955	315,100
Depreciation	97,466	72,433
Total Program Expenses	1,281,495	1,197,059
Increase in net position	111,458	72,504
Net Position - Beginning	1,194,207	1,121,703
Net Position - Ending	\$ 1,305,665	\$ 1,194,207

Total revenue increased \$123,390 or 9.72 percent in comparison to prior year primarily due to a \$72,985 increase in ad valorem tax revenue, \$14,732 in proceeds from insurance for a repair claim, and a net gain of \$36,615 for the sale of the Contender boat and trailer.

Total expenses increased in comparison to the prior year by \$84,436 or 7.05 percent. This is primarily attributed to a \$16,548 increase in personal services, a \$25,033 increase in depreciation expense, and a net increase of \$42,855 in operating expenses.

Upper Captiva Fire Protection and Rescue Service District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

DRAFT

Budgetary Highlights

The District adopts an annual budget for the General Fund and the Special Assessment Fund as required by Florida Statute. The difference between the final budgeted expenditures and actual expenditures represents a positive variance of \$66,776 or 5% of budgeted expenditures for the General Fund. The difference between the final budgeted expenditures and actual expenditures represents a positive variance of \$10,732 or 2.3% of budgeted expenditures for the Special Assessment Fund.

Capital Assets

Non-depreciable capital assets include land, and construction in progress. Depreciable assets include fire and rescue equipment, building, fire and rescue vehicles, furniture and fixtures, and equipment.

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

Upper Captiva Fire Protection and Rescue Service District		
Capital Assets		
As of September 30,		
CAPITAL ASSETS	2022	2021
Land	\$ 66,096	\$ 66,096
Construction in progress	192,135	-
Total Capital Assets Not Being Depreciated	258,231	66,096
Buildings and improvements	560,916	515,833
Furniture and fixtures	1,433	11,722
Fire and rescue equipment	719,864	553,519
Total Capital Assets Being Depreciated	1,282,213	1,081,074
ACCUMULATED DEPRECIATION		
Buildings and improvements	(303,855)	(285,008)
Furniture and fixtures	(1,433)	(4,933)
Fire and rescue equipment	(238,054)	(278,210)
Total Accumulated Depreciation	(543,342)	(568,151)
Total Capital Assets Being Depreciated, net	738,871	512,923
CAPITAL ASSETS, NET	\$ 997,102	\$ 579,019

Upper Captiva Fire Protection and Rescue Service District
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Continued)

Economic Factors and Next Year's Budget Rates

The following factors were considered when the 2022-2023 budget was prepared:

- Property values on Upper Captiva Island have increased along with the other housing markets in the Southwest Florida area. New construction added \$5,007,778 to tax rolls and market values of existing property increased by 24.21% over the prior tax year.
- The District adopted the millage rate of 3.1000 to be applied to an estimated tax roll of \$303,519,208 which is expected to generate \$910,330 in net ad valorem tax revenue.
- Pursuant to a referendum election held July 8, 2014, the District will continue levying a special assessment on island properties. The additional revenue is estimated to generate net revenue of \$447,400 in fiscal year 2022 which will continue to provide funds to augment firefighter personnel by two positions per shift. By increasing shift personnel, the District anticipates maintaining its favorable ISO rating.
- The District's elected officials and management desire to keep the ad valorem millage rate and non-ad valorem assessments to the minimum necessary to provide safe and efficient fire protection and emergency rescue services. The total District budget for fiscal year 2022-23 is \$1,794,265.

Request for Information

Questions regarding any information provided in this report should be directed to:

Upper Captiva Fire Protection and Rescue Service District
Chief Jesse Cottrell
P.O. Box 322, Pineland, Florida 33945-0327
Phone (239) 872-2263
Email: Info@UpperCaptivaFire.org

**BASIC
FINANCIAL STATEMENTS**

Upper Captiva Fire Protection and Rescue Service District
STATEMENT OF NET POSITION
September 30, 2022

ASSETS

Current assets:

Cash	\$ 602,753
Cash - restricted	19,563
Accounts Receivable	92
Due from other governments	5,195
Total current assets	627,603

Noncurrent assets:

Capital assets:

Land	66,096
Construction in progress	192,135
Buildings and improvements	560,916
Furniture & fixtures	1,433
Fire and rescue equipment	719,864
Less: accumulated depreciation	(543,342)
Total noncurrent assets (net)	997,102

Total assets	1,624,705
--------------	-----------

LIABILITIES

Current liabilities:

Accounts payable	14,675
Contract Payable	50,742
Accrued liabilities	758
Total current liabilities	66,175

Noncurrent liabilities

Notes payable - Due within one year	14,611
Notes payable - Due in more than one year	238,254
Total noncurrent liabilities	252,865

Total liabilities	319,040
-------------------	---------

NET POSITION

Invested in capital assets, net of related debt	744,237
Restricted for purchase of capital assets	19,563
Unrestricted	541,865
Total Net Position	\$ 1,305,665

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

Upper Captiva Fire Protection and Rescue Service District
STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

PROGRAM EXPENSES:

Salaries and benefits	\$ 826,074
Operating	357,955
Depreciation	97,466
Total program expenses	1,281,495

PROGRAM REVENUES:

Fire service special assessment	455,661
Operating grant	5,000
Total program revenues	460,661
Net program (expenses)	(820,834)

GENERAL REVENUES:

Ad valorem taxes	816,876
Impact fees	1,532
Insurance proceeds	14,732
Interest	3,331
Donations	57,892
Gain on disposal of fixed assets	36,615
Miscellaneous	1,314
Total general revenues	932,292
Changes in net position	111,458
NET POSITION, OCTOBER 1, 2021	1,194,207
NET POSITION, SEPTEMBER 30, 2022	\$ 1,305,665

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

Upper Captiva Fire Protection and Rescue Service District
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2022

	Major		Non-major	Total
	General	Special Assessment	Impact Fee	
ASSETS				
Cash	\$ 602,753	\$ -	\$ -	\$ 602,753
Cash - restricted	-	-	19,563	19,563
Accounts Receivables	92	-	-	92
Due from other funds		77,523	-	77,523
Due from other governments	4,930	265	-	5,195
Total Assets	<u>\$ 607,775</u>	<u>\$ 77,788</u>	<u>\$ 19,563</u>	<u>\$ 705,126</u>
 LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 12,409	\$ 2,266	\$ -	\$ 14,675
Contract Payable	50,742	-	-	50,742
Accrued liabilities	758	-	-	758
Due to other funds	77,523	-	-	77,523
Total Liabilities	<u>141,432</u>	<u>2,266</u>	<u>-</u>	<u>143,698</u>
 FUND BALANCE				
Spendable:				
Restricted	-	-	19,563	19,563
Committed	208,010	75,522	-	283,532
Unassigned	258,333	-	-	258,333
Total Fund Balance	<u>466,343</u>	<u>75,522</u>	<u>19,563</u>	<u>561,428</u>
Total Liabilities and Fund Balance	<u>\$ 607,775</u>	<u>\$ 77,788</u>	<u>\$ 19,563</u>	<u>\$ 705,126</u>

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

Upper Captiva Fire Protection and Rescue Service District
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
September 30, 2022

Fund Balance		\$ 561,428
--------------	--	------------

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

Capital assets used in governmental activities are not financial resources and are therefore not reported on the balance sheet.

Cost of assets	1,540,444		
Accumulated depreciation	<u>(543,342)</u>		997,102

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Long-term liabilities at fiscal year-end consist of:

Note payable		<u>(252,865)</u>	
--------------	--	------------------	--

Net Position		<u><u>\$ 1,305,665</u></u>
--------------	--	----------------------------

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

Upper Captiva Fire Protection and Rescue Service District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2022

	Major		Non-major	Total
	General	Special Assessment	Impact Fee	
REVENUES				
Ad valorem taxes	\$ 816,876	\$ -	\$ -	\$ 816,876
Impact fees	-	-	1,532	1,532
Fire service special assessment	-	455,661	-	455,661
Grants	5,000	-	-	5,000
Insurance proceeds	14,732	-	-	14,732
Miscellaneous				
Donations	34,892	-	-	34,892
Interest	3,320	-	11	3,331
Other miscellaneous	2,071	-	-	2,071
Total Revenues	<u>876,891</u>	<u>455,661</u>	<u>1,543</u>	<u>1,334,095</u>
EXPENDITURES				
Current				
Public safety				
Personal service	431,935	394,139	-	826,074
Operating expenditures	302,773	55,182	-	357,955
Capital outlay	500,934	-	-	500,934
Debt service	22,675	-	-	22,675
Total Expenditures	<u>1,258,317</u>	<u>449,321</u>	<u>-</u>	<u>1,707,638</u>
Excess of Revenues Over/(Under)				
Expenditures	(381,426)	6,340	1,543	(373,543)
OTHER FINANCING SOURCES/(USES)				
Proceeds on sale of assets	45,000	-	-	45,000
Proceeds from financing	274,785	-	-	274,785
Total Other Financing Sources/(Uses)	<u>319,785</u>	<u>-</u>	<u>-</u>	<u>319,785</u>
Excess of Revenues and Other Sources				
Over/(Under) Expenditures and				
Other Uses	(61,641)	6,340	1,543	(53,758)
FUND BALANCE, October 1, 2021	<u>527,984</u>	<u>69,182</u>	<u>18,020</u>	<u>615,186</u>
FUND BALANCE, September 30, 2022	<u>\$ 466,343</u>	<u>\$ 75,522</u>	<u>\$ 19,563</u>	<u>\$ 561,428</u>

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

Upper Captiva Fire Protection and Rescue Service District
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
Year Ended September 30, 2022

Net changes in fund balance \$ (53,758)

Amounts reported for governmental activities in the statement of activities are 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. In addition, gains and losses on the disposition of fixed assets are recorded on the statement of activities, however, they are not reported on the statement of revenues expenditures and changes in net position. These amounts are as follows:

Capital outlay	\$ 226,149	
Donation of capital assets	23,000	
Loss on disposition of capital assets	(8,387)	
Less current year depreciation	<u>(97,466)</u>	143,296

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

21,920

Change in net position \$ 111,458

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

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of activities

The Upper Captiva Fire Protection and Rescue Service District (the "District") is an independent special taxing district located on Upper Captiva Island, which is a barrier island off the coast of Southwest Florida not accessible by automobile. The District was originally established in 1990 by a Special Act of the Legislature of the State of Florida (Laws of Florida, Chapter 90-397) and recreated and reenacted by the Legislature of the State of Florida in 2004 (Laws of Florida, Chapter 2004-470).

The business and affairs of the District are governed by an elected Board of Commissioners, which consists of five members and operates under state statutes. The Commissioners serve on a staggered four-year term basis.

The District provides fire control and protection services and rescue services within the District's legal boundaries. In providing these services, the District operates and maintains one (1) station house and their related equipment and employs two (2) full-time professional firefighters as well as forty-six (46) part-time firefighters.

Summary of Significant Accounting Policies

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

Reporting Entity

The Government Accounting Standards Board ("GASB") 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 by GASB, there are no component units required to be included in the District's financial statements.

Government-wide Financial Statements

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

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures.

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide Financial Statements (Continued)

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

Fund Financial Statements

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

Governmental Funds

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

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

Fund Accounting

The accounts of the District are organized and recorded in individual funds. The operations for each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, and expenditures, as appropriate. 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.

Upper Captiva Fire Protection and Rescue Service District
 NOTES TO FINANCIAL STATEMENTS
 SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

The following fund types are used by the District:

General Fund (major)

The General fund is the general operating fund of the District. All financial resources, which are not required to be accounted for in another fund, are recorded in the General fund.

Special Assessments Fund (major)

This special revenues fund is used to account for special assessments that are legally restricted to expenditure for a particular purpose.

Impact Fees Fund (non-major)

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

Major Funds

The District reports the general fund and the special assessments fund as major funds.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$1,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available.

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

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

Asset	Years
Building and Improvements	7-40
Fire and Rescue Equipment	5-25
Furniture and Fixtures	5-7

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming first day of October. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments.
3. The budget is adopted by approval of the Board of Commissioners.
4. Budget transfers can be made throughout the year between expenditure accounts within a fund by approval of the Board of Commissioners.
5. Budget amounts, as shown in these financial statements, are as originally adopted and as finally amended by the Board of Commissioners.
6. The budget for the general fund is adopted on a basis consistent with accounting principles generally accepted in the United States. Budgeted appropriations lapse at year-end.
7. The legal level of control for appropriations is exercised at the fund level. There were no supplemental appropriations during the year ended September 30, 2022.
8. The District did not adopt a budget for the non-major fund, Impact Fees.

Compensated Absences

The District's full-time employees accumulate Paid Time Off (PTO) leave up to a maximum of fifteen (15) days. Accrual of more than fifteen (15) days is not permitted and must be used or forfeited by the fiscal year end. Upon termination of employment, an employee may receive payment of all accumulated PTO up to a maximum of fifteen (15) days. At September 30, 2022, the accrued compensated absences balance is zero.

Impact Fees

The District receives impact fees in accordance with an interlocal agreement with Lee County, Florida. Impact fees collected by Lee County are remitted on a quarterly basis to the District. The District, with prior Lee County approval, may expend amounts collected on qualifying capital expenditures. Funds received that are not expended within six years must be refunded. Because of the eligibility requirements imposed in the agreement, (1) prior approval before expenditure and (2) refund if not expended, the District records receipts of funds as restricted. As of September 30, 2022, \$19,563 of the District's Net Position was restricted for this purpose.

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance

The District follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Accordingly, 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.

Non-Spendable Fund Balance - Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. "Not in spendable form" includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

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

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

Assigned Fund Balance - Includes spendable fund balance amounts established by management of the District that are intended to be used for specific purposes that are neither considered restricted or committed.

Unassigned Fund Balance - Unassigned fund balance is 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, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

Unrestricted Fund Balance - The total of the committed fund balance, assigned fund balance, and unassigned fund balance.

The District's policy is to apply expenditures against restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance in that order under circumstances where a particular expenditure can be made from more than one fund classification.

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Minimum Fund Balance Policy

Compliance with the provisions of this policy shall be reviewed after the annual audit. If prior committed or assigned fund balance causes the unassigned fund balance to fall below 17% of general fund operating expenditures, the District will take the necessary action to restore the unassigned fund balance to 17% of the General Fund operating expenditures within no more than two years.

Use of Estimates

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

NOTE 2. CASH

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

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

At September 30, 2022, the carrying amount of the District's deposits was \$622,316 and the bank balance was \$633,563.

The remainder of this page is intentionally left blank.

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 3. PROPERTY TAXES

Property taxes are levied on November 1 of each year, and are due and payable upon receipt of the notice of levy. The Lee County, Florida Tax Collector's Office bills and collects property taxes on behalf of the district. Property tax revenue is recognized in the fiscal year for which the taxes are levied.

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

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

The Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$3.5000 per \$1,000 (3.5000 mills) on the January 1, 2021 taxable assessed value of real property located within the District.

NOTE 4. RETIREMENT PLAN

Plan Description

The District has two (2) full-time employees, the Chief and Assistant Chief. The Chief and Assistant Chief receive 10% of their Base Pay on a bi-weekly basis contributed to an Internal Revenue Service 457 retirement plan administered by the International City Managers Association Retirement Corporation (ICMA-RC).

NOTE 5. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and the natural disasters for which the District carries commercial insurance. The financial impact of the District's risk management activities are reported in the accompanying financial statements. For 2022, the District paid \$52,740 in premiums for policies to insure for these risks. No accrual has been provided for claims and incidents not reported to insurers. Claims made have not exceeded the insurance coverage for any of the past three fiscal years.

Upper Captiva Fire Protection and Rescue Service District

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

NOTE 6. CAPITAL ASSETS

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

	Balance Oct. 1, 2021	Increases	Decreases	Adjustments	Balance Sept. 30, 2022
Capital assets not being depreciated:					
Land	\$ 66,096	\$ -	\$ -	\$ -	\$ 66,096
Construction in progress	-	179,065	-	13,070	192,135
Total capital assets not being depreciated	66,096	179,065	-	13,070	258,231
Capital assets being depreciated					
Buildings and improvements	515,833	37,163	-	7,920	560,916
Furniture and fixtures	11,722	-	(2,369)	(7,920)	1,433
Fire and rescue equipment	553,519	307,706	(168,260)	26,899	719,864
Total capital assets being depreciated	1,081,074	344,869	(170,629)	26,899	1,282,213
Less accumulated depreciation for:					
Buildings and improvements	(285,008)	(17,716)	-	(1,131)	(303,855)
Furniture and fixtures	(4,933)	-	2,369	1,131	(1,433)
Fire and rescue equipment	(278,210)	(79,750)	136,983	(17,077)	(238,054)
Total accumulated depreciation	(568,151)	(97,466)	139,352	(17,077)	(543,342)
Total capital assets being depreciated, net	512,923	247,403	(31,277)	9,822	738,871
Total capital assets	<u>\$ 579,019</u>	<u>\$ 426,468</u>	<u>\$ (31,277)</u>	<u>\$ 22,892</u>	<u>\$ 997,102</u>

The District received \$23,000 in donations for a 2006 Edgewater 205CC boat and trailer.

NOTE 7. LONG TERM DEBT

Note payable

On October 15, 2021, the District purchased a Pierce Freightliner Pumper for a total cost of 274,785 by entering into an agreement with a financial institution carrying a fixed annual interest rate of 3.19%. The loan will be repaid in fifteen annual installments of \$22,675 with a final payment due on November 15, 2035. The principal balance as of September 30, 2022 is

	\$ 252,865
Total Note Payables	<u><u>\$ 252,865</u></u>

Upper Captiva Fire Protection and Rescue Service District
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7. LONG TERM DEBT (CONTINUED)

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

Fiscal Year	Principal	Interest	Total
2023	\$ 14,611	\$ 8,064	\$ 22,675
2024	15,077	7,598	22,675
2025	15,557	7,117	22,674
2026	16,054	6,621	22,675
2027	16,566	6,109	22,675
2028-2032	91,097	22,276	113,373
2033-2036	83,903	6,794	90,697
	<u>\$ 252,865</u>	<u>\$ 64,579</u>	<u>\$ 317,444</u>

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

	Balance Oct. 1, 2021	Increases	Decreases	Balance Sept. 30, 2022	Amounts Due Within One Year
Notes payable	\$ -	\$ 274,785	\$ (21,920)	\$ 252,865	\$ 14,611
Total	<u>\$ -</u>	<u>\$ 274,785</u>	<u>\$ (21,920)</u>	<u>\$ 252,865</u>	<u>\$ 14,611</u>

NOTE 8. LINE OF CREDIT

The District has a \$500,000 revolving line of credit agreement with Centennial Bank, which requires interest only payments at a variable rate of the qualified tax exempt rate per annum, which is equal to 79% of the index rate. The "Index" is the highest rate of interest designated by the Wall Street Journal, Money Rates Section, periodically as the "Prime Rate". The prime rate as of September 30, 2022 is 6.25%. The line of credit is unsecured and expires July 19, 2023. During the year, the District did not utilize the line of credit.

REQUIRED
SUPPLEMENTARY
INFORMATION

Upper Captiva Fire Protection and Rescue Service District
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 Year Ended September 30, 2022

DRAFT

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Ad Valorem taxes	\$ 812,409	\$ 812,409	\$ 816,876	\$ 4,467
Grants	5,000	5,000	5,000	-
Insurance proceeds	-	-	14,732	14,732
Miscellaneous				
Interest	3,000	3,000	3,320	320
Contributions and donations	13,000	33,900	34,892	992
Miscellaneous	1,000	1,800	2,071	271
TOTAL REVENUES	834,409	856,109	876,891	20,782
EXPENDITURES				
Public Safety Current				
Current				
Personal services				
Salaries	427,396	427,396	354,766	72,630
Payroll taxes paid	32,696	32,696	27,200	5,496
Retirement contribution	14,942	14,942	9,798	5,144
Health insurance	26,571	26,571	26,351	220
Disability insurance	2,040	2,040	-	2,040
Workers' compensation	15,000	15,000	13,821	1,179
Total personal services	518,645	518,645	431,936	86,709
Operating expenditures				
Legal and professional services	25,000	25,000	29,564	(4,564)
Accounting and auditing	24,000	24,000	19,329	4,671
Contractual services	2,500	2,500	2,625	(125)
Property appraiser fees	5,193	4,685	4,685	-
Tax collector fees	17,000	17,800	13,355	4,445
Travel	3,300	7,800	10,760	(2,960)
Communications	7,850	7,850	9,863	(2,013)
Postage/freight	1,100	1,100	424	676
Utilities	11,900	11,900	10,426	1,474
Insurance	26,090	26,090	25,099	991
Repairs and maintenance	43,150	68,150	61,958	6,192
Access point maintenance	60,000	60,000	52,593	7,407
Printing and binding	360	360	-	360
Promotional Activities	2,624	2,624	2,221	403
Other current charges	5,535	8,769	8,571	198

Upper Captiva Fire Protection and Rescue Service District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
Year Ended September 30, 2022

DRAFT

	Original Budget	Final Budget	Actual	Variance with Final Budget
Operating expenditures (Continued)				
Licenses and taxes	2,650	2,650	3,054	(404)
Office supplies	1,800	1,800	197	1,603
Operating supplies				
Medical supplies	10,500	8,500	4,135	4,365
Uniforms	2,200	3,000	3,234	(234)
Fuel	1,700	1,700	883	817
Equipment <\$1,000	8,050	8,050	1,864	6,186
T-shirts for resale	1,100	1,460	2,205	(745)
Personal protective equipment	14,000	14,000	13,441	559
Other	10,000	13,000	14,317	(1,317)
Books, subscript and memberships	2,800	3,000	3,456	(456)
Training and education	4,080	4,580	4,512	68
Total operating expenditures	294,482	330,368	302,771	27,597
Capital outlay				
Building Improvements	-	160,000	216,228	(56,228)
Machinery & equip: Firefight	-	9,405	9,404	1
Machinery & equip: Other	284,000	284,000	275,303	8,697
Total capital outlay	284,000	453,405	500,935	(47,530)
Debt service				
Principal	-	21,920	21,920	-
Interest	-	755	755	-
Total debt service	-	22,675	22,675	-
TOTAL EXPENDITURES	1,097,127	1,325,093	1,258,317	66,776
EXCESS OF REVENUES OVER EXPENDITURES	(262,718)	(468,984)	(381,426)	87,558
OTHER FINANCING SOURCES				
Proceeds on sale of assets	-	-	45,000	45,000
Proceeds for financing note payable	284,000	284,000	274,785	(9,215)
TOTAL OTHER FINANCING SOURCES	284,000	284,000	319,785	35,785
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	21,282	(184,984)	(61,641)	123,343
FUND BALANCE, October 1, 2021	369,142	527,984	527,984	-
FUND BALANCE, September 30, 2022	\$ 390,424	\$ 343,000	\$ 466,343	\$ 123,343

Upper Captiva Fire Protection and Rescue Service District
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - SPECIAL ASSESSMENT
Year Ended September 30, 2022

DRAFT

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Permits, fees & special assessment	\$ 447,400	\$ 447,400	\$ 455,661	\$ 8,261
TOTAL REVENUES	447,400	447,400	455,661	8,261
EXPENDITURES				
Public Safety Current				
Current				
Personal service				
Salaries	325,193	357,193	353,261	3,932
Payroll taxes paid	24,877	27,325	27,058	267
Workers' compensation	15,000	15,000	13,820	1,180
Operating expenditures				
Legal and professional services	2,500	2,500	2,000	500
Accounting and auditing	24,000	24,000	19,329	4,671
Property appraiser fees	715	715	697	18
Tax collector fees	1,100	1,600	1,142	458
Rental and leases	11,400	11,520	11,520	-
Operating supplies				
Fuel	18,200	20,200	20,494	(294)
TOTAL EXPENDITURES	422,985	460,053	449,321	10,732
EXCESS OF REVENUES OVER EXPENDITURES	24,415	(12,653)	6,340	18,993
FUND BALANCE, October 1, 2021	67,668	69,182	69,182	-
FUND BALANCE, September 30, 2022	\$ 92,083	\$ 56,529	\$ 75,522	\$ 18,993

Upper Captiva Fire Protection and Rescue Service District

NOTES TO BUDGETARY COMPARISON SCHEDULE

Fiscal Year Ended September 30, 2022

NOTE 1.

State of Florida Statutes require that, for each fiscal year, a special district make appropriations which will not exceed the amount to be received from taxation and other available sources. The District annually adopts an operating budget for all major funds, the general fund and the special assessment fund. The procedures for establishing budgetary data are as follows:

- In July of each year, the Fire Chief submits a proposed operating budget to the Board for the next fiscal year commencing the following October 1 for Non-ad valorem special assessment. The proposed budget includes expenditures and the means of financing them.
- In September of each year, the General and Special Assessment Fund budgets are legally adopted by the Board.

Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States. All appropriations lapse at fiscal year end unless encumbered or specifically designated to be carried forward to the subsequent year. Changes or amendments to the total budgeted expenditures of the District must be approved by the Board. Accordingly, the legal level of control is at the fund level.

**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***

Honorable Board of Commissioners
Upper Captiva Fire Protection and Rescue Service District
North Captiva Island, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities of Upper Captiva Fire Protection and Rescue Service 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, and have issued our report thereon dated September 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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.

Internal Control Over Financial Reporting (continued)

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 significant deficiencies in internal control, described in the accompanying schedule of findings on page 33.

The District's Response to Finding

The District's response to the findings identified in our audit is described in the accompanying Corrective Action Plan (page 35). 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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
September 20, 2023

Management Letter

Honorable Board of Commissioners
Upper Captiva Fire Protection and Rescue Service District
North Captiva Island, Florida

Report on the Financial Statements

We have audited the financial statements of the Upper Captiva Fire Protection and Rescue Service District, (the "District") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated September 20, 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 on 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 the examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated September 20, 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 had no component units as of September 30, 2022.

Financial Condition and Management

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

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

Section 10.544(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we had two recommendations to improve financial management as detailed in the accompanying schedule of current year finding and responses at findings 2022-001 and 2022-002.

Special District Component Units

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

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year is 18.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year is 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency is \$708,026.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency is \$70,096.
- e. Construction projects with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is: Storage building project - total costs are estimated between \$272,000 - \$277,000.

Special District Component Units (Continued)

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, can be found on pages 24-26 of the financial statements.

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

- a. The millage rate or rates imposed by the district is 3.5000.
- b. The total amount of ad valorem taxes collected by or on behalf of the district is \$816,876.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds is zero.

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

- a. The rate of non-ad valorem special assessments imposed by the District is determined based on the mathematical assessment determination amount for the project of \$447,400. The assessment amount is fairly and reasonably apportioned based on the property's square footage and the building square footage (if property is improved) for each 698 parcels.
- b. The total amount of special assessments collected by or on behalf of the district is \$455,661.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds is zero.

Additional Matters

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

Purpose of this Letter

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

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
September 20, 2023

Upper Captiva Fire Protection and Rescue Service District

Schedule of Current Year Findings
For the Year Ended September 30, 2022

Finding 2022-001 - Correction of Errors (Internal Control - Significant Deficiencies)

Criteria: To ensure that financial statements properly present the financial position and results of operations of the District in accordance with generally accepted accounting principles (GAAP). The District should ensure that all material assets, liabilities, revenue, and expenditures are properly reflected at year-end.

Condition: During testing of the District's contracts payable, we noted that \$46,431 of the total balance is for services to be rendered in fiscal year 2023. We recommend that the District implement a review process on entries made at months end to better identify potential errors that may exist.

Cause: Lack of managerial oversight caused this account to be misstated.

Effect: Audit adjustments were required to be posted for the fair presentation of the financial statements.

Recommendation: We recommend the District evaluate its period closing process to ensure subsidiary ledger reconciliations are being performed timely, properly, and are being reviewed by management.

Management's Response: Refer to Management's Response to the Management Letter on page 35.

Finding 2022-002 - Submission of Timely Audit Reports (Internal Control - Significant Deficiencies)

Criteria: Florida Statute require special districts whose revenues or the total of expenditures and expenses in excess of \$100,000, as reported on the fund financial statements, have an audit. The audit is due to the Auditor General no later than nine months after year end. The Annual Financial Report (AFR) is due to the Department of Financial Services no later than nine months after year end.

Condition: The financial audit and the AFR, were not submitted within the timeline prescribed by statute.

Cause: At the November 18, 2022 board meeting, the Bookkeeper submitted her resignation with her last day of service on January 17, 2023. Then at the December 16, 2022 board meeting, the Chief and numerous firefighters submitted their resignations with their last day of service being in December 2022 through January 2023. As the District is searching for a new bookkeeper, the Board Commissioners have taken over the financial reporting of the District.

Effect: The District is not in compliance with Florida statutes requiring timely submission of audited financial statements and the AFR.

Recommendation: We recommend the District submit the financial audit and the AFR within the timeline prescribed by Florida statute.

Management's Response: Refer to Management's Response to the Management Letter on page 35.



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

Independent Accountant's Examination Report

Honorable Board of Commissioners
Upper Captiva Fire Protection and Rescue Service District
North Captiva Island, Florida

We have examined the Upper Captiva Fire Protection and Rescue Service District's (the "District") compliance with Section 218.415, Florida Statutes, in regards to investments for the year ended September 30, 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 during the year ended September 30, 2022.

The purpose of this report is to comply with the audit requirements of Sections 218.415, Florida Statutes and Rules of the Auditor General.

Ashley, Brown & Smith, CPAs

Punta Gorda, Florida
September 20, 2023

Upper Captiva Fire & Rescue District

4511 Hodgepodge Lane
P.O. Box 322
Pineland, FL 33945



Serving the Community with Pride

Phone: 239-872-2263

Email: info@uppercaptivafire.org

Corrective Action Plan

20 September 2023

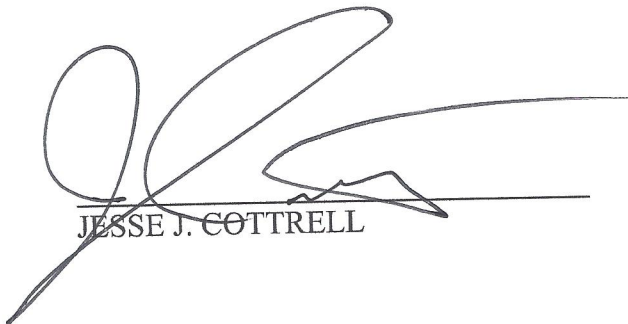
In response to the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, the District issues the following response:

Management Response to Finding 2022-001 – Correction of Errors

With respect to the Correction of Errors finding, we agree that the Journal Entry transaction processed by the last bookkeeper and approved by the last chief and board was an incorrect process and we are in the process of reviewing our period closing process. We plan to use the auditor's recommendations in order to improve our period closing process by the Chief, Treasurer and entire board reviewing and approving every year-end Journal Entry transaction.

Management Response to Finding 2022-002 – Submission of Timely Audit Reports

With respect to the Submission of Timely Audit Report finding, we agree with the finding and we are in the process of submitting the financial audit. The AFR will be submitted when the audit report has been issued. Failure to complete the annual audit was caused by both the bookkeeper and prior chief resigning effective January 2023, without updating any FY22 documents that became audit records during the fiscal year or during the 1 October – 31 December 2022 quarter afterwards, as well as all Excel records and data being removed from the District by the former bookkeeper since she considered them “proprietary data” belonging to her, not the District. Loss of that data required a new Chief and a new Treasurer to painfully recreate those missing Capital Inventory files based on the FY21 audit files, QuickBooks transactions, and reviews of monthly minutes for donated and disposed capital property. We expect that the next audit will be completed and filed with the state in a timely manner.


JESSE J. COTTRELL

Chief, Upper Captiva Fire District
TITLE

9/20/23
DATE