

SANIBEL FIRE & RESCUE DISTRICT
BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR
YEAR ENDED
SEPTEMBER 30, 2025

TABLE OF CONTENTS

	<u>Page(s)</u>
INDEPENDENT AUDITOR'S REPORT.....	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	i-vi
<u>BASIC FINANCIAL STATEMENTS</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position.....	5
Statement of Activities.....	6
FUND FINANCIAL STATEMENTS:	
Governmental Funds:	
Balance Sheet.....	7
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position.....	8
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.....	9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities.....	10
NOTES TO THE FINANCIAL STATEMENTS.....	11-55
<u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MD&A</u>	
BUDGET TO ACTUAL COMPARISON - MAJOR FUNDS (General and Special Revenue Funds)	
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Summary Statement.....	56
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund - Detailed Statement.....	57-59
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Impact Fee Fund.....	60
Schedule of Expenditures of State Financial Assistance - Year Ended September 30, 2025.....	61
Notes to Schedule of Expenditures of State Financial Assistance.....	62-63
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS).....	64
Schedule of District Contributions - Florida Retirement System Pension Plan (FRS).....	64
Schedule of District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS).....	65
Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS).....	65
Notes to the Required Supplementary Information.....	66-67
Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No.75 and Related Notes to the Schedule.....	68
<u>ADDITIONAL REPORTS</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	69-70
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Project and on Internal Control Over Compliance in Accordance with the Florida Single Audit Act.....	71-73
Schedule of Findings and Questioned Costs - Florida Single Audit Act.....	74
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes.....	75
Independent Auditor's Report to Management.....	76-79
Management's Response to Independent Auditor's Report to Management.....	Exhibit 1
Florida Rules of the Auditor General - Rule 10.554(1)(i)7-9 Compliance - Unaudited.....	Exhibit 2

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sanibel Fire & Rescue District
2351 Palm Ridge Road
Sanibel, Florida 33957

Opinions

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

Summary of Opinions

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

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

Matter of Emphasis

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

Basis for Opinions

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

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

INTEGRITY SERVICE EXPERIENCE

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

Management's Responsibility for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i - vi, Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, as listed in the table of contents, be presented to supplement the basic financial statements. Such

information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, as listed in the table of contents, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information - management's discussion and analysis (MD&A), Schedule of the District's Proportionate Share of the Net Pension Liability - Florida Retirement System Pension Plan (FRS), Schedule of District Contributions - Florida Retirement System Pension Plan (FRS), Schedule of the District's Proportionate Share of the Net Pension Liability - Health Insurance Subsidy Pension Plan (HIS), Schedule of District Contributions - Health Insurance Subsidy Pension Plan (HIS), Notes to the Required Supplementary Information and Schedule of Changes in the Total OPEB Liability and Related Ratios GASB No. 75 and related Notes to the Schedule, as listed in the table of contents, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Sanibel Fire & Rescue District taken as a whole. The accompanying Schedule of Expenditures of State Financial Assistance for the year ended September 30, 2025, and the Notes thereto are presented for purposes of additional analysis as required by the Florida Single Audit Act (Florida Statute 215.97), Florida Auditor General Rule 10.650 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule of Expenditures of State Financial Assistance for the year ended September 30, 2025, and the Notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Section 218.415, Florida Statutes

In accordance with Section 218.415, Florida Statutes, we have also issued a report dated February 27, 2026, on our consideration of Sanibel Fire & Rescue District's compliance with provisions of Section 218.415, Florida Statutes. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and to provide an opinion on compliance with the aforementioned Statute. That report is an integral part of an audit performed in accordance with Sections 218.39 and 218.415, Florida Statutes in considering Sanibel Fire & Rescue District's compliance with Section 218.415, Florida Statutes.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 27, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Sanibel Fire & Rescue District's internal control over financial reporting and compliance.

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 27, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Sanibel Fire and Rescue District, Sanibel, Florida ("District") provides a narrative overview of the District's financial activities for the fiscal year ended September 30, 2025. Please read it in conjunction with the District's Independent Auditor's Report, basic financial statements, accompanying notes and supplementary information to the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year ended September 30, 2025 resulting in a net position balance of \$20,297,992.
- The assets plus deferred outflows of resources of the District exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year ended September 30, 2024 resulting in a net position balance of \$17,538,490.
- The District's total net position in FY 25 increased by \$2,759,502 or 16 percent, in comparison to the prior year. The increase mostly results from slightly higher property tax revenue as the millage was slightly decreased in the current year along with increases in property values and receipt of approximately \$2,000,000 of Federal and State grant proceeds related to Hurricane Ian damage.
- The District's total net position in FY 24 increased by \$10,231,600 or 140 percent, in comparison to the prior year. The increase mostly results from State grants of \$6,000,000 for rebuilding Station 2 and \$2,000,000 for operations.
- At September 30, 2025, the District's governmental funds reported combined ending fund balances of \$15,587,422, a decrease of \$2,865,395, or 16 percent, in comparison with the prior year. The fund balance is restricted for reconstruction of Station 172 and assigned for future District needs and emergency reserves.
- At September 30, 2024, the District's governmental funds reported combined ending fund balances of \$18,452,817, an increase of \$7,897,430, or 75 percent, in comparison with the prior year. The total fund balance is restricted for capital projects, committed to emergency services, apparatus purchases, vacation/sick payout, major medical equipment, major fire equipment, and the remainder is unassigned fund balance which is available for spending at the District's discretion.
- Total revenues, in the FY 25 government-wide statements, decreased (\$15,905,712 – \$9,299,770) by \$6,605,942 or 42 percent, in comparison to the prior year.
- Total revenues, in the FY 24 government-wide statements, increased (\$10,627,119 - \$15,905,712) by \$5,278,593 or 50 percent, in comparison to the prior year.
- Total expenses in the FY 25 government-wide statements increased (\$5,674,112 – \$6,540,268) by \$866,156, or 15 percent, in comparison to the prior year due to higher wages, overtime and repairs.
- Total expenses in the FY 24 government-wide statements decreased (\$7,916,961 - \$5,674,112) by \$2,242,849, or 28 percent, in comparison to the prior year.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference 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 government'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.

The government-wide financial statements include all governmental activities that are principally supported by property tax revenues. The District does not have any business-type activities. The governmental activities of the District include the public safety (personnel and operations) function.

Fund Financial Statements

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 finance-related legal requirements. The District has one fund category: governmental funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the 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 financial 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 two governmental funds for external reporting. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and special revenue fund. The general and special revenue funds are considered major funds.

The District adopts an annual appropriated budget for each fund (general and special revenue). Budgetary comparison schedules have been provided for the general and special revenue funds to demonstrate compliance with the budget.

Notes to the Financial Statements

The notes to the financial statements explain in detail the District's significant accounting policies and certain data contained in the following statements. These notes provide additional information that is 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 the year ended September 30, 2025, compared to September 30, 2024:

	September 30, 2025	September 30, 2024	Change
Assets:			
Current and other assets	\$ 17,165,051	\$ 19,360,856	\$ (2,195,805)
Non-current assets	<u>11,742,158</u>	<u>5,935,780</u>	<u>5,806,378</u>
Total assets	<u>28,907,209</u>	<u>25,296,636</u>	<u>3,610,573</u>
Deferred outflows of resources	<u>1,435,889</u>	<u>1,408,423</u>	<u>27,466</u>
Liabilities			
Current liabilities	1,577,629	908,039	669,590
Non-current liabilities	<u>7,197,678</u>	<u>7,248,481</u>	<u>(50,803)</u>
Total liabilities	<u>8,775,307</u>	<u>8,156,520</u>	<u>618,787</u>
Deferred inflows of resources	<u>1,269,799</u>	<u>1,010,049</u>	<u>259,750</u>
Net Position:			
Net investment in capital assets	11,681,094	5,935,780	5,745,314
Restricted	1,595,445	4,137,910	(2,542,465)
Unrestricted	<u>7,021,453</u>	<u>7,464,800</u>	<u>(443,347)</u>
Total net position	<u>\$ 20,297,992</u>	<u>\$ 17,538,490</u>	<u>\$ 2,759,502</u>

The District's net position reflects its investment in capital assets (land, fire and rescue equipment, buildings, fire and rescue vehicles and furniture, fixtures and equipment) less any related debt used to acquire those assets that is still outstanding. These assets are used to provide services to residents; consequently, these assets are not available for future spending. An additional portion of the District's net position is unrestricted and is available for spending although a portion of this balance has been assigned by the District for specific needs.

The District's net position increased during the most recent fiscal year. The majority of the increase represents the receipt of approximately \$2,000,000 of Federal and State grant proceeds resulting from damage incurred by Hurricane Ian. The Grants are to be used to reconstruct Station 172 which was destroyed by Hurricane Ian.

The following schedule reports the revenues, expenses, and changes in net position for the District for the fiscal year ended September 30, 2025 compared to September 30, 2024:

	September 30, 2025	September 30, 2024	Change
Revenues:			
General revenues			
Property taxes	\$ 6,266,665	\$ 6,061,443	\$ 205,222
Impact fees	10,186	95,595	(85,409)
Investment earnings	709,993	644,392	65,601
Miscellaneous revenue	22,168	63,302	(41,134)
Grants and contributions	2,165,398	8,778,169	(6,612,771)
Program revenues			
Charges for services	125,360	262,811	(137,451)
Total revenues	<u>9,299,770</u>	<u>15,905,712</u>	<u>(6,605,942)</u>
Expenses:			
Public safety - Fire and Rescue			
Personnel services	5,157,725	4,461,780	695,945
Operating expenditures	1,042,305	889,548	152,757
Loss on disposal of fixed assets	-	3,395	(3,395)
Depreciation	340,238	319,389	20,849
Total expenses	<u>6,540,268</u>	<u>5,674,112</u>	<u>866,156</u>
Increase (decrease) in net position	2,759,502	10,231,600	(7,472,098)
Net position, beginning	17,538,490	7,306,890	10,231,600
Net position, ending	<u>\$ 20,297,992</u>	<u>\$ 17,538,490</u>	<u>\$ 2,759,502</u>

As noted above and in the Statement of Activities, the cost of all governmental activities during the fiscal year ended September 30, 2025 was \$6,540,268. The costs of the District's activities were primarily funded by property taxes. Property taxes slightly increased from the prior fiscal year as a result of increases in property values. Expenses increased primarily as a result of wages, overtime and repairs from Hurricane Ian damage.

As noted above and in the Statement of Activities, the cost of all governmental activities during the fiscal year ended September 30, 2024 was \$5,674,112. The costs of the District's activities were primarily funded by property taxes and a \$2,000,000 State grant. Property taxes decreased from the prior fiscal year as a result of decreases in property values. Expenses decreased primarily as a result of less overtime and less repairs Station 1 from Hurricane Ian damage.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of unreserved resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As noted earlier, the general fund balance decreased by \$2,865,395 in the current year in comparison with the prior year because of use of grant funds received in the prior year to reconstruct Station 172 from being destroyed by Hurricane Ian. Assigned fund balance indicates that the amounts are not available for new spending because they have already been set aside for other items. The District held no unassigned fund balance at September 30, 2025.

The general fund is the operating fund of the District and includes all activities related to providing management and operating services.

An operating budget was adopted and maintained by the governing board for the District pursuant to the requirements of Florida Statutes. The budget is adopted using the same basis of accounting that is used in preparation of the fund financial statements. The legal level of budgetary control, the level at which expenditures may not exceed budget, is in the aggregate. The Board of Commissioners must approve any budget amendments that increase the aggregate budgeted appropriations.

Budget versus actual comparisons for the general fund and special revenue fund are reported as required supplementary information. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2025. The general fund actual expenditures were under budget by a total of \$15,394,848, mainly as a result of not expending most of their budgeted fund balance.

Budget versus actual comparisons for the general fund and special revenue fund are reported as required supplementary information. Actual general fund expenditures did not exceed appropriations for the fiscal year ended September 30, 2024. The general fund actual expenditures were under budget by a total of \$17,944,575, mainly as a result of not expending most of their budgeted fund balance and delays in the reconstruction of Station 172 (Station 2).

CAPITAL ASSETS

At September 30, 2025, the District had \$14,530,558 invested in land, fire and rescue equipment and vehicles, buildings, and furniture, fixtures and equipment. Depreciation of \$2,849,464 has been taken, which resulted in a net book value of \$11,681,094.

The following is a schedule of the District's capital assets net of depreciation as of September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 273,062	\$ 273,062
Construction in progress	8,336,269	2,414,536
Buildings and improvements	3,252,042	3,237,382
Vehicles	2,197,061	2,082,990
Furniture and equipment	<u>472,124</u>	<u>437,036</u>
Total capital assets	14,530,558	8,445,006
Less: accumulated depreciation	<u>(2,849,464)</u>	<u>(2,509,226)</u>
	<u>\$ 11,681,094</u>	<u>\$ 5,935,780</u>

Additional information on the District's capital assets is found in Note C.

LONG TERM DEBT

At September 30, 2025, the District had \$0 outstanding in notes payable, \$430,148 in compensated absences, pension liabilities of \$4,995,119, right of use liability of \$61,064 and OPEB liability of \$1,711,347.

At September 30, 2024, the District had \$0 outstanding in notes payable, \$431,807 in compensated absences, pension liabilities of \$5,797,192, and OPEB liability of \$1,019,482.

ECONOMIC FACTS AND NEXT YEAR'S BUDGET MILLAGE RATES

The following factors were taken into consideration when the budget for fiscal year ended September 30, 2026 was prepared.

The District did retain the FY25 millage rate of 1.3915 (\$1.3915 per \$1,000 of value) for fiscal year ending September 30, 2026. The District anticipated an increase in assessed property values for fiscal year 2026 due to Hurricane Ian and Milton rebuilding. The District budgeted an increase in the 2026 vs. 2025 budget for personnel and operation expenses. The District budgeted capital outlay in 2026 to reflect the completion of reconstruction of Station 172 and hurricane hardening and improvements to Station 171. The District budgeted the receipt of Federal funding to pay for the construction of Station 171..

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages and the stewardship of the facilities it maintains. Questions regarding any information provided in this report should be directed to: Greta Fulkerson, Administrative Assistant, Sanibel Fire and Rescue District, 2351 Palm Ridge Road, Sanibel, FL 33957, phone (239) 472-5525.

SANIBEL FIRE & RESCUE DISTRICT
STATEMENT OF NET POSITION
September 30, 2025

Page 5 of 79

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 10,406,622
Cash and cash equivalents - restricted	1,881,207
Investments	4,717,815
Accounts receivable	4,698
Due from other governments, including restricted amount of \$4,093	127,257
Right of use subscription asset, current	27,452
Total current assets	<u>17,165,051</u>
Noncurrent assets:	
Right of use subscription asset, net of current	61,064
Capital assets:	
Land	273,062
Construction in progress	8,336,269
Depreciable buildings, equipment and vehicles (net of \$2,849,464 accumulated depreciation)	3,071,763
Total noncurrent assets	<u>11,742,158</u>
TOTAL ASSETS	<u>28,907,209</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>1,435,889</u>
LIABILITIES	
Current liabilities:	
Accounts payable	826,792
Due to other governments	4,965
Other accrued expenses	88,879
Retainage payable	339,686
Unearned revenue - impact fees - restricted	31,377
Unearned revenue - EMS Lease	258,478
Current portion of long-term obligations	-
Right of use subscription liability, current	27,452
Total current liabilities	1,577,629
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	7,136,614
Right of use subscription liability, net of current	61,064
TOTAL LIABILITIES	<u>8,775,307</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,269,799</u>
NET POSITION	
Net investment in capital assets	11,681,094
Restricted for:	
Capital projects	1,595,445
Unrestricted	7,021,453
TOTAL NET POSITION	<u>\$ 20,297,992</u>

The accompanying notes are an integral part of this statement.

SANIBEL FIRE & RESCUE DISTRICT
STATEMENT OF ACTIVITIES
Year Ended September 30, 2025

Page 6 of 79

	<u>Governmental Activities</u>
EXPENSES	
Governmental Activities	
Public Safety - Fire Protection	
Personnel services	\$ 5,157,725
Operating expenses	1,042,305
Depreciation	340,238
Interest and fiscal charges	<u>-</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	6,540,268
 PROGRAM REVENUES	
Operating grants and contributions	2,165,398
Charges for services - inspection fees	-
Charges for services - permit fees	<u>125,360</u>
NET PROGRAM EXPENSES	<u>4,249,510</u>
 GENERAL REVENUES	
Ad valorem taxes	6,266,665
Impact fees	10,186
Gain (loss) on disposition of capital assets	-
Interest	709,993
Other	<u>22,168</u>
TOTAL GENERAL REVENUES	<u>7,009,012</u>
 INCREASE (DECREASE) IN NET POSITION	2,759,502
 NET POSITION - Beginning of the year	<u>17,538,490</u>
NET POSITION - End of the year	<u>\$ 20,297,992</u>

The accompanying notes are an integral part of this statement.

SANIBEL FIRE & RESCUE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2025

Page 7 of 79

	General Fund	Impact Fee Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 10,406,622	\$ -	\$ 10,406,622
Cash and cash equivalents - restricted	1,853,923	27,284	1,881,207
Investments	4,717,815	-	4,717,815
Accounts receivable	4,698	-	4,698
Due from other governments	123,164	4,093	127,257
TOTAL ASSETS	\$ 17,106,222	\$ 31,377	\$ 17,137,599
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 826,792	\$ -	\$ 826,792
Due to other governments	4,965	-	4,965
Accrued expenses	88,879	-	88,879
Retainage payable	339,686	-	339,686
Unearned revenue	258,478	31,377	289,855
TOTAL LIABILITIES	1,518,800	31,377	1,550,177
FUND BALANCE			
Nonspendable	-	-	-
Restricted for construction Station 2	1,595,445	-	1,595,445
Assigned	13,991,977	-	13,991,977
Unassigned	-	-	-
TOTAL FUND BALANCE	15,587,422	-	15,587,422
TOTAL LIABILITIES AND FUND BALANCE	\$ 17,106,222	\$ 31,377	\$ 17,137,599

The accompanying notes are an integral part of this statement.

SANIBEL FIRE & RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
September 30, 2025

Page 8 of 79

	<u>Amount</u>	
Total fund balance for governmental funds	\$ 15,587,422	
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Right of use - subscription asset	<u>88,516</u>	88,516
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Capital assets not being depreciated:		
Land	273,062	
Construction in progress	<u>8,336,269</u>	8,609,331
Governmental capital assets being depreciated:		
Building, equipment and vehicles	5,921,227	
Less accumulated depreciation	<u>(2,849,464)</u>	3,071,763
Deferred outflows and deferred inflows are applied to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows related to pensions	1,435,889	
Deferred outflows related to OPEB	<u>-</u>	1,435,889
Deferred inflows related to pensions	(1,269,799)	
Deferred inflows related to OPEB	<u>-</u>	(1,269,799)
Right of use - subscription liability	<u>(88,516)</u>	(88,516)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Net pension liability - FRS	(4,148,506)	
Net pension liability - HIS	(846,613)	
Compensated absences	(430,148)	
Total OPEB liability	<u>(1,711,347)</u>	(7,136,614)
Total net position of governmental activities	<u><u>\$ 20,297,992</u></u>	

The accompanying notes are an integral part of this statement.

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

Page 9 of 79

	General Fund	Impact Fee Fund	Total Governmental Funds
REVENUES			
Ad valorem taxes	\$ 6,266,665	\$ -	\$ 6,266,665
Intergovernmental revenues:			
State firefighter supplement	11,519	-	11,519
Federal grant	243,647	-	243,647
State grant	1,848,046	-	1,848,046
Local - LC-EMS CAM	62,186	-	62,186
Fees:			
Impact fee	-	10,186	10,186
Permits and fees	125,360	-	125,360
Miscellaneous:			
Interest	709,993	-	709,993
Other	22,168	-	22,168
TOTAL REVENUES	<u>9,289,584</u>	<u>10,186</u>	<u>9,299,770</u>
EXPENDITURES			
Current			
Public safety			
Personnel services	5,037,308	-	5,037,308
Operating expenditures	1,042,305	-	1,042,305
Capital outlay	6,075,366	10,186	6,085,552
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	-	-	-
TOTAL EXPENDITURES	<u>12,154,979</u>	<u>10,186</u>	<u>12,165,165</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,865,395)</u>	<u>-</u>	<u>(2,865,395)</u>
OTHER FINANCING SOURCES			
Proceeds from disposal of fixed assets	-	-	-
Proceeds from debt issuance	-	-	-
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>(2,865,395)</u>	<u>-</u>	<u>(2,865,395)</u>
FUND BALANCE - Beginning of the year	<u>18,452,817</u>	<u>-</u>	<u>18,452,817</u>
FUND BALANCE - End of the year	<u>\$ 15,587,422</u>	<u>\$ -</u>	<u>\$ 15,587,422</u>

The accompanying notes are an integral part of this statement.

SANIBEL FIRE & RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES

Page 10 of 79

Year Ended September 30, 2025

	<u>Amount</u>
Net change (excess of revenues and other financing sources over expenditures) in fund balance - total governmental funds	\$ (2,865,395)
The decrease (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. Also, the gain (loss) on disposition of capital assets is recorded on the Statement of Activities but not in the governmental funds.	
Plus: expenditures for capital assets	6,085,552
Less: proceeds from disposition of capital assets	-
Less: loss on disposition of capital assets	-
Less: current year depreciation	<u>(340,238)</u>
	5,745,314
The issuance of debt is reported as a financing source in governmental funds and thus contributes to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	
Repayments (principal retirement):	
Plus: note payable	<u>-</u>
	-
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
(Increase) decrease in net pension liability - FRS	711,747
(Increase) decrease in net pension liability - HIS	90,326
Increase (decrease) in deferred outflow - FRS	27,466
(Increase) decrease in deferred inflow - HIS	(259,750)
(Increase) decrease in total OPEB liability	(691,865)
Increase (decrease) in deferred outflow - OPEB	-
(Increase) decrease in deferred inflow - OPEB	-
(Increase) decrease in compensated absences	<u>1,659</u>
	(120,417)
Increase (decrease) in net position of governmental activities	<u><u>\$ 2,759,502</u></u>

The accompanying notes are an integral part of this statement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Sanibel Fire & Rescue District (the "District") is an independent special district established on July 1, 1955, by Laws of Florida, Chapter 30930 as amended under the provisions of Florida Statute Chapter 633 and as further amended by Laws of Florida, Chapter 97-340. Laws of Florida, Chapter 2000-398 codified, reenacted, amended and repealed its prior enabling acts. The District, also, has the general and special powers prescribed by Florida Statutes Chapters 189, 191 and 633.15. The District was created for the purpose of providing fire control and protection services as well as crash and rescue services for Sanibel Island, generally, in Lee County. The District is governed by an at-large elected three (3) member Board of Commissioners serving staggered four (4) year terms. The District has two (2) station houses and approximately twenty-nine (29) employees including 3 elected commissioners at September 30, 2025. Station 172 was destroyed by Hurricane Ian in 2022 and has been in the process of being rebuilt. In November 2025, the reconstruction was substantially completed and normal operations at the station resumed in February 2026. Station 171 is now being refurbished and hardened to be more hurricane resistant.

Reporting Entity

The District adheres to Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity", as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement Number 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34". These statements require the basic 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 Statement No. 14, as amended, there are no component units required to be included or included in the District's basic financial statements.

Summary of Significant Accounting Policies

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

The basic financial statements of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Government-wide Financial Statements

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

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

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.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit 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 fees. Program revenues also included operating and capital grants.

Fund Financial Statements

The District adheres to GASB Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions" that required a change in the reporting format of fund balances in the governmental fund 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 or retained earnings, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds, in aggregate, for governmental funds.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Governmental Funds

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". 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.

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 financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Measurement Focus and Basis of Accounting, continued

Revenues susceptible to accrual are property 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 is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on the long-term debt, if any, which is recognized when due; (2) actuarially determined net position liability is not recognized until paid; and (3) expenditures 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.

Noncurrent Government Assets/Liabilities

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

Major Funds

The District reports the following major governmental funds:

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgetary Information

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

Fair Value of Financial Investments

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

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the District has the ability to access. At September 30, 2025, the District held no such investments using these inputs.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices or securities with similar characteristics or discounted cash flows. At September 30, 2025, the District held no such investments using these inputs.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. At September 30, 2025, the District held no such investments using these inputs.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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," in which all investments are reported at fair value.

The District held such investments at September 30, 2025.

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment, vehicles and vehicles under capital lease are reported in the government-wide Statement of Net Position.

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

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

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

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

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

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

<u>Asset</u>	<u>Years</u>
Buildings	30
Building improvements	15-20
Equipment	5-10
Vehicles	10

Budgets and Budgetary Accounting

The District has adopted an annual budget for the General Fund.

The District has also adopted an annual budget for the Special Revenue Fund - Impact Fee Fund.

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

1. During the summer of each year, the District Fire Chief submits to the Board of Commissioners a proposed operating budget for the fiscal year commencing on the upcoming October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is adopted by approval of the Board of Commissioners.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Budgets and Budgetary Accounting, continued

4. Budget amounts, as shown in these financial statements, are as originally adopted or as amended by the Board of Commissioners.
5. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. The level of control for appropriations is exercised at the fund level.
7. Appropriations lapse at year-end.

The District did amend the General Fund budget during the year ended September 30, 2025, with a decrease in the amount of \$32,238.

The District did amend the Impact Fee Fund budget during the year ended September 30, 2025, with an increase in the amount of \$2,350.

Impact Fees/Unearned Revenue

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

Due To/From Other Funds

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Due From Other Governments

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

Compensated Absences

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

Encumbrances

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

Management Estimates

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

Net Position (Net Assets)

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fund Balances

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

The District's assigned fund balances are a result of the District's Board approval of actions prior to October 1, 2024. The District's intent is to maintain a minimum assigned fund balance level of six (6) months of prior year total expenditures. This assigned fund balance will serve as the District's operational and capital reserves as well as its disaster reserve. At September 30, 2025, fund balance is also assigned for a variety of specific items by District Board action. Any use of the fund balance requires the District's Board approval and determination as to what fund balance category will be used.

Interfund Transactions

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

Pensions

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Pensions, continued

employees contributions) are recognized when due and payable in accordance with the benefit terms.

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

Deferred Outflows/Inflows of Resources

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

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

Leases

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Leases, continued

The EMS lease was prepaid at the date of execution by the County. The District is recognizing revenue over the 25 year life of the lease annually. The unearned revenue is offset by restricted cash.

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

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

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

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

GASB 100: Account Changes and Error Corrections - an amendment of GASB Statement No. 62

In June 2022, the GASB issued Statement No. 100 (*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*), which prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. The provisions of this Statement are effective for the District's financial statements for the year ended September 30, 2025. The District, however, did not have any accounting changes or error corrections to report for the year ended September 30, 2025. The adoption of the Statement did not result in any changes to the District's accounting policies, financial reporting practices, or previously reported amounts.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GASB 101: Compensated Absences

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

Subsequent Events

Subsequent events have been evaluated through February 27, 2026, which is the date the financial statements were available to be issued.

NOTE B - CASH AND INVESTMENTS

At September 30, 2025, cash was \$12,287,829, including restricted cash of \$1,881,207 and cash on hand of \$0. The restricted cash represents unexpended impact fees held in the Impact Fee - Special Revenue Fund of \$27,284, unearned proceeds from the Lee County EMS of \$258,478, and State funds to be used for construction of Station 172 of \$1,595,445.

Deposits

The District's deposit policy per Florida Statutes Chapter 218.415(17) allows deposits to be held in demand deposit, money market accounts, or certificates of deposit. All District deposits were held in banks or savings institutions designated as qualified depositories by the State Treasurer.

At September 30, 2025, the carrying amount of the District's deposits were \$12,260,545 in the General Fund and the bank balance was \$12,299,114. The general fund bank balance consists of \$11,807,139 in demand deposits and \$491,975 in certificates of deposit at September 30, 2025. At September 30, 2025, the carrying amount and the bank balance of the District's deposits were \$27,284 the Impact Fee Fund. These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

The impact fees account is used to account for the deposit of impact fees received and is restricted for certain capital asset acquisition.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 25 of 79

NOTE B - CASH AND INVESTMENTS, CONTINUED

Investments

Florida Statutes and the District's investment policy authorize investments in the Local Government Surplus Funds Trust Fund (Florida PRIME (formerly Fund "A")) and the Florida Fixed Income Trust (FL FIT). Specifically, the District's investment policy is consistent with Florida Statutes, Chapter 218.415(17). At September 30, 2025, the District's investments consist of the following:

	Cost Basis	Fair Value (NAV)/ Carrying Amount
<u>General Fund</u>		
Local Government Surplus Funds Trust Fund		
Florida PRIME - Cash Pool (CP)	\$ 3,539,563	\$ 3,539,563
Florida Fixed Income Trust		
FL FIT - Cash Pool (CP)	1,178,252	1,178,252
Total investments	\$ 4,717,815	\$ 4,717,815

The Local Government Surplus Funds Trust Fund (Florida PRIME (formerly Fund "A")) is an external 2a7-like investment pool, administered by the Florida State Board of Administration. The Local Government Surplus Funds Investment Pool Trust Fund is not categorized as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's (LGIP) shares are stated at amortized cost (NAV), which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreement, will decline. The District's investment in the Fund represented less than 1% of the Fund's total investments. Investments held in the Fund include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at amortized cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

At September 30, 2025, the District reported SBA investments of \$3,539,563 fair value/cost for amounts held in Florida PRIME. The Florida PRIME carried a credit rating of AAAM by Standard and Poors and had a weighted average days to maturity (WAM) of 47 days at September 30, 2025. The weighted average life (WAL) of PRIME was 73 days at September 30, 2025.

NOTE B - CASH AND INVESTMENTS, CONTINUED

Investments, continued

The District adheres to and meets the criteria in GASB Statement No. 79 which requires the following disclosures related to its Florida PRIME investment:

Redemption Gates: Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to a payment at any time from the moneys in the trust fund. However, the Executive Director of the fund may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants. The Trustees, the Joint Legislative Auditing Committee, the Investment Executive Director has instituted such measures to review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on the contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

Foreign Currency Risk: Prime was not exposed to any foreign risk during the period October 1, 2024, to September 30, 2025.

Liquidity Fees: Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosures in the enrollment materials of the amount and purpose of such fees. At September 30, 2025, no such disclosure has been made.

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

Fair Value: The cost and carrying value of the cash, cash equivalents, and investments held by the District approximate fair value and as such are reported at amortized cost.

NOTE B - CASH AND INVESTMENTS, CONTINUED

Security Lending: PRIME did not participate in a securities lending program during the year October 1, 2024, through September 30, 2025.

PRIME audited financial statements for the year ended June 30, 2025, are available online.

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

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

The District's investment in the Florida Fixed Income Trust (FL FIT) Cash Pool (CP) represented approximately less than 1% of the Fund's total investments.

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

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

The District adheres to GASB Statement No. 79 but does not meet the specific criteria, and where the Fund meets the criteria to make GASB Statement No. 31 which requires the following disclosures related to its FL FIT Cash Pool investment:

Limitation on Participant Contributions and Withdrawals: FL FIT-Cash Pool has no limitations or restrictions on participant withdrawals, does not charge liquidity fees, and has not put in place a redemption gate. Each participant has the ability to withdraw 100 percent of its account balance any business day that the Investment Advisor is open for trading. The Investment Advisor is open for trading, and the funds will settle on the trading date for trades placed prior to 2:00 PM Eastern Time, and trade date plus one business day (T+1) for trades placed after 2:00 PM Eastern Time.

NOTE B - CASH AND INVESTMENTS, CONTINUED

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

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

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

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

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

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

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

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

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

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 29 of 79

NOTE B - CASH AND INVESTMENTS, CONTINUED

At September 30, 2025, the District reported Florida Fixed Income Trust (FL FIT) Cash Pool investments of \$1,178,252. The Florida Fixed Income Trust (FL FIT) Cash Pool carried a credit rating of AAAf/S1 by Fitch Rating and had a dollar weighted average days to maturity (WAM) of 85 days at September 30, 2025. The Cash Pool 's current dollar weighted average days to maturity to final (WAL) was 310 days at September 30, 2025. The Cash Pool's duration is as follows: expected target duration 0-5 years, effective duration of .23 years. Rule 2a7 allows funds to use a constant of \$1.00 per share. The fund is not currently rated.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 30 of 79

NOTE C - CAPITAL ASSETS ACTIVITY

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

	Balance October 1 2024	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2025
Capital Assets Not Being Depreciated:					
Land	\$ 273,062	\$ -	\$ -	\$ -	\$ 273,062
Construction in Progress	<u>2,414,536</u>	<u>5,921,733</u>	<u>-</u>	<u>-</u>	<u>8,336,269</u>
Total Capital Assets Not Being Depreciated	<u>2,687,598</u>	<u>5,921,733</u>	<u>-</u>	<u>-</u>	<u>8,609,331</u>
Capital Assets Being Depreciated:					
Buildings	3,237,382	14,660	-	-	3,252,042
Equipment	437,036	35,088	-	-	472,124
Vehicles	<u>2,082,990</u>	<u>114,071</u>	<u>-</u>	<u>-</u>	<u>2,197,061</u>
Total Capital Assets Being Depreciated	<u>5,757,408</u>	<u>163,819</u>	<u>-</u>	<u>-</u>	<u>5,921,227</u>
	<u>8,445,006</u>	<u>6,085,552</u>	<u>-</u>	<u>-</u>	<u>14,530,558</u>
Less Accumulated Depreciation:					
Buildings & Improvements	(1,213,611)	(84,258)	-	-	(1,297,869)
Equipment	(300,202)	(44,884)	-	-	(345,086)
Vehicles	<u>(995,413)</u>	<u>(211,096)</u>	<u>-</u>	<u>-</u>	<u>(1,206,509)</u>
Total Accumulated Depreciation	<u>(2,509,226)</u>	<u>(340,238)</u>	<u>-</u>	<u>-</u>	<u>(2,849,464)</u>
Total Capital Assets Being Depreciated, Net	<u>3,248,182</u>	<u>(176,419)</u>	<u>-</u>	<u>-</u>	<u>3,071,763</u>
Capital Assets, Net	<u>\$ 5,935,780</u>	<u>\$ 5,745,314</u>	<u>\$ -</u>	<u>\$ -</u>	11,681,094
				Related debt	-
				Net investment in capital assets	<u>\$ 11,681,094</u>

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 31 of 79

NOTE C - CAPITAL ASSETS ACTIVITY, CONTINUED

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

	<u>Amount</u>
General Government	\$ 340,238
Total Depreciation Expense	<u>\$ 340,238</u>

NOTE D - LONG-TERM OBLIGATIONS

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

	Balance October 1 2024	Additions	Retirements/ Adjustments	Balance September 30 2025	Amounts Due Within One Year
Net Pension Liability - FRS	\$ 4,860,253	\$ -	\$ (711,747)	\$ 4,148,506	\$ -
Net Pension Liability - HIS	936,939	-	(90,326)	846,613	-
Compensated Absences	431,807	-	(1,659)	430,148	-
Net OPEB Liability (Total)	<u>1,019,482</u>	<u>691,865</u>	<u>-</u>	<u>1,711,347</u>	<u>-</u>
	<u>\$ 7,248,481</u>	<u>\$ 691,865</u>	<u>\$ (803,732)</u>	<u>\$ 7,136,614</u>	<u>\$ -</u>

The following is a summary of the long-term obligations at September 30, 2025:

	<u>Amount</u>
Net pension obligation - FRS pension plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	\$ 4,148,506
Net pension obligation - HIS plan. This amount is actuarially determined through calculation based upon the audited financial statements of the Florida FRS Plan.	846,613
Noncurrent portion of compensated absences. Employees of the District are entitled to annual leave and sick time based on length of service and job classification.	430,148
Net OPEB liability - GASB No. 75. (Total OPEB liability)	<u>1,711,347</u>
Total	\$ 7,136,614
Less Current Portion	<u>-</u>
Long Term Portion	<u>\$ 7,136,614</u>

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 32 of 79

NOTE D - LONG-TERM OBLIGATIONS, CONTINUED

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

Years Ending <u>September 30</u>	Total <u>Principal</u>	Total <u>Interest</u>	Total
2026	\$ -	\$ -	\$ -
Total capital leases	\$ -	\$ -	\$ -
Accrued compensated absences	\$ 430,148	\$ -	\$ 430,148
Net OPEB obligation	1,711,347	-	1,711,347
Net pension liability - FRS	4,148,506	-	4,148,506
Net pension liability - HIS	846,613	-	846,613
Total long-term debt	<u>\$ 7,136,614</u>	<u>\$ -</u>	<u>\$ 7,136,614</u>

The District incurred interest expenditures of \$0 for the year ended September 30, 2025.

NOTE E - RETIREMENT PLAN - DEFINED BENEFIT PENSION PLAN

General Information about the Florida Retirement System

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

Essentially, all regular, senior management class and elected official class employees of the District are eligible to enroll as members of the State-administered FRS. Provisions relating to the FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. Such provisions may be amended at any time by further action from the Florida Legislature. The FRS is a single retirement system administered by the Florida Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer defined benefit plans (FRS and HIS Plans) and other nonintegrated programs. A comprehensive annual financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information dated June 30, 2025, is available from the Florida Department of Management Services' website (www.dms.myflorida.com).

The District's total pension expense, \$387,765 for the year ended September 30, 2025, is recorded in the government-wide financial statements. Total District retirement actual contribution expenditures were \$957,554, \$856,718 and \$807,325 for the years ended September 30, 2025, 2024, and 2023, respectively. The District contributed 100% of the required contributions.

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

FRS Pension Plan

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

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

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

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

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

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

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may elect to participate in DROP at any time after reaching normal retirement date.

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

FRS Pension Plan, continued

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

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>%Value</u>
Regular Class and elected members initially enrolled before July 1, 2011	
Retirement up to age 62, or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class and elected members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 or more years of service	1.68
Special Risk Regular	
Service from December 1, 1970, through September 30, 1974	2.00
Service on or after October 1, 1974	3.00
Senior Management Service Class	2.00
Elected Officers' Class	3.00

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 36 of 79

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

FRS Pension Plan, continued

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

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

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

Notes:

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) Employer rates include 2.00 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/24 - 6/30/25.
- (3) Employer rates include 2.00 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/25 - 6/30/26.

* As defined by the Plan.

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

FRS Pension Plan, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension Plan. At

September 30, 2025 (measurement date), the District reported a net pension liability of \$4,148,506 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportionate share of the net pension liability was based on the District's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At September 30, 2025, the District's proportionate share was .013367128 percent, which was an increase of .000803370 percent from its proportionate share measure as of September 30, 2024.

For the year ended September 30, 2025, the District recognized FRS pension expense of \$364,499. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources at September 30, 2025:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 443,104	\$ -
Change of assumptions	481,750	-
Net difference between projected and actual earnings on pension plan investments	-	692,635
Changes in proportion and differences between District contributions and proportionate share of contributions	204,558	248,962
District contributions subsequent to the measurement date	<u>219,080</u>	<u>-</u>
Total	<u>\$ 1,348,492</u>	<u>\$ 941,597</u>

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 38 of 79

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

FRS Pension Plan, continued

The deferred outflows of resources related to the FRS pension, totaling \$219,080, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense over the remaining service period of 4.7 years as follows:

Fiscal Years Ending September 30	Amount
2026	\$ 64,801
2027	64,801
2028	64,801
2029	64,802
2030	237,960
Thereafter	(309,350)
Total	<u>\$ 187,815</u>

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

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

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

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

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

FRS Pension Plan, continued

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	3.2%	3.2%	1.1%
Fixed income	29.00%	5.5%	5.4%	4.0%
Global equity	45.00%	8.5%	6.9%	18.3%
Real estate (property)	12.00%	8.4%	7.1%	16.8%
Private equity	11.00%	12.4%	8.8%	28.4%
Strategic investments	<u>2.00%</u>	6.5%	6.1%	8.7%
Total	<u>100.00%</u>			
Assumed inflation - Mean		2.40%		1.50%

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

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

FRS Pension Plan, continued

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

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	<u>\$ 8,141,378</u>	<u>\$ 4,148,506</u>	<u>\$ 800,939</u>

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

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

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

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

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

Payables to the Pension Plan. At September 30, 2025, the District reported a payable of \$18,772 for the outstanding amount of contributions in the FRS pension plan required for the year ended September 30, 2025.

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

Health Insurance Subsidy Plan

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

Benefits Provided. Prior to July 1, 2023, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The payments are at least \$30 but not more than \$150 per month, pursuant to Section 112.363, Florida Statutes. Subsequent to July 1, 2023, eligible retirees and beneficiaries receive \$7.50 per year of service monthly. Maximum benefit is \$225 per month or \$2,700 annually. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to the HIS Plan. At September 30, 2025, the District reported a HIS net pension liability of \$846,613 for its proportionate share of the net HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2025. The District's proportionate share of the net HIS liability was based on the

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 42 of 79

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

HIS Plan, continued

District's 2024-25 fiscal year contributions relative to the total 2024-25 fiscal year contributions of all participating members. At September 30, 2025, the District's proportionate share was .006605165 percent, which was an increase of .000359913 percent from its proportionate share measured as of September 30, 2024.

For the fiscal year ended September 30, 2025, the District recognized HIS expense of \$23,266. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,054	\$ 1,343
Change of assumptions	7,493	204,774
Net difference between projected and actual earnings on HIS pension plan investments	-	705
Changes in proportion and differences between District HIS contributions and proportionate share of HIS contributions	59,809	121,380
District contributions subsequent to the measurement date	15,041	-
Total	<u>\$ 87,397</u>	<u>\$ 328,202</u>

The deferred outflows of resources related to HIS, totaling \$15,041, resulting from District contributions subsequent to the measurement date, will be recognized as a reduction on the net pension liability in the year ended September 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense of the remaining service period of 5.8 years as follows:

<u>Fiscal Years Ending September 30</u>	<u>Amount</u>
2026	\$ (53,331)
2027	(53,331)
2028	(53,331)
2029	(53,332)
2030	(53,155)
Thereafter	10,634
Total	<u>\$ (255,846)</u>

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

HIS Plan, continued

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

Inflation	2.40 percent
Real Payroll Growth	1.10 percent
Salary Increases	3.50 percent, average, including inflation
Municipal Bond Rate	5.20 percent
Actuarial Cost Method	Individual Entry Age

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

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

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

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

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
District's proportionate share of the net HIS liability	\$ 954,693	\$ 846,613	\$ 755,969

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

HIS Plan, continued

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

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

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

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

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

Payables to the Pension Plan. At September 30, 2025, the District reported a payable of \$1,198 for the outstanding amount of contributions to the HIS plan required for the year ended September 30, 2025.

FRS - Defined Contribution Pension Plan

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

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

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 45 of 79

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

FRS - Defined Contribution Pension Plan, continued

are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including FRS Financial Guidance Program, are funded through an employer contribution of .06 percent of payroll and by forfeited benefits of plan members. Allocations to the investment member's accounts during the 2024-25 fiscal year were as follows:

Class (1)	Percent of Gross Salary*		
	Employee	Employer (2)	Employer (3)
Florida Retirement System, Regular	3.00	8.30	8.30
Florida Retirement System, Senior Management Service	3.00	9.67	9.67
Florida Retirement System, Special Risk	3.00	16.00	16.00
Florida Retirement System, Reemployed Retiree	(2)	N/A	N/A
Florida Retirement System, Elected Official	3.00	13.34	13.34

Notes:

- (1) Contribution rates are dependent upon retirement class in which reemployed.
- (2) Employer rates include 2.00 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/24 - 6/30/25.
- (3) Employer rates include 2.00 percent for the post employment health insurance subsidy. Also, employer rates, other than for DROP participants, include .06 percent for administrative costs for the Investment Plan. Rates for 7/1/25 - 6/30/26.

* As defined by the Plan.

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended September 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the District.

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

FRS - Defined Contribution Pension Plan, continued

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

The District's Investment Plan pension expense (included in the FRS expenditures) totaled \$139,142 for the fiscal year ended September 30, 2025.

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

NOTE F - PROPERTY TAXES

Property taxes are levied after formal adoption of the District's budget and become due and payable on November 1 of each year and are delinquent on April 1 of the following year. Discounts on property taxes are allowed for payments made prior to the April 1 delinquent date. Tax certificates are sold to the public for the full amount of any unpaid taxes and must be sold no later than June 1 of each year. The billing, collection, and related record keeping of all property taxes is performed for the District by the Lee County Tax Collector. No accrual for the property tax levy becoming due in November 2025 is included in the accompanying financial statements, since such taxes are collected to finance expenditures of the subsequent period.

Procedures for collecting delinquent taxes, including applicable tax certificate sales and tax deed sales, are provided for by Florida Statutes. The enforceable lien date is approximately two years after taxes become delinquent and occurs only upon request of a holder of a delinquent tax certificate. As of September 30, 2025, \$42,622 was due from the Lee County Tax Collector to the District for ad valorem taxes and excess fees.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 47 of 79

NOTE F - PROPERTY TAXES, CONTINUED

Important dates in the property tax cycle are as follows:

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

For the year ended September 30, 2025, the Board of Commissioners of the District levied ad valorem taxes at a millage rate of \$1.3915 per \$1,000 (1.4000 mills) of the 2024 net taxable value of real property located within the District.

NOTE G - FUND BALANCE

Fund balance consists of the following at September 30, 2025:

<u>Nonspendable fund balance - General Fund</u>	<u>Amount</u>
Deposits	\$ -
Total	-
 <u>Restricted fund balance - General Fund</u>	 <u>Amount</u>
State of Florida Grant - Sta. 172 (Station 2) Construction	\$ 1,571,202
Interest earned on State Funds - Sta. 172 Construction	24,243
Total Restricted Fund Balance	<u>1,595,445</u>

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 48 of 79

NOTE G - FUND BALANCE, CONTINUED

Fund balance was assigned for the following purposes at September 30, 2025:

Assigned fund balance - General Fund	Amount
Designated for Operations	\$ 7,271,977
Disaster Reserve	2,000,000
Apparatus Reserve	1,100,000
Operating Reserve	3,000,000
Fire Equipment Reserve	105,000
EMS Equipment Reserve	65,000
Sick and Vacation Payout	450,000
Total Assigned Fund Balance	<u>13,991,977</u>
Unassigned fund balance - General Fund	Amount
Unassigned, unrestricted	\$ -
Total Unassigned Fund Balance	<u>-</u>
Total	<u><u>\$ 15,587,422</u></u>

NOTE H - IMPACT FEE FUND ACTIVITY

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

	Amount
Unearned revenue, October 1, 2024	\$ 30,319
Impact fee receipts	5,943
Due from other governments	4,093
Interest and other income	1,208
Capital outlay	(10,186)
Operating expenditures	-
Unearned revenue, September 30, 2025	<u><u>\$ 31,377</u></u>

NOTE I - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

NOTE I - RISK MANAGEMENT, CONTINUED

Insurance programs for general/professional liability, automobile, property, and commercial umbrella are covered by commercial insurance. The District retains the risk of loss up to a deductible amount (ranging from \$250 to \$1,000) with the risk of loss in excess of this amount transferred to the insurance carrier with limits of liability of \$1,000,000 per occurrence and \$3,000,000 in the aggregate. The District is third party insured for employee health, dental and vision, as well as workers' compensation.

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

Pursuant to the provisions of Section 112.08, Florida Statutes, the District's defined benefit single employer OPEB Plan provides the opportunity to obtain insurance (health, dental, life and vision) benefits to its retired employees. The District administers the OPEB Plan. The year ended September 30, 2019, was the District's transition year and as such, the District implemented GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". GASB No. 75 requires the District to annually record its actuarially determined total OPEB liability.

All retired full-time employees are eligible for OPEB benefits if actively employed by the District immediately before retirement. As of September 30, 2025, there were eight (8) retirees eligible to receive benefits and six (6) retirees receiving these benefits. At September 30, 2025, there were twenty six (26) active District employees. The benefits are provided both with contractual or labor agreements. The benefits are paid 100% by the retirees. For participants who retire the District offers the opportunity to the retiree to purchase pre-Medicare health insurance that is offered to active employees. The participant will also receive their HIS benefits. Retirees may purchase dependent coverage through the District. At age 65 the retirees then must move to Medicare but may continue to purchase life, dental and vision coverage through the District. The District finances the benefits on a pay-as-you-go basis and recognizes expenditures at the time the premiums are due. There is no separate trust for these benefits.

The retiree's premiums for these benefits totaled \$133,495 during the year ended September 30, 2025, of which the District paid no part of the retiree premium.

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

Funding Policy

The District's OPEB benefits are unfunded. The District has not determined if a separate trust fund or equivalent arrangement will be established into which the District would make contributions to advance-fund the obligation. Therefore, no separate financial statements are issued. All required disclosures are presented herein. The District obtained an actuarial valuation for OPEB Plan to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years.

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

Actuarial Methods and Assumptions

At September 30, 2025, the District's total OPEB liability of \$1,711,347 was measured as of September 30, 2024, for the year ended September 30, 2025, and was determined by using actuarial valuation data as of September 30, 2024.

The following actuarial assumptions and other inputs were applied to all periods included in the measurement:

Rate of inflation	2.50%
Salary Increases depending on years of service changed from	3.25% to 3.50%
Discount Rate as of September 30, 2018	3.50%
Discount Rate as of September 30, 2019	3.83%
Discount Rate as of September 30, 2020	2.75%
Discount Rate as of September 30, 2021	2.41%
Discount Rate as of September 30, 2022	2.19%
Discount Rate as of September 30, 2023	4.40%
Discount Rate as of September 30, 2024	4.63%
Discount Rate as of September 30, 2025	3.81%

Annual healthcare cost trend using the Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions with an initial rate of 8.6% per year trending to 3.9% by 2076.

The discount rate was based on the 20 Year Municipal Bond Rate with AA/Aa or higher.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 51 of 79

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

Actuarial Methods and Assumptions, continued

Entry age normal level percent of pay cost method was used.

The FRS salary scale was used (2024 Actuary Report).

Mortality rates were based on the PUB-2010 Generational Healthy Mortality Table with scale MP-2021.

Funding method: pay as you go

The actuarial assumptions used in the September 30, 2024, valuation as reported for September 30, 2025, were based on results of an actuarial experience study performed for the FRS Retirement Plan.

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

Demographic Assumptions

Participants were assumed to retire at age 60 and eight (8) years of service or at any age after 30 years of service, to age 55 with eight (8) years of service or any age after 25 years of service. Termination assumptions mirror the Florida Retirement System's special risk employees' termination assumptions as reported in the FRS 2024 actuarial valuation report. No disability assumption was made.

Changes in the Total OPEB Liability

	<u>Amount</u>
Balance at September 30, 2024	\$ 1,019,482
Changes for the year:	
Service Cost	42,383
Interest	47,696
Change in Benefit Terms	-
Difference Between Expected and Actual Experience	412,186
Changes in Assumptions	253,049
Contributions from Employer	<u>(63,449)</u>
Net Changes	<u>691,865</u>
Balance at September 30, 2025	<u>\$ 1,711,347</u>

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 52 of 79

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

Changes in the Total OPEB Liability, continued

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

	1% Decrease 2.81%	Current Rate 3.81%	1% Increase 4.81%
Total OPEB Liability	\$ 1,823,297	\$ 1,711,347	\$ 1,608,514

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

	1% Decrease 2.94%	Trend Rate 3.94%	1% Increase 4.94%
Total OPEB Liability	\$ 1,598,569	\$ 1,711,347	\$ 1,837,232

For the year ended September 30, 2025, the District recognized OPEB expense of \$755,314. At September 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

\$0 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the total OPEB liability in the year ended September 30, 2025.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 53 of 79

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

Changes in the Total OPEB Liability, continued

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

Years Ended September 30:	Amount
2026	\$ -
2027	-
2028	-
2029	-
2030	-
Total Thereafter	-
	<u>\$ -</u>

Change in Assumptions:

Discount rate changed from 4.63% to 3.81%

Healthcare trend rates updated for expected cost increases.

Withdrawal, mortality, and salary increase rates were updated from the 2022 FRS experience study to the 2024 study.

Medical per capita was updated to reflect recent experience.

Payroll growth from 3.25% to 3.50%

NOTE K - SUBSCRIPTION LIABILITY

The District entered into multiple subscription-based information technology arrangements ("SBITA's") for various software. The software have 1 year terms and have fixed payments. The District aggregated the subscriptions for reporting purposes. The District used a discount rate of 7.25% (prime rate at inception) to record the present value of the future minimum payments as of the date of implementation.

The District is capitalizing the arrangements over a 3 year term consistent with its fixed asset capitalization policy.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2025

Page 54 of 79

NOTE K - SUBSCRIPTION LIABILITY, CONTINUED

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

Years Ending September 30	Amount
2026	\$ 33,941
2027	33,941
2028	33,941
	<u>101,823</u>
Impact of present value discount	<u>(13,307)</u>
Present value	<u><u>\$ 88,516</u></u>

The amortization of the right of use - subscription liability for the year ended September 30, 2025, was \$2,206.

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

	Amount
Right of use subscription asset, current	\$ 27,452
Right of use subscription asset, noncurrent	<u>61,064</u>
	<u><u>\$ 88,516</u></u>
Right of use subscription liability, current	\$ 27,452
Right of use subscription liability, noncurrent	<u>61,064</u>
	<u><u>\$ 88,516</u></u>

NOTE L - COMMITMENTS AND CONTINGENCIES

On December 27, 2023, the District entered into an agreement with the State of Florida to fund reconstruction of Station 172 destroyed by Hurricane Ian. The State of Florida is funding the construction through two (2) funding mechanisms. During FY 24, the destroyed Station 172 was demolished and the site cleared. The temporary Station 172 continued to operate during reconstruction. Construction began in FY 24 and continued during FY 25. Construction was substantially completed in November 2025, and the District received the permanent certificate of occupancy on February 13, 2026.

NOTE L - COMMITMENTS AND CONTINGENCIES, CONTINUED

As of September 30, 2025, \$8,249,324 had been expended in construction costs related to construction of Station 172. Total construction costs related to Station 172 is estimated at approximately \$8,500,000.

On January 14, 2025, the District entered into an agreement with the City of Sanibel (the "City") to fund the demolition and reconstruction of Station 171 to meet the latest FEMA flood plain elevation. The funding from the City of Sanibel is a federal grant from the U.S. Department of Housing and Urban Development. which is passing through Lee County to the City. Demolition of the existing Station 171 is expected to begin in late March 2026, and the reconstruction is expected to take approximately two (2) years and cost approximately \$9,200,000.

As of September 30, 2025, \$86,945 had been expended in preconstruction costs related to construction of Station 171.

While reconstruction of Station 171 takes place, the District intends to rent administrative office space. The initial lease term was November 1, 2025 to October 31, 2027, but the lease commencement was delayed as the demolition of Station 171 was delayed.

NOTE M - POST EMPLOYMENT HEALTH BENEFITS

The District provides post employment health benefits to its employees under a 501 (c) (9) plan (the "Plan"). Under the provisions of the Plan, the District is required to pay an annual funding amount of \$3,000 per union employee and \$3,500 per administrative employee, into a trust (the "Trust Fund") administered by Nationwide Retirement Solutions. The administrator is required to maintain separate sub-accounts in the name of each participant having an interest in the Trust Fund. Upon a participant's separation from service with the District, the participant (or, in the event of a deceased participant, his dependents) shall be entitled to be reimbursed from the sub-account for qualifying medical expenses or health care premiums incurred by the participant. These benefits are limited to the participant's respective sub-account balance as of the date of the claim. Alternatively, the employee may elect to apply his or her benefit to their required contribution for dependent coverage. The District contributed \$84,463 to the Plan for the year ended September 30, 2025.

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

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

Page 56 of 79

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 6,160,860	\$ 6,160,860	\$ 6,266,665	\$ 105,805
Intergovernmental revenues:				
State firefighter supplement	12,000	12,000	11,519	(481)
Federal grant	-	80,000	243,647	163,647
State grant	2,100,000	1,875,000	1,848,046	(26,954)
Local - LC-EMS CAM	58,080	58,080	62,186	4,106
Permits and fees	40,250	75,120	125,360	50,240
Miscellaneous:				
Interest	280,250	663,650	709,993	46,343
Other	14,500	172,300	22,168	(150,132)
Carryforward	18,916,125	18,452,817	-	(18,452,817)
TOTAL REVENUES	27,582,065	27,549,827	9,289,584	(18,260,243)
EXPENDITURES				
Current				
Public safety				
Personnel services	5,398,756	5,359,232	5,037,308	321,924
Operating expenditures	1,247,204	1,171,704	1,042,305	129,399
Capital outlay	8,325,000	6,170,423	6,075,366	95,057
Debt service				
Principal reduction	-	-	-	-
Interest and fiscal charges	-	-	-	-
Reserves				
Budget reserves	12,611,105	14,848,468	-	14,848,468
TOTAL EXPENDITURES	27,582,065	27,549,827	12,154,979	15,394,848
EXCESS REVENUES				
OVER (UNDER) EXPENDITURES	-	-	(2,865,395)	(2,865,395)
OTHER FINANCING SOURCES				
Proceeds from disp. of capital assets	-	-	-	-
Proceeds from debt issuance	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
EXCESS OF REVENUES AND OTHER				
FINANCING SOURCES OVER (UNDER)				
EXPENDITURES	\$ -	\$ -	(2,865,395)	\$ (2,865,395)
FUND BALANCE - BEGINNING			18,452,817	
FUND BALANCE - ENDING			<u>\$ 15,587,422</u>	

The accompanying notes are an integral part of this statement.

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

Page 57 of 79

	General Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Ad valorem taxes	\$ 6,160,860	\$ 6,160,860	\$ 6,266,665	\$ 105,805
Intergovernmental revenues:				
State firefighter supplement	12,000	12,000	11,519	(481)
Federal grant	-	80,000	243,647	163,647
State grant	2,100,000	1,875,000	1,848,046	(26,954)
Local - LC-EMS CAM	58,080	58,080	62,186	4,106
Permit Fees	40,000	75,000	124,440	49,440
Occupancy Fees	250	120	-	(120)
Flow Test	-	-	920	920
Miscellaneous:				
Interest	280,250	663,650	709,993	46,343
Clothing Sales	12,500	9,000	8,998	(2)
CPR Class	2,000	3,300	3,210	(90)
Other	-	160,000	9,960	(150,040)
Carryforward	18,916,125	18,452,817	-	(18,452,817)
TOTAL REVENUES	<u>27,582,065</u>	<u>27,549,827</u>	<u>9,289,584</u>	<u>(18,260,243)</u>
EXPENDITURES				
Current				
Personnel services:				
Salaries & wages	2,862,552	2,861,029	2,534,693	326,336
Overtime	175,000	175,000	351,279	(176,279)
Special Pay	222,117	184,117	141,701	42,416
Payroll taxes	239,066	239,066	226,763	12,303
Retirement	978,692	978,692	957,554	21,138
Health and life insurance	710,829	710,828	622,046	88,782
Cancer Bill Expenses	-	-	-	-
OPEB Contribution	80,500	80,500	84,463	(3,963)
Workers' compensation	130,000	130,000	118,809	11,191
Subtotal - Personnel services	<u>5,398,756</u>	<u>5,359,232</u>	<u>5,037,308</u>	<u>321,924</u>

The accompanying notes are an integral part of this statement.

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

Page 58 of 79

	General Fund			Variance
	Original	Final		Favorable
	Budget	Budget	Actual	(Unfavorable)
Operating expenditures:				
Professional services	2,000	2,000	3,957	(1,957)
Professional services - other	20,000	20,000	-	20,000
Accounting and audit	50,000	55,000	53,963	1,037
Tax collector fees	123,217	123,217	134,853	(11,636)
Property appraiser fees	49,287	49,287	26,517	22,770
Legal Services	80,000	80,000	55,395	24,605
Medical Director	20,000	20,000	16,875	3,125
Employee Medical Expenses	25,000	25,000	23,366	1,634
Rentals and leases	2,500	2,500	-	2,500
Repairs & maintenance	31,000	36,000	19,318	16,682
Transaction fees	200	200	-	200
Operating supplies	32,000	-	20,141	(20,141)
Insurance	182,500	155,000	116,858	38,142
Office supplies	4,000	4,000	1,800	2,200
Building maintenance	3,000	3,000	9,163	(6,163)
Software support and maint.	70,000	70,000	61,760	8,240
Lawn Maintenance/Equipment	12,500	500	186	314
Vehicle Maintenance	114,000	167,300	160,199	7,101
Dock Maintenance	2,500	1,000	241	759
Uniforms	12,000	10,000	13,926	(3,926)
Firefighter gear/tools/equipment	77,500	82,500	75,221	7,279
Medical supplies & equipment	15,000	15,000	26,130	(11,130)
Fire Supplies	20,000	2,500	1,984	516
Clothing Sales	6,000	5,000	3,893	1,107
Cleaning Supplies	6,000	4,500	3,468	1,032
Training/education equipment	67,000	60,000	-	60,000
Books/memberships/training	15,000	12,500	89,351	(76,851)
Utilities	43,500	38,500	63,114	(24,614)
Communication and freight	64,500	45,700	-	45,700
Fuel	47,500	47,500	38,885	8,615
Travel and per diem	37,000	25,000	13,248	11,752
Promotions/printing	12,500	9,000	8,493	507
Subtotal - Operating expenditures	1,247,204	1,171,704	1,042,305	129,399

The accompanying notes are an integral part of this statement.

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

Page 59 of 79

	General Fund			Variance
	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Capital outlay:				
Machinery and equipment	130,000	55,000	16,281	38,719
Vehicles	130,000	100,423	100,423	-
Construction in progress	8,000,000	6,000,000	5,944,002	55,998
Buildings	65,000	15,000	14,660	340
Subtotal - Capital outlay	<u>8,325,000</u>	<u>6,170,423</u>	<u>6,075,366</u>	<u>95,057</u>
Debt Service:				
Principal reduction	-	-	-	-
Interest expense	-	-	-	-
Subtotal - Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reserves				
Budget reserves	<u>12,611,105</u>	<u>14,848,468</u>	<u>-</u>	<u>14,848,468</u>
Subtotal - Reserves	<u>12,611,105</u>	<u>14,848,468</u>	<u>-</u>	<u>14,848,468</u>
 TOTAL EXPENDITURES	<u>27,582,065</u>	<u>27,549,827</u>	<u>12,154,979</u>	<u>15,394,848</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(2,865,395)</u>	<u>(2,865,395)</u>
 OTHER FINANCING SOURCES				
Proceeds from disp. of capital assets	-	-	-	-
Proceeds from debt issuance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>(2,865,395)</u>	<u>\$ (2,865,395)</u>
 FUND BALANCE - BEGINNING			<u>18,452,817</u>	
 FUND BALANCE - ENDING			<u>\$ 15,587,422</u>	

The accompanying notes are an integral part of this statement.

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

Page 60 of 79

Impact Fee Fund				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Fees:				
Impact fees	\$ 7,500	\$ 9,000	\$ 10,186	\$ 1,186
Impact fee reserves	-	-	-	-
Miscellaneous:				
Interest	250	1,100	-	(1,100)
TOTAL REVENUES	<u>7,750</u>	<u>10,100</u>	<u>10,186</u>	<u>86</u>
EXPENDITURES				
Public safety				
Operating expenditures	-	-	-	-
Capital outlay				
Facilities	-	-	-	-
Vehicles	7,750	10,100	10,186	(86)
Equipment	-	-	-	-
Reserves				
Impact fee reserves	-	-	-	-
TOTAL EXPENDITURES	<u>7,750</u>	<u>10,100</u>	<u>10,186</u>	<u>(86)</u>
EXCESS OF REVENUES OVER				
EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - Beginning			-	
FUND BALANCE - Ending			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

SANIBEL FIRE & RESCUE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2025

<u>Federal or State Agency & Office/Pass through Grantor/ Program Title</u>	<u>CFDA# / CSFA#</u>	<u>Pass-Through or Grant Contract Number</u>
STATE AWARDS		
<u>Florida Executive Office of the Governor:</u>		
MAJOR (Type A)		
State Hurricane Recovery Grant Program		
- Station 172 Reconstruction	31.081	D1525
<u>Florida Department of Financial Services</u>		
NONMAJOR (Type A)		
Local Government Fire Service Grants		
- Station 172 Reconstruction	43.009	D2391 / FM925
Total State Financial Assistance		

(1) The grant revenue of \$6,000,000 was advanced to the District during the prior fiscal year.

<u>Program or Award Amount</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Pass-Through to Subrecipients</u>
\$ 6,000,000	\$ - (1)	\$ 3,685,917	\$ -
<u>6,000,000</u>	<u>-</u>	<u>3,685,917</u>	<u>-</u>
2,100,000	1,848,046	1,848,046	-
<u>2,100,000</u>	<u>1,848,046</u>	<u>1,848,046</u>	<u>-</u>
<u>\$ 8,100,000</u>	<u>\$ 1,848,046</u>	<u>\$ 5,533,963</u>	<u>\$ -</u>

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2025

Page 62 of 79

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the State of Florida award activity of the Sanibel Fire & Rescue District under the projects of the State of Florida for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Florida Single Audit Act (Florida Statute 215.97) and Florida Auditor General Rule 10.650. Because the Schedule presents only a selected portion of the operations of the Sanibel Fire & Rescue District, it is not intended to and does not present the Net Position, or Statement of Activities of the Sanibel Fire & Rescue District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of State Financial Assistance has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the Florida Single Audit Act (Florida Statute 215.97) and Florida Auditor General Rule 10.650.

Expenditures reported on the Schedule of Expenditures of State Financial Assistance include cash disbursements, whether capitalized or expensed, during the fiscal year, as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of State Financial Assistance include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

Basis of Accounting

Expenditures reported on the Schedule are recognized following the cost principles contained in the Florida Single Audit Act (Florida Statute 215.97) and Florida Auditor General Rule 10.650 wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

SANIBEL FIRE & RESCUE DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF
STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2025

Page 63 of 79

NOTE C - SUBRECIPIENTS

During the year ended September 30, 2025, there were no State funds passed through to subrecipients.

NOTE D - MATCH/PARTICIPATION REQUIREMENTS

The Sanibel Fire & Rescue District received financial assistance under several grants.

For the fiscal year ended September 30, 2025, the Sanibel Fire & Rescue District had no match/participation requirement for the State of Florida.

SANIBEL FIRE & RESCUE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM (FRS) PENSION
PLAN (1)

	2025	2024	2023	2022
District's proportion (%) of the net pension liability	0.013367128%	0.012563758%	0.012956739%	0.014000140%
District's proportionate share (\$) of the net pension liability	\$ 4,148,506	\$ 4,860,253	\$ 5,162,850	\$ 5,209,178
District's covered-employee payroll	\$ 3,018,673	\$ 2,742,984	\$ 2,804,206	\$ 2,496,801
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	137.43%	177.19%	184.11%	208.63%
Plan fiduciary net position as a percentage of the total pension liability	87.26%	83.70%	82.38%	82.89%

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

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

	2025	2024	2023	2022
Contractually required contribution	\$ 900,101	\$ 805,315	\$ 758,886	\$ 612,739
Contributions in relation to the contractually required contribution	900,101	805,315	758,886	612,739
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,018,673	\$ 2,742,984	\$ 2,804,206	\$ 2,496,801
Contributions as a percentage of covered-employee payroll	29.82%	29.36%	27.06%	24.54%

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

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

2021	2020	2019	2018	2017	2016
0.013974910%	0.015080610%	0.015825970%	0.015987840%	0.016916600%	0.017582210%
\$ 1,055,646	\$ 6,536,160	\$ 5,450,244	\$ 4,815,622	\$ 5,003,816	\$ 4,439,523
\$ 2,329,415	\$ 2,161,892	\$ 2,179,490	\$ 2,065,762	\$ 2,264,224	\$ 2,332,672
45.32%	302.34%	250.07%	233.12%	220.99%	190.32%
96.40%	78.85%	82.61%	84.26%	83.89%	84.88%

2021	2020	2019	2018	2017	2016
\$ 521,840	\$ 477,252	\$ 468,629	\$ 443,403	\$ 440,381	\$ 428,770
521,840	477,252	468,629	443,403	440,381	428,770
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,329,415	\$ 2,161,892	\$ 2,179,490	\$ 2,065,762	\$ 2,264,224	\$ 2,332,672
22.40%	22.08%	21.50%	21.46%	19.45%	18.38%

SANIBEL FIRE & RESCUE DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY - HEALTH INSURANCE SUBSIDY (HIS) PENSION
PLAN (1)

	2025	2024	2023	2022
District's proportion (%) of the net pension liability	0.006605165%	0.006245852%	0.007036940%	0.007527390%
District's proportionate share (\$) of the net pension liability	\$ 846,613	\$ 936,939	\$ 1,117,560	\$ 797,271
District's covered-employee payroll	\$ 3,018,673	\$ 2,742,984	\$ 2,804,206	\$ 2,496,801
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	28.05%	34.16%	39.85%	31.93%
Plan fiduciary net position as a percentage of the total pension liability	6.36%	4.80%	4.12%	4.81%

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

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

	2025	2024	2023	2022
Contractually required contribution	\$ 57,453	\$ 51,403	\$ 48,440	\$ 43,124
Contributions in relation to the contractually required contribution	57,453	51,403	48,440	43,124
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,018,673	\$ 2,742,984	\$ 2,804,206	\$ 2,496,801
Contributions as a percentage of covered-employee payroll	1.90%	1.87%	1.73%	1.73%

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

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

2021	2020	2019	2018	2017	2016
0.007454560%	0.007137980%	0.007274880%	0.007192790%	0.004744340%	0.007659150%
\$ 914,414	\$ 871,535	\$ 813,986	\$ 761,293	\$ 795,882	\$ 892,642
\$ 2,329,415	\$ 2,161,892	\$ 2,179,490	\$ 2,065,762	\$ 2,264,224	\$ 2,332,672
39.26%	40.31%	37.35%	36.85%	35.15%	38.27%
3.56%	3.00%	2.63%	2.15%	1.64%	0.97%

2021	2020	2019	2018	2017	2016
\$ 39,002	\$ 36,257	\$ 36,121	\$ 34,697	\$ 39,393	\$ 39,258
39,002	36,257	36,121	34,697	39,393	39,258
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,329,415	\$ 2,161,892	\$ 2,179,490	\$ 2,065,762	\$ 2,264,224	\$ 2,332,672
1.67%	1.68%	1.66%	1.68%	1.74%	1.68%

Changes of Assumptions

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

The total pension liability for each cost-sharing defined benefit plan was determined using the individual entry age actuarial cost method. Inflation increases for both plans is assumed at 2.40%. Payroll growth, including inflation, for both plans is assumed at 3.50%. Both the discount rate and the long-term expected rate of return used for FRS Pension Plan investments remained constant from the prior year at 6.7%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Because the HIS Program uses a pay-as-you-go funding structure, a municipal bond rate of 5.20%, increased from 3.93%, was used to determine the total pension liability for the program (Bond Buyer General Obligation 20-Bond Municipal Bond Index). Mortality assumptions for both plans were based on the Generational PUB-2010 with Projection Scale MP-2021 tables.

Florida Retirement System Pension Plan

There were changes in actuarial assumptions. As of June 30, 2025, the inflation rate assumption remained at 2.4 percent, the real payroll growth assumption remained at 1.10 percent, and the overall payroll growth rate assumption remained at 3.50 percent. The long-term expected rate of return was unchanged at 6.70 percent.

Health Insurance Subsidy Pension Plan

The municipal rate used to determine total pension liability increased from 3.93 percent to 5.20 percent. Also the HIS Plan adopted the 2024 FRS experience study.

Pension Expense and Deferred Outflows/Inflows of Resources

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

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

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

The average expected remaining service life of all employees provided with pensions through the pension plans at September 30, 2025, was 4.7 years (5.3 for FY 24) for FRS and 5.8 years (6.3 for FY 24) for HIS.

SANIBEL FIRE & RESCUE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND
RELATED RATIOS GASB 75 AND RELATED NOTES TO THE SCHEDULE

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

Net OPEB Liability	2025	2024	2023
Service Cost	\$ 42,383	\$ 42,605	\$ 46,603
Interest Cost	47,696	45,520	15,837
Changes in Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	412,186	-	488,612
Changes in Assumptions	253,049	(16,010)	(151,583)
Benefit Payments	(63,449)	(89,128)	(79,073)
Net Change in net OPEB Liability	691,865	(17,013)	320,396
Net OPEB Liability - Beginning of Year	1,019,482	1,036,495	716,099
Net OPEB Liability - End of Year	<u>\$ 1,711,347</u>	<u>\$ 1,019,482</u>	<u>\$ 1,036,495</u>

NOTE: Information for FY 2018 and earlier is not available.

Plan Fiduciary Net Position as of September 30:

	2025	2024	2023
Contributions - Employer	\$ 63,449	\$ 89,128	\$ 79,073
Net Investment Income	-	-	-
Benefit Payments	(63,449)	(89,128)	(79,073)
Administrative Expense	-	-	-
Net Change in Fiduciary Net Position	-	-	-
Fiduciary Net Position - Beginning of Year	-	-	-
Fiduciary Net Position - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB Liability (Total)	\$ 1,711,347	\$ 1,019,482	\$ 1,036,495
Fiduciary Net Position as a % of Net OPEB Liability	0.00%	0.00%	0.00%
Covered-Employee Payroll *			
Net OPEB Liability as a % of Payroll *			
Expected Average Remaining Service Years of All Participants	10	10	12

* Because this OPEB plan does not depend on salary, no information is provided.

NOTE: Information for FY 2018 and earlier is not available.

Notes to the Schedule:

Changes of Assumptions	The discount rate was changed as follows:
9/30/19	3.83%
9/30/20	2.75%
9/30/21	2.41%
9/30/22	2.19%
9/30/23	4.40%
9/30/24	4.63%
9/30/25	3.81%

Healthcare trend rates updated for expected cost increases.

Inflation rate remained at 2.50%

Payroll growth increased from 3.25% to 3.50%.

2022	2021	2020	2019
\$ 43,574	\$ 80,397	\$ 68,159	\$ 67,763
17,389	30,905	39,273	34,906
-	-	-	-
-	121,235	-	-
10,440	(531,086)	40,202	(21,102)
(66,527)	(67,280)	(55,656)	(52,112)
4,876	(365,829)	91,978	29,455
711,223	1,077,052	985,074	955,619
<u>\$ 716,099</u>	<u>\$ 711,223</u>	<u>\$ 1,077,052</u>	<u>\$ 985,074</u>

2022	2021	2020	2019
\$ 66,527	\$ 67,280	\$ 55,656	\$ 52,112
-	-	-	-
(66,527)	(67,280)	(55,656)	(52,112)
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 716,099	\$ 711,223	\$ 1,077,052	\$ 985,074
0.00%	0.00%	0.00%	0.00%

12

12

13

11

Medical per capita was updated to reflect recent experience.

Population covered by Plan: 26 active 8 retired

Plan has no specific trust established.

Withdrawal, mortality, and salary increase rates were updated from the 2022 FRS experience study to the 2024 study.

ADDITIONAL REPORTS

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Page 69 of 79

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

Board of Commissioners
Sanibel Fire & Rescue District
2351 Palm Ridge Road
Sanibel, Florida 33957

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America, the basic financial statements of the governmental activities and each major fund of Sanibel Fire & Rescue District (the "District") as of and for the year ended September 30, 2025, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents and have issued our report thereon dated February 27, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 basic financial statements will not be prevented or detected and

INTEGRITY SERVICE EXPERIENCE

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

corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We did, however, note certain other matters that we have reported in our Independent Auditor's Report to Management dated February 27, 2026.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sanibel Fire & Rescue District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards.

See other matters noted in our Independent Auditor's Report to Management dated February 27, 2026.

Purpose of This Report

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

A handwritten signature in black ink that reads "HSC/Tuscan & Company, P.A." with a stylized flourish at the end.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 27, 2026

Independent Auditor's Report on Compliance With Requirements That Could
Have a Direct and Material Effect on Each Major Project
and on Internal Control Over Compliance in Accordance
With the Florida Single Audit Act

Board of Commissioners
Sanibel Fire & Rescue District
2351 Palm Ridge Road
Sanibel, Florida 33957

Report on Compliance for Each Major State Project

We have audited the Sanibel Fire & Rescue District's compliance with the types of compliance requirements described in the State Project Compliance Supplement, as applicable, that could have a direct and material effect on each of Sanibel Fire & Rescue District's major state projects for the year ended September 30, 2025. Sanibel Fire & Rescue District's major State projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sanibel Fire & Rescue District's major State projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the Florida Single Audit Act (Florida Statutes Chapter 215.97) and the State of Florida Auditor General Rule 10.650. Those standards and the Florida Single Audit Act require that we plan and

INTEGRITY SERVICE EXPERIENCE

perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about Sanibel Fire & Rescue District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state project. However, our audit does not provide a legal determination of Sanibel Fire & Rescue District's compliance.

Opinion on Each Major State Project

In our opinion, Sanibel Fire & Rescue District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State projects for the year ended September 30, 2025.

Report on Internal Control Over Compliance

Management of Sanibel Fire & Rescue District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sanibel Fire & Rescue District's internal control over compliance with the types of requirements that could have a direct and material effect on each major State project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state project and to test and report on internal control over compliance in accordance with the Florida Single Audit Act (Florida Statutes Chapter 215.97) and the State of Florida Auditor General Rule 10.650, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sanibel Fire & Rescue District's internal control over compliance.

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

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

Purpose of the Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Florida Single Audit Act (Florida Statutes Chapter 215.97) and the State of Florida Auditor General Rule 10.550. Accordingly, this report is not suitable for any other purpose.

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 27, 2026

SANIBEL FIRE & RESCUE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - STATE FINANCIAL ASSISTANCE
Year Ended September 30, 2025

Page 74 of 79

State Financial Assistance

Internal control over major projects:

Control deficiency(ies) identified?	_____	Yes	<u>X</u>	No
Significant deficiency(ies) identified?	_____	Yes	<u>X</u>	No
Material weakness(es) identified?	_____	Yes	<u>X</u>	None reported
Type of auditors report issued on compliance for major projects				Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 215.97, Florida Statutes, and Chapter 10.650, Rules of the Auditor General?	_____	Yes	<u>X</u>	No

Identification of major projects:

CSFA	
<u>Number(s)</u>	<u>Name of State Project</u>
31.081	State Hurricane Recovery Grant Program

Dollar threshold used to distinguish between

Type A and Type B projects	Threshold used was \$750,000
----------------------------	------------------------------

Section II- Financial Statement Findings

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

Section III- State Award Findings and Questioned Costs

There were no audit findings related to State Awards required to be reported by Auditor General Rule 10.650.

Section IV- Status of State Prior Year Findings

There were no prior year findings as no State Single Audit was required in the prior year.

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Page 75 of 79

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

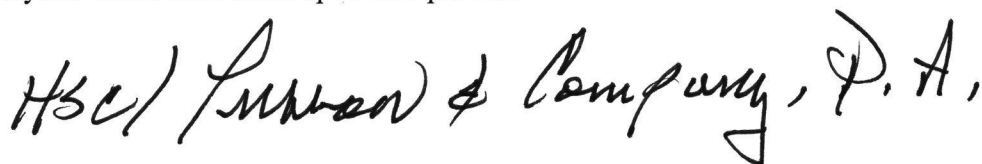
Board of Commissioners
Sanibel Fire & Rescue District
2351 Palm Ridge Road
Sanibel, Florida 33957

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

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

In our opinion, Sanibel Fire & Rescue District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2025.

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



HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 27, 2026

INTEGRITY SERVICE EXPERIENCE

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

HSC/Tuscan & Company, PA

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Page 76 of 79

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Commissioners
Sanibel Fire & Rescue District
2351 Palm Ridge Road
Sanibel, Florida 33957

We have audited the accompanying basic financial statements of Sanibel Fire & Rescue District (the "District") as of and for the year ended September 30, 2025, and have issued our report thereon dated February 27, 2026.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America and Chapter 10.550, Rules of the Florida Auditor General. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards and Chapter 10.550, Rules of the Florida Auditor General. Disclosures in those reports, which are dated February 27, 2026, should be considered in conjunction with this report to management.

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

- 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 financially significant prior year comments noted. Corrective actions are noted on the following pages.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. No such recommendations were noted to improve financial management.

INTEGRITY SERVICE EXPERIENCE

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

- Section 10.554(1)9, Rules of the Auditor General, requires an independent special district that imposes a non-ad valorem special assessment to disclose certain unaudited data. See Exhibit 2.
- Section 10.556(10)(a), Rules of the Auditor General, requires that the scope of our audit to determine the District's compliance with the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the District complied with Section 218.415, Florida Statutes as reported in our Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes dated February 27, 2026, included herein.

PRIOR YEAR COMMENTS:

22-01 Adjusting Journal Entries

During the audit, it was necessary to propose numerous adjusting journal entries to correct the District's trial balance.

Fiscal Year 2023 Addendum

During the audit, we noted that the adjustments from the prior audit were not posted to the general ledger. We recommend that the District ensure the general ledger agrees to the audited financial statements. During the FY 23 audit, we proposed several journal entries. The District has new administration now and is committed to ensure accurate and timely recordkeeping.

Fiscal Year 2024 Addendum

We continue to recommend the District post year end payables.

Fiscal Year 2025 Current Year Addendum

During the audit, we noted that the District recorded receivables and payables. This comment is considered resolved.

23-08 No Written 5 Year Plan

During the audit, we noted the District had no written 5 year plan. We also noted the entire Administration has changed from the prior and the District facilities were devastated by Hurricane Ian. We were informed by the Chief that the District intends to create a required 5 year plan as the rebuild process eases.

Fiscal Year 2024 Addendum

During the audit, we noted that the District had not created a 5 year plan. We continue to recommend that the District create a 5 year plan. We did note that the District is focused

on rebuilding Station 1 and 2 due to damage from Hurricane Ian and other related hurricane issues. As such, the District intends to complete this plan as soon as possible.

Fiscal Year 2025 Current Year Addendum

During the audit, we noted that the District created and approved a 5 year plan during fieldwork. Therefore, this comment is considered resolved.

CURRENT YEAR COMMENTS:

25-01 Expenditures in Excess of Appropriations

During the audit, we noted the expenditures of the Impact Fee Fund exceeded the Board approved budgeted expenditures. This resulted in expenditures in excess of appropriations of \$86. We did note, however, such disbursements were individually approved by the Board.

We recommend that the Board amend the budget or originally adopt a budget for such items prior to any expenditures. No expenditures should be made in excess of the properly approved budget.

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

HSC/Tuscan & Company, P.A.

HSC/TUSCAN & COMPANY, P.A.
Fort Myers, Florida
February 27, 2026

EXHIBIT 1



Sanibel Fire & Rescue District

Phone: 239-472-5525
Fax: 239-472-2422
www.SanibelFire.com

Sanibel Fire & Rescue District
2351 Palm Ridge Rd
Sanibel, FL 33957

Date: 4/2/2026

To: HSC Tuscan & Company, PA

Re: FY25 Current Year Comments and Management Response.

25-01 – Expenditures in Excess of Appropriations

During the audit, we noted the expenditures of the Impact Fee Fund exceeded the Board approved budgeted expenditures. This resulted in expenditures in excess of appropriations of \$86. We did note, however, such disbursements were individually approved by the board.

We recommend that the board amend the budget or originally adopt a budget such items prior to any expenditures. No expenditures should be made in excess of the properly approved budget.

Response: As Fire Chief, I take full accountability for the \$86 budget overage. This was an oversight. Moving forward, no expenditures will be made without prior Board approval of a budget amendments. We agree with the auditor's recommendation and have implemented it.

Kevin Barbot
Fire Chief

EXHIBIT 2

**UNAUDITED
COMPLIANCE WITH REPORTING REQUIRED BY:**

Auditor General Rule 10.554(1)(i)7

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.a., Florida Statutes). 29 including 3 commissioners
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year being reported (see information required in Section 218.32(1)(e)2.b., Florida Statutes). 0
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.c., Florida Statutes). (Total wage compensation for the fiscal year being audited) \$3,027,673
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency (see information required in Section 218.32(1)(e)2.d., Florida Statutes). (Amounts paid that would be reported on a Form 1099 for FYE) \$0
- e. Each construction project with a total cost of at least \$65,000 approved by the district that was scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project (see information required in Section 218.32(1)(e)2.e., Florida Statutes). See NOTE L
- f. A budget variance report based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see information required in Section 218.32(1)(e)3., Florida Statutes). If there were amendments then include budget variance (original budget vs. actual at FYE). See attached pages 3 and 4.

Auditor General Rule 10.554(1)(i)8

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

- a. The millage rate or rates imposed by the district. 1.3915 mills
- b. The current year gross amount of ad valorem taxes collected by or on behalf of the district.
\$6,266,665
- c. The total amount of outstanding bonds issued by the district and terms of such bonds. N/A

Auditor General Rule 10.554(1)(i)9

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

- a. The rate or rates of such assessment imposed by the district. N/A
- b. The total amount of special assessments collected by or on behalf of the district.
N/A
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds. N/A

SANIBEL FIRE & RESCUE DISTRICT
ORIGINAL BUDGET vs. ACTUAL COMPARISON REPORT - UNAUDITED -
GENERAL FUND
Year Ended September 30, 2025

Page 3

	General Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad valorem taxes	\$ 6,160,860	\$ 6,266,665	\$ 105,805
Intergovernmental revenues:			
State firefighter supplement	12,000	11,519	(481)
Federal grant	-	243,647	243,647
State grant	2,100,000	1,848,046	(251,954)
Local - LC EMS	58,080	62,186	4,106
Permits and fees	40,250	125,360	85,110
Miscellaneous:			
Interest	280,250	709,993	429,743
Other	14,500	22,168	7,668
Carryforward	18,916,125	-	(18,916,125)
TOTAL REVENUES	27,582,065	9,289,584	(18,292,481)
EXPENDITURES			
Current			
Public safety			
Personnel services	5,398,756	5,037,308	361,448
Operating expenditures	1,247,204	1,042,305	204,899
Capital outlay	8,325,000	6,075,366	2,249,634
Debt service			
Principal reduction	-	-	-
Interest and fiscal charges	-	-	-
Reserves			
Budget reserves	12,611,105	-	12,611,105
TOTAL EXPENDITURES	27,582,065	12,154,979	15,427,086
EXCESS REVENUES			
OVER (UNDER) EXPENDITURES	-	(2,865,395)	(2,865,395)
OTHER FINANCING SOURCES			
Proceeds from disp. of capital assets	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-
EXCESS OF REVENUES AND OTHER			
FINANCING SOURCES OVER (UNDER)			
EXPENDITURES	\$ -	(2,865,395)	\$ (2,865,395)
FUND BALANCE,			
BEGINNING OF YEAR		18,452,817	
FUND BALANCE, END OF YEAR		\$ 15,587,422	

The accompanying notes are an integral part of this statement.

SANIBEL FIRE & RESCUE DISTRICT
ORIGINAL BUDGET vs. ACTUAL COMPARISON REPORT - UNAUDITED -
IMPACT FEE FUND
Year Ended September 30, 2025

Page 4

Impact Fee Fund			
	Original		Variance
	Budget	Actual	Favorable
			(Unfavorable)
REVENUES			
Fees:			
Impact fees	\$ 7,500	\$ 10,186	\$ 2,686
Impact fee reserves	-	-	-
Miscellaneous:			
Interest	250	-	(250)
TOTAL REVENUES	<u>7,750</u>	<u>10,186</u>	<u>2,436</u>
EXPENDITURES			
Public safety			
Operating expenditures	-	-	-
Capital outlay			
Land	-	-	-
Vehicle	7,750	10,186	(2,436)
Equipment	-	-	-
Reserves			
Impact fee reserves	-	-	-
TOTAL EXPENDITURES	<u>7,750</u>	<u>10,186</u>	<u>(2,436)</u>
EXCESS OF REVENUES OVER			
EXPENDITURES	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE - Beginning		<u>-</u>	
FUND BALANCE - Ending		<u>\$ -</u>	

The accompanying notes are an integral part of this statement.