North Bay Fire District

FINANCIAL STATEMENTS

September 30, 2021

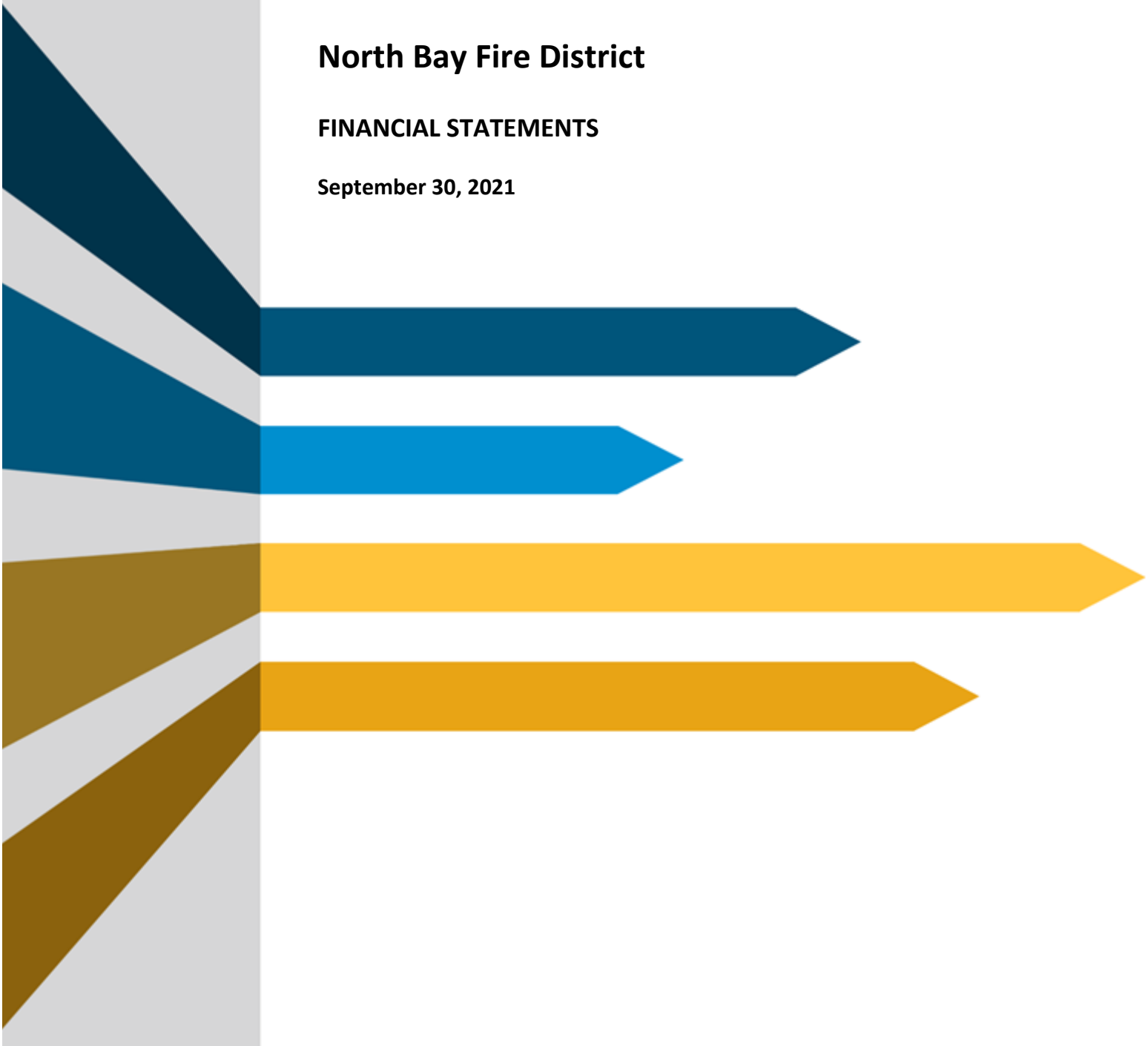


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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
North Bay Fire District
Niceville, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of North Bay Fire District (hereinafter referred to as "the District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District as of September 30, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information other than MD&A 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 28, 2022

Management's Discussion and Analysis
(Required Supplementary Information)

This discussion and analysis (MD&A) of the North Bay Fire District (the "District") financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical for the following area in Okaloosa County: the land area in Township 1 South, Range 22 West, bounded on the north by Rocky Bayou and Eglin Air Force Base Reservation, bounded on the west and south by Choctawhatchee Bay and bounded on the east by the Walton County line and Eglin Air Force Base Reservation. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required by Florida statutes to ensure that the District has sufficient reserve funds for future operations and anticipated capital acquisitions.

The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

HIGHLIGHTS

Financial Highlights

- Total assets increased $786,733
- Total liabilities increased $40,610
- Net position increased by $315,700
- Total revenues increased by $34,232 or 1% and total expenses increased by $242,920 or 10%.

District Highlights

During the 2021 calendar year, the District responded to a total of 1,483 incidents which include 1,035 medical emergencies (including vehicle accidents) and 448 fire service calls (including false alarms). Mutual aid was provided 61 times to area departments and government agencies and was received 69 times.

OVERVIEW OF THE FINANCIAL STATEMENTS AND USING THE ANNUAL REPORT

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments*, as amended by Statement 37. The Statement of Net Position and the Statement of Activities on pages 9 – 10 provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District's financial health or financial position.

CONDENSED STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position.

September 30,	2021	2020	Change
Asset			
Current and other assets	$ 2,226,951	$ 1,416,590	$ 810,361
Capital assets, net	2,518,428	2,542,056	(23,628)
Total assets	4,745,379	3,958,646	786,733
Deferred outflows of resources	530,749	441,940	88,809
Total assets and deferred outflows of resources	$ 5,276,128	$ 4,400,586	$ 875,542
Liabilities			
Current liabilities	$ 273,496	$ 236,203	$ 37,293
Other liabilities	669,974	666,657	3,317
Total liabilities	943,470	902,860	40,610
Deferred inflows of resources	988,307	469,075	519,232
Net position			
Net investment in capital assets	2,518,428	2,525,327	(6,899)
Restricted - Impact fees	8,414	1,760	6,654
Unrestricted	817,509	501,564	315,945
Total net position	3,344,351	3,028,651	315,700
Total liabilities, deferred inflow of resources and net position	$ 5,276,128	$ 4,400,586	$ 875,542

For more detailed information, see the accompanying Statement of Net Position.

Total assets increased by $786,733 during the fiscal year ended September 30, 2021. This was primarily due to an increase in the net pension asset. Total liabilities remained substantially unchanged from the prior year.

CONDENSED STATEMENTS OF ACTIVITIES

The following schedule compares the Statement of Activities for the current and previous fiscal year.

For the year ended September 30,	2021	2020	Change
General and program revenue:			
Ad valorem taxes, net of discounts and tax collector's commission	$ 2,646,158	$ 2,515,305	$ 130,853
Interest income	6,859	17,439	(10,580)
Miscellaneous	330,413	416,454	(86,041)
Total general and program revenue	2,983,430	2,949,198	34,232
Expenses:			
Personal services	2,082,336	1,877,906	204,430
Operating services, depreciation, and interest	585,394	546,904	38,490
Total expenses	2,667,730	2,424,810	242,920
Change in net position	315,700	524,388	(208,688)
Net position, beginning of year	3,028,651	2,504,263	524,388
Net position, end of year	$ 3,344,351	$ 3,028,651	$ 315,700

For more detailed information, see the accompanying Statement of Activities.

Ad valorem taxes increased 5% or $130,853 due to an increase in the tax base from the previous year. Interest income decreased $10,580 as compared to prior year due to lower interest rates. Miscellaneous income decreased $86,041 due to revenue obtained from the sale of a fire truck during the prior. Total expenses increased by 10% or $242,920 from the previous year as a result of higher wages and pension costs.

Overall, net position increased $315,700 due to the excess of revenues over expenses as noted above for the fiscal year 2021.

ANALYSIS OF GOVERNMENTAL FUND

As the District completed the year, its governmental fund (as presented on pages 11 - 14) reported a total fund balance of $1,454,953 which is an increase in fund balance of $240,091 from the prior year. This amount represents the excess of revenue over expenses for the fiscal year 2021. During the year the District invested $258,273 in capital outlay expenditures for a new compressor and air packs as well as other equipment purchases.

GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS

Several factors led to a variance with actual revenue and expenditures as compared to the approved budget. First, the District general fund experienced a favorable increase of $485,694 in revenue as compared to the budget projections. This increase occurred primarily as a result of increased tax revenue, unbudgeted Florida Chapter 175 State-funded payments, and unbudgeted COVID-19 and FEMA grant funding.

The District's general fund experienced an unfavorable increase in expenditures as compared to the budget projections in the amount of $369,033 which is primarily a result of the District not budgeting for capital outlay and the property appraisal fee.

Overall, the general fund had a favorable budget to actual amount of $116,661.

CAPITAL ASSETS

At September 30, 2021, the District had $2,518,428 invested in capital assets (net of depreciation). This amount represents a net decrease (including additions and deletions) of $23,628 or 1% as compared to fiscal year 2020. The decrease primarily occurred due to the disposition of a ladder truck and other equipment in excess of current year purchases.

A listing of capital assets by major category for the current and prior year follows:

September 30,	**2021**	**2020**	**Change**
Land	$ 40,000	$ 40,000	$ -
Buildings	1,804,987	1,804,987	-
Vehicles and equipment	2,484,823	2,587,481	(102,658)
Total, prior to depreciation	4,329,810	4,432,468	(102,658)
Accumulated depreciation	(1,811,382)	(1,890,412)	79,030
Net capital assets	$ 2,518,428	$ 2,542,056	$ (23,628)

More information about the District's capital assets is presented in Note 2 to the financial statements.

LONG-TERM LIABILITIES

At September 30, 2021, the District had long-term obligations which include compensated absences, other postemployment benefits (OPEB), a capital lease liability, and the net pension liability. The District's long-term liabilities increased $12,790 or 2% as compared to 2020 as summarized below:

	2021	2020	Change
Liability for compensated absences	$ 507,087	$ 401,081	$ 106,006
OPEB liability	247,193	174,199	72,994
Capital lease liability	-	16,729	(16,729)
Net pension liability	-	149,481	(149,481)
Total long-term liabilities	$ 754,280	$ 741,490	$ 12,790

More information about the District's long-term liabilities is presented in Note 3 to the financial statements.

ECONOMIC AND FUTURE FINANCIAL FACTORS

North Bay Fire District, an independent fire control district by special act 98-470, Laws of Florida, operates under the provisions of Chapter 191, Florida Statutes. The special act became law in May 1998. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the millage rate. The District has taxing authority as revenues are generated by ad valorem taxes. The Board has approved 2.27 for the millage rate assessed in fiscal year 2022, which is anticipated to provide the District adequate funds necessary for normal operations and future capital requirements. The maximum millage rate for the District is 3.75.

BOARD OF FIRE COMMISSIONERS

Roy A. Taylor
Chairman

Joe Fagundes
Vice Chair

Stephen Tatum
Secretary

Chandler Huff
Treasurer

David Scholl
Vice Treasurer

RETIREMENT BOARD OF TRUSTEES

Nathaniel J. Ark
Chairman

James Harris
Secretary

Mike Adair
Trustee

Paul D. Moore
Trustee

Peter J. Reho
Trustee

MANAGEMENT

Byron Bennett
Fire Chief

Basic Financial Statements

North Bay Fire District
Statement of Net Position

September 30,		**2021**
Assets		
Cash and cash equivalents	$	1,623,152
Accounts receivable		330
Due from other governments		20,476
Other assets		185
Capital assets, net		2,518,428
Net pension asset		582,808
Total assets		4,745,379
Deferred outflows of resources		
Pension and OPEB		530,749
Deferred outflows of resources		530,749
Liabilities		
Accounts payable		62,701
Health reimbursement account liability		37,246
Due to pension fund		76,102
Accrued salaries and benefits payable		13,141
Compensated absences - due within one year		84,306
OPEB liability		247,193
Compensated absences - due in more than one year		422,781
Total liabilities		943,470
Deferred inflows of resources		
Pension		988,307
Deferred inflows of resources		988,307
Net position		
Net investment in capital assets		2,518,428
Restricted - Impact fees		8,414
Unrestricted		817,509
Total net position	$	3,344,351

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Statement of Activities

For the year ended September 30, 2021	Program Revenue		Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government				
Governmental activities				
Public safety - fire protection				
Personal services	$ (2,082,336)	$ -	$ 76,435	$ (2,005,901)
Operating services	(301,965)	8,305	-	(293,660)
Depreciation	(281,900)	-	-	(281,900)
Interest	(1,529)	-	-	(1,529)
Total governmental activities	(2,667,730)	8,305	76,435	(2,582,990)
General revenue				
Ad valorem taxes, net				2,646,158
Interest income				6,859
Impact fees				6,654
Miscellaneous				239,019
Total general revenue				2,898,690
Change in net position				315,700
Net position - beginning of year				3,028,651
Net position - end of year				$ 3,344,351

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Balance Sheet – Governmental Fund

September 30, 2021		General Fund
Assets		
Cash and cash equivalents	$	1,623,152
Accounts receivable		330
Due from other governments		20,476
Other assets		185
Total assets	$	1,644,143
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	62,701
Health reimbursement account liability		37,246
Due to pension fund		76,102
Accrued salaries and benefits payable		13,141
Total liabilities		189,190
Fund balances		
Restricted		8,414
Committed		423,118
Unassigned		1,023,421
Total fund balances		1,454,953
Total liabilities and fund balances	$	1,644,143

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position

September 30, 2021

Total fund balances, governmental fund	$	1,454,953
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.		2,518,428
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental fund balance sheet.		
Deferred outflows of resources - OPEB		3,526
Deferred outflows of resources - Pensions		527,223
Deferred inflows of resources - Pensions		(988,307)
Liabilities that do not consume current resources are not reported in the governmental funds balance sheet.		
OPEB liability		(247,193)
Net pension liability/asset		582,808
Compensated absences		(507,087)
Total net position - governmental activities	$	3,344,351

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Fund

For the year ended September 30, 2021		General Fund
Revenue		
Ad valorem taxes, net of discounts and fees	$	2,646,158
Interest income		6,859
Other governments		76,435
Impact fees		6,654
Miscellaneous		247,324
Total revenue		2,983,430
Expenditures		
Personal services:		
Group employee life and health insurance		270,843
Employees' retirement		318,080
Salaries		1,378,630
Taxes - payroll		104,777
Workers compensation		51,758
Other employee incentives and benefits		40,756
Operating services:		
Professional services		36,430
Telephone services		13,148
Dues and subscriptions		1,319
Fuel		9,796
Hazardous material support		13,751
Insurance		36,275
Property appraisal		32,494
Repairs and maintenance		65,767
Supplies and small equipment		43,872
Training		21,458
Uniforms		17,944
Utilities		9,711
Capital outlay:		
Equipment and vehicles		258,273
Debt service:		
Capital lease principal and interest payments		18,257
Total expenditures		2,743,339
Excess of revenue over expenditures		240,091
Fund balance, beginning of year		1,214,862
Fund balance, end of year	$	1,454,953

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Reconciliation of the Statement of Revenue, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities

For the year ended September 30, 2021

Net change in fund balances - governmental fund	$	240,091
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in Statement of Net Position.		258,273
Principal payments of debt utilize current financial resources of the governmental funds, but reduce long-term liabilities in the Statement of Net		16,728
Current change in long-term OPEB obligation does not consume current resources and therefore is not reported in the governmental fund.		(74,327)
Current year change in compensated absence liability does not require the use of current financial resources and therefore is not reported in the governmental fund.		(146,364)
Deferred pension expenses are applicable to future periods and, therefore, are not reported in the funds.		303,199
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources, therefore it is not reported as an expenditure in the governmental fund.		(281,900)
Change in net position of governmental activities	$	315,700

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Statement of Fiduciary Net Position – Pension Trust Fund

September 30, 2021

Assets		
Investments	$	7,139,088
Due from general fund		76,102
Total assets		7,215,190
Liabilities		
Accounts payable		4,182
Net Position		
Net position restricted for pensions	$	7,211,008

The accompanying notes are an integral part of this financial statement.

North Bay Fire District
Statement of Changes in Fiduciary Net Position – Pension Trust Fund

For the year ended September 30, 2021

Additions		
Contributions - State	$	76,435
Contributions - District		241,645
Contributions - Plan members		57,746
Total contributions		375,826
Investment income		
Net appreciation in fair value of investments		1,093,600
Interest and dividends		162,568
Total net investment income		1,256,168
Total additions		1,631,994
Deductions		
Benefit payments		190,196
Management fees		6,334
Professional services		27,290
Total deductions		223,820
Change in net position		1,408,174
Net position restricted for pensions, beginning of year		5,802,834
Net position restricted for pensions, end of year	$	7,211,008

The accompanying notes are an integral part of this financial statement.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The North Bay Fire District (the District) was formerly a special independent District created by Chapter 77-17, Laws of Florida in 1977. In 1998, the District elected to be recreated as an independent fire control district by special act, Chapter 98-470, Laws of Florida, to operate under the provisions of Chapter 191, Florida Statutes. The special act became law in May 1998. The District operates under an elected Board of Commissioners form of government and provides the following services: fire suppression, fire inspection, rescue and emergency medical.

Reporting Entity

The District is governed by an elected Board of Commissioners consisting of five members for the general governmental operations and a separate board of five members appointed for the Pension Fund.

In evaluating the District as a reporting entity, management has considered all potential component units in accordance with Section 2100: Defining the Financial Reporting Entity of the Governmental Accounting Standards Board (GASB) Codification. Based on these criteria, no component units are reported.

Government-Wide and Fund 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 nonfiduciary activities of the primary government.

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. 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 or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 imposed by the provider have been met.

The 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 or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The pension trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

The *Pension Fund* accounts for the activities of the Chapter 175 Fire Employees' Pension Plan, which accumulate resources for pension benefit payments to qualified public safety employees.

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by function.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

An appropriated budget is legally adopted for the general fund. Any revision to the budget must be approved by the Board of Commissioners. The budgets are compared to budgetary basis expenditures, whereby encumbrances are treated as expenditures.

The budgetary basis is the actual expenditures adjusted by the change in year-end reserve for encumbrances. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the financial statements represent final authorized amounts including authorization for prior year encumbrances. Unencumbered appropriations are lapsed at year-end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

A. Prior to September 1, the Fire Chief and a committee appointed by the Board of Commissioners submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
B. The budget is submitted in summary form, but a more detailed line item budget is included for administrative control. The level of control for the detailed budget is at the department head level.
C. Upon tentative approval by the Board of Commissioners, public hearings are conducted to obtain taxpayer comment.
D. Prior to September 30, the budget is legally enacted through approval by the Board.
E. Formal budgetary integration is employed as a management control device during the year for the general fund.
F. The budget for the general fund is adopted on a basis consistent with generally accepted accounting principles (GAAP).
G. Appropriations lapse at the end of each fiscal year.
H. The Board of Commissioners may authorize supplemental appropriations during the year.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Cash and Cash Equivalents

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The authorized investments include among others negotiable direct obligations of the United States Treasury; the Local Government Surplus Trust Funds as created by Section 218.405, Florida Statutes; interest-bearing time deposits or savings accounts in authorized financial institutions, and SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

Cash at September 30, 2021 consisted of $1,623,152 in interest bearing checking accounts. The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

Under this method, all the District's deposits are fully insured or collateralized at the highest level of security as defined by GASB, Statement Number 40*, Deposits and Investment Disclosures (An Amendment of GASB, Statement Number 3).*

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Accounts Receivable

The receivable is derived from grant revenues earned and recognized in the current period and reimbursement of grant expenses received after year end.

Prepaid Insurance

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items on the Statement of Net Position and Balance Sheet – Governmental Fund. These items will be expensed over the applicable usage period.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than $1,000. Such assets are recorded at historical cost and estimated cost if purchased or constructed. Firefighter protective clothing, or bunker gear, is not considered to have a long-term useful life and is therefore considered a current period expense.

Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property and equipment sold, destroyed or obsolete is removed from the accounts periodically. Property and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Asset	Years
Buildings	30
Vehicles and equipment	3 - 15

Depreciation expense is not reported in the governmental fund financial statements. In the governmental fund financial statements, amounts incurred for the acquisition of capital assets are reported as fund expenditures.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include 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 a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has one item related to pensions that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes include 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(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has one item also related to pensions that qualifies for reporting in this category.

Compensated Absences

Unpaid vacation pay and sick leave is accrued for all employees. The District has accrued the unpaid compensation due its employees in the financial statements at September 30, 2021. The current and long-term portion of vested leave payable is recorded as an expense and a liability in the government-wide financial statements.

Any change during the year in the compensated absence liability is a reconciling item between the government-wide financial statements and the fund-level financial statements. The amount recorded as accrued leave represents the total amount the District would owe its employees if all employees quit or were terminated.

The current portion of compensated absences accrued is $84,306. This amount plus the long-term portion of $422,781 is reported in the government-wide financial statements. When combined, the District has a total accrued compensated absence liability of $507,087 as of September 30, 2021.

Long-Term Obligations

In the government-wide financial statements, long-term debt and capital lease obligations are reported as liabilities in the governmental statement of net position. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Pension

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

Other Post-Employment Benefits (OPEB) Liability

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The District's proportionate share of OPEB amounts were further allocated to each participating employer based on the contributions paid by each employer. There are no investments as this is a pay-as you-go plan and all cash is held in a cash account.

Categories and Classification of Fund Equity

Net position flow assumption – Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity

Categories and Classification of Fund Equity

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form (prepaid insurance, for example) or are required to be maintained intact.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, impact fees as authorized under Florida Statute 191.009(2)), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of the resource provider.

Committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority which is the Board of Commissioners. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

Assigned fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body (the board of commissioners) or by an official or body (management) to whom the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Ad Valorem Property Tax Revenue

Significant dates relative to ad valorem tax revenue are as follows:

Assessment date - January 1st
Tax bills mailed out - November 1st
Delinquent - April 1st of the following year
Tax certificates sold - June 1st of the following year

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad Valorem Property Tax Revenue

The Board of Commissioners approved for this fiscal year the millage rate of 2.35. The maximum millage rate, as approved by voters, is 3.75 mill.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded as reservations of budget, is employed as an extension of the statutory required budgetary process. At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at date. Although encumbrances lapse at year-end, it is the intention to substantially honor these encumbrances under authority provided in the subsequent year's budget.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the District's management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to pension and OPEB liabilities.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 28, 2022 and determined there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for the District in the fiscal year ending September 30, 2022.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 is effective for the District for the fiscal year ending September 30, 2021.

The District is evaluating the requirements of the above statements and the impact on reporting.

NOTE 2: CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2021:

	September 30, 2020	Increases	Decreases	September 30, 2021
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 40,000	$ -	$ -	$ 40,000
Total capital assets not being depreciated	40,000	-	-	40,000
Capital assets being depreciated:				
Buildings	1,804,987	-	-	1,804,987
Vehicles and equipment	2,587,481	258,272	(360,931)	2,484,822
Total capital assets being depreciated	4,392,468	258,272	(360,931)	4,289,809
Less accumulated depreciation for:				
Buildings	(522,774)	(60,111)	-	(582,885)
Vehicles and equipment	(1,367,638)	(221,789)	360,931	(1,228,496)
Total accumulated depreciation	(1,890,412)	(281,900)	360,931	(1,811,381)
Total capital assets being depreciated, net	2,502,056	(23,628)	-	2,478,428
Governmental activities capital assets, net	$ 2,542,056	$ (23,628)	$ -	$ 2,518,428

Depreciation expense of $281,900 was unallocated in the accompanying Statement of Activities.

NOTE 3: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2021, was as follows:

	September 30, 2020	Additions	Reductions	September 30, 2021	Due Within One Year
Government-wide activities:					
Liability for compensated absences	$ 401,081	$ 106,006	$ -	$ 507,087	$ 84,306
Liability for OPEB obligation	174,199	72,994	-	247,193	-
Capital lease liability	16,729	-	16,729	-	-
Net pension liability	149,481	-	149,481	-	-
Total long-term liabilities	$ 741,490	$ 179,000	$ 166,210	$ 754,280	$ 84,306

NOTE 4: CAPITAL LEASE

The District entered into a 60 month capital lease financing agreement in August 2016 totaling $77,632. Imputed interest accrues at an annual rate of 3.86 percent. The capital lease payable was collateralized with the equipment acquired and included a $1.00 buy-out option at the end of the capital lease. The liability matured in August 2021 and required annual payments of principal and interest totaling $17,389. During the year ended September 30, 2021, the District paid off the remaining balance on the lease.

NOTE 5: RETIREMENT PLANS

Defined Contribution Plan

The District sponsors a voluntary 457(b) defined contribution plan for all non-firefighter employees. Employees are eligible beginning on the first day of the calendar year after their hire date. This plan is available to firefighter personnel on a voluntary basis, but no District contribution is made. Each participant's account is immediately 100% vested.

The defined contribution plan's assets are held in a custodial account for the exclusive benefit of the participants and beneficiaries, and are not subject to the claims of the District's creditors, nor can they be used by the District for any purpose other than payment of benefits to the plan participants. Accordingly, these plan assets and related liabilities are not recorded in the District's Statement of Net Position.

NOTE 5: RETIREMENT PLANS (Continued)

Defined Benefit Plan (Florida Statute Chapter 175 Firefighters' Pension Trust Fund)

Plan Description

On June 1, 1997, the District began participating in a Florida Statute Chapter 175 Firefighters' Pension Plan (Chapter 175 Plan) for full-time state certified firefighters. The Chapter 175 Plan is a single-employer defined benefit pension plan administered by a Board of Trustees consisting of two District appointees, two firefighters elected by the covered employees, and a fifth member elected by the other four and appointed by the District. The Chapter 175 Plan provides retirement, disability, and death benefits for covered employees. Florida Statute 175 establishes eligibility and vesting requirements. Non firefighter personnel of the District are excluded from this plan. The District does not issue stand-alone financial statements for this plan.

Basis of Accounting

The accrual basis of accounting is used for the Pension Trust Fund. Contributions made by the District/State are recognized as revenue when due and the employer has made a formal commitment to provide the contributions. Contributions from the District's employees are recognized as revenue when due. Investment income is recognized when earned. Plan liabilities for benefits and plan expenses are recognized when due and payable in accordance with the terms of the plan.

Valuation of Investments

The fair value of investments in bond and equity funds are based on quoted market prices. The District categorizes its Pension Fund fair value measurements utilizing the fair value hierarchy established by generally accepted accounting principles. Investments in money market funds are reported at amortized cost. During the fiscal year ended September 30, 2021, all of the Chapter 175 Plan assets were held in various investments at Salem Trust Company and the American Core Realty Fund.

Vesting

Vesting in the Chapter 175 Plan occurs after 10 years of credited service.

Eligibility for Retirement

Members are eligible for normal retirement at the earlier of age 60, age 55 and 10 years of credited service, or age 52 and 25 years of credited service. Early retirement may be taken after 10 years of credited service and attaining age 50; however, the accrued benefit will be actuarially reduced**.** As of October 1, 2020, the Plan has 28 participants consisting of 16 active members, 6 terminated vested members, and 6 individuals who are receiving benefit payments.

NOTE 5: RETIREMENT PLAN (CONTINUED)

Funding Requirements

The District uses the entry age normal actuarial cost method (EAN) to determine required contributions. This method provides a stable pattern of minimum required contributions at a level dollar amount and allows a more transparent analysis of the changes experienced from one year to the next.

Florida Statutes, Chapters 175, require members to contribute 5% of their basic compensation. The District is required to contribute at an actuarially determined rate, which includes the state's premium tax proceeds. Employer contributions for firefighters include on-behalf payments from the state of Florida related to state excise taxes collected on homeowners' insurance policies.

The current required rate is 26.9% of covered payroll for firefighters. The District contributed $241,645 for the year ended September 30, 2021. Districts that have established pension plans complying with the provisions of Chapters 175, Florida Statutes, and that have enacted appropriate taxing legislation are eligible to receive revenues generated from excise taxes on gross receipts of certain insurance premiums from policyholders covering property within the District limits.

These state premium tax proceeds are the Firefighters' Pension Fund Excise Tax, which is imposed on the gross receipts of property insurance policy premiums. These revenues amounted to $76,435 for the year ended September 30, 2021.

The total required contribution of $321,631 was determined as part of the October 1, 2019 actuarial valuation using the aggregate actuarial cost method. Actuarially determined contribution rates are calculated as of October 1, two years prior to the end of the fiscal year in which contributions are reported. While contributions to the Plan are currently funded through these various sources, it is ultimately the responsibility of North Bay Fire District to fund the Plan.

Net Pension Liability (Asset) of the Sponsor

The components of the net pension liability (asset) of the sponsor at September 30, 2021 were as follows:

Total Pension Liability	$ 6,628,200
Plan Fiduciary Net Position	(7,211,008)
Sponsor's Net Pension Liability (Asset)	$ (582,808)
Plan Fiduciary Net Position as a percentage of Total Pension Liability (Asset)	108.79%

Actuarial Assumptions

For the year ended September 30, 2021, the actuarial assumptions used to determine the Annual Required Contribution included a 7.25% investment rate of return (net of investment related expenses) compounded annually and an 8% projected salary increase for the first 4 years of credited services and 5.0% thereafter until the assumed retirement age.

NOTE 5: RETIREMENT PLAN (CONTINUED)

The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates listed below are those outlined in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	55%	7.5%
International Equity	10%	8.5%
Bond Market Fixed Income	20%	2.5%
Fixed Income (Non-Core)	2.5%	2.5%
Global Bond	2.5%	3.5%
Real Estate	10%	4.5%

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 5: RETIREMENT PLAN (CONTINUED)

Sponsor's Net Pension Liability (Asset)

1% decrease of discount rate to 6.25%	$ 364,994
Current discount rate of 7.25%	(582,808)
1% increase of discount rate to 8.25%	(1,362,763)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at September 30, 2020	$ 5,950,017	$ 5,800,536	$ 149,481
Changes for the year			
Service cost	247,065	-	247,065
Interest	448,027	-	448,027
Differences between expected and actual experience	(19,719)	-	(19,719)
Changes of assumptions	193,006	-	193,006
Changes of benefit terms	-	-	-
Contributions - employer	-	245,196	(245,196)
Contributions - state	-	76,435	(76,435)
Contributions - employee	-	59,783	(59,783)
Net investment income	-	1,241,494	(1,241,494)
Benefit payments, including refunds of employee contributions	(190,196)	(190,196)	-
Administrative expense	-	(22,240)	22,240
Net changes	678,183	1,410,472	(732,289)
Balances at September 30, 2021	$ 6,628,200	$ 7,211,008	$ (582,808)

Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

For the year ended September 30, 2021, the District recognized an acturial pension expense of $18,432. On September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 5: RETIREMENT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 228,040	$ 284,359
Change of assumptions	299,183	44,352
Net difference between projected and actual earnings on pension plan investments	-	659,596
Total	$ 527,223	$ 988,307

The above amounts will be recognized in pension expense in future periods as follows:

Year ended September 30:	Amount
2022	$ (162,435)
2023	(145,138)
2024	(151,359)
2025	(128,115)
2026	77,350
Thereafter	48,613

Cash and Investments

Concentration Risk: Section I50: *Investments* of the GASB Codification requires disclosures of investments in any one issuer that represents five percent or more of total investments, excluding investments issued or explicitly guaranteed by the U.S government, investments in mutual funds, external investments pools and other pooled investments. The Plan limits the aggregate investment in corporate equities to 70% of the Plan assets at fair value with a target range from 60% to 70%. If at the end of any calendar quarter the allocation of an asset class falls outside of it allowable range, the asset allocation will be rebalanced into the allowable range. In addition to the investment options authorized by Florida Statutes, Section 218, Pension Trust Funds are also authorized to invest in corporate stocks, bonds, mutual funds, annuity and life insurance contracts with life insurance companies and commingled trust funds.

Credit Risk: Section I50: *Investments* of the GASB Codification requires that governments provide information about credit risk associated with their investments by disclosing the credit rating of investments in debt securities as described by nationally recognized statistical rating organizations. The District's Investment Policy for the Retirement Plan does not explicitly address credit risk (CR). The investment policy specifies the market sectors and the benchmark for each sector. The Plan's investment in the Goldman Sachs Money Market Fund was rated AAAm and Aaa-mf by S&P and Moody's for credit risk, respectively and has a weighted average maturity of 3 days. The fixed income mutual fund investments are not rated by S&P or Moody's for credit risk.

NOTE 5: RETIREMENT PLAN (CONTINUED)

Custodial Credit Risk – Custodial credit risk for deposits is the risk in the event of the failure of a depository financial institution a government may not be able to recover deposits. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk: The District's Investment Policy for the Retirement Plan does not explicitly address foreign currency risk. The investment policy specifies the market sectors and the benchmark for each sector.

Interest Rate Risk: The District's Investment Policy for the Retirement Plan does not explicitly address interest rate risk (IRR). The investment policy specifies the market sectors and the benchmark for each sector. The District utilizes weighted average maturity for interest rate risk. In general the bond market may be volatile, and fixed income securities including mutual funds carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is typically more pronounced for longer-term fixed income securities.

The District held three investments in fixed income mutual funds as of September 30, 2021.

Symbol	Fixed Income Mututal Fund Description	Fair Value	Weighted Average Maturity
MWTIX	Metropolitan West Total Return Bond Fund Class I	$ 1,339,883	8.27 years
PDIIX	PIMCO Diversified Income Fund	175,455	9.46 years
PLFLX	Pacific Funds Floating Rate Income	177,263	4.31 years
		$ 1,692,601	

Fair Value: GASB Codification Section 3100: *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

Level 1 (L1): Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 (L2): Inputs to the valuation methodology include:

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

NOTE 5: RETIREMENT PLAN (CONTINUED)

Level 3 (L3): Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The following table presents the fair value of the Plan's investments at September 30, 2021:

			Fair Value Measurements Using			
	NAV	Amortized Cost	Level 1 (L1)	Level 2 (L2)	Level 3 (L3)	Total
Investments valued at Amortized Cost						
Goldman Sachs Money Market Fund	$ -	$ 100,544	n/a	n/a	n/a	$ 100,544
Investments for which Fair Value was Determined						
Mutual Funds - Fixed Income	-	-	1,692,601	-	-	1,692,601
Mutual Funds - Equities	-	-	4,601,198	-	-	4,601,198
Investments for which Fair Value was based on NAV						
ASB Allegiance Real Estate Fund	744,745	-	n/a	n/a	n/a	744,745
	$ 744,745	$ 100,544	$ 6,293,799	$ -	$ -	$ 7,139,088

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021.

Money Market Fund – Money Market fund is measured at amortized cost. There are no withdrawals restrictions.

Mutual funds – Mutual funds classified in Level 1 of the fair value hierarchy are valued using quoted market prices for those investments. Mutual funds classified in Level 2 of the fair value hierarchy, while underlying securities have observable Level 1 pricing inputs or observable Level 2 significant other pricing inputs, are not publicly quoted and are based on market-corroborated data.

Real estate funds – Real estate funds are valued at net asset value. Net Asset Value (NAV) may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5: RETIREMENT PLAN (CONTINUED)

The real estate funds invest primarily in U.S. commercial and multi-family residential real estate. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The funds were formed as open-ended investments and will have perpetual existence unless terminated by the ownership (partners). Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the District's ownership interest in partners' capital.

NOTE 6: RISK MANAGEMENT

The District is exposed to risk of loss for claims and judgments for unemployment compensation and other losses. Descriptions of each program are as follows:

Unemployment Compensation

The District retains the entire risk for unemployment compensation claims. Because the amount of future loss cannot be estimated, no liability for these claims has been recognized in the financial statements. No claims were incurred or paid in the current year.

Health Reimbursement Arrangement

The District has a Health Reimbursement Arrangement (HRA) that is funded solely through District contributions. The HRA allows eligible participants to be reimbursed tax free for qualified medical expenses up to a maximum dollar amount for a coverage period. 100% of the amounts remaining at the end of the calendar year are carried over to the next year. The employer is not permitted to refund any part of the balance to the employee and the account cannot be used for anything other than reimbursements for qualified medical expenses. No further District contributions are permitted once the employee retires. For the year ended September 30, 2021, the District contributed $1,000 for employee only coverage, $2,000 for employee and spouse coverage, and $4,000 for family health coverage. The District has recognized a liability in the amount of $37,246 as of September 30, 2021 as reported in the accompanying Statement of Net Position. The District has elected to discontinue the HRA plan effective September 30, 2022.

Other

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 6: RISK MANAGEMENT

Cancer Coverage

The Florida legislature adopted into law F.S. 112.1816 Firefighter; cancer diagnosis with an effective date starting July 1, 2019. In the event a covered firefighter is diagnosed with cancer per the statute, the District is required to pay any out-of-pocket deductibles, copayment, or coinsurance costs incurred due to the treatment of cancer. In addition, the District is required to pay the firefighter a one-time payout of $25,000 upon the initial diagnosis of cancer.

If the firefighter elects to continue coverage in the employer-sponsored health plan after he or she terminates employment, the benefits specified in paragraphs (a) and (b) must be made available by the District for 10 years. If the firefighter participates in an employer-sponsored retirement plan, the retirement plan must consider the firefighter totally and permanently disabled in the line of duty if he or she meets the retirement plan's definition of totally and permanently disabled due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer. As of September 30, 2021, the District has acquired insurance via a third party insurance carrier to reduce risk exposure.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Compensated Absences

Vested or accumulated vacation and sick leave that is used and paid for with expendable available financial resources is reported as an expenditure. The current and long-term portion of leave is recorded as an expense and a liability in the government-wide financial statements.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulated rights to receive sick pay benefits. The methods of accrual are in accordance with standards established by the National Council on Governmental Accounting.

The policy of the District for accrued vacation leave is limited to 560 hours for shift employees and 200 hours for non-shift employees. Shift employees earn vacation by using the following scale:

Years of Service	Shift personnel
0 – 4 years	7.0 hours per pay period (182 hours annually)
5 – 9 years	8.0 hours per pay period (208 hours annually)
10 – 14 years	9.0 hours per pay period (234 hours annually)
15 + years	10.0 hours per pay period (260 hours annually)

Non-shift employees earn vacation under the following scale:

Years of Service	Non-Shift personnel
0 – 5 years	5.4 hours per pay period (140 hours annually)
6 – 10 years	6.4 hours per pay period (166 hours annually)
11 – 15 years	6.95 hours per pay period (181 hours annually)
16 + years	7.9 hours per pay period (205 hours annually)

NOTE 7: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Compensated Absences (Continued)

Employees vest vacation leave using the following scale: 50% of balance for employees with 1 – 7 years of service, 75% of balance for employees with 8 – 14 years of service, and 100% for employees with 15+ years of service. Employees are paid their vested accrued vacation leave when they terminate their employment either through resignation, retirement, or involuntary termination.

The policy of the District for sick leave is that all shift employees accrue sick leave at a rate of 7.0 hours of sick leave per pay period (182 hours annually) and non-shift employees will earn 5.4 hours of sick leave per pay period (140 hours annually). Maximum number of hours to be accumulated is 720 hours for shift employees and 480 hours for non-shift employees. Unused sick leave vests immediately when earned for shift employees and 5% for each full year of employment for non-shift employees. All sick leave above the cap will be sold back to the District by one of three ways: (1) hour for hour pay, (2) hour for hour annual leave, or (3) a combination of both. Calculations are made each year in October and disbursement checks, if needed, are made in November each year. Sick leave may be sold to the District upon retirement or layoff as follows: 100% of the first 480 hours of unused sick leave and 50% of unused sick leave over the first 480 hours.

The amount recorded as compensated absences in the government-wide financial statements represents the total amount the District would owe its employees if all employees quit or were terminated. The amount recorded as accrued leave payable in the fund level financial statements represents amounts currently due to current or former employees for termination benefits or for excess accumulated sick leave.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS

The Postemployment Healthcare Benefits Plan (OPEB) is a single employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees who retire from the District, and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical, and prescription drug coverage.

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

The District does not offer any explicit subsidies for retiree coverage. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. The rates paid by the retirees eligible for Medicare are reduced by the Medicare premium. The Plan does not issue a stand-alone report, and it is not included in the report of a Public Employee Retirement System or another entity.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy

Contribution requirements of the District and plan members are established and may be amended through action from the District Board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2020-2021 fiscal year, there were no retirees receiving postemployment health care benefits.

As of September 30, 2021, (the most recent reporting date with a valuation date of September 30, 2019) the actuarial accrued liability for benefits was $247,193. The covered payroll (annual payroll of active participating employees) utilized was $1,299,477 for the fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 19.02%.

Plan Membership

As of September 30, 2019, the most recent valuation date, the plan was comprised of 16 active participants and no inactive participants receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with government accounting standards. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

For the fiscal year ended September 30, 2021, the District recognized OPEB expense of $77,853.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The District's OPEB actuarial valuation as of September 30, 2019 (measurement date as of September 30, 2020), used the Entry Age Cost actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of September 30, 2021 and to estimate the District's 2020-2021 fiscal year liability. Because the OPEB liability is currently unfunded, the actuarial

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

assumptions included a 2.14% discount rate which is based on the September 30, 2020 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

The actuarial assumptions also included a payroll growth rate of 2.5% per year, and an annual healthcare cost trend rate of 7.50% for 2021 fiscal year then reduced to an ultimate rate of 4.0% by 2075. For all lives, mortality rates were estimated using PubG-2010 table, projected to the valuation date with improvement scale MP-2019.

The following table shows the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance as of September 30, 2020	$ 174,199	$ -	$ 174,199
Changes for the year			
Service cost	10,938	-	10,938
Interest	6,600	-	6,600
Changes of assumptions	57,015	-	57,015
Difference between expected and actual experience	-	-	-
Changes in benefit terms	-	-	-
Contributions - employer	-	1,559	(1,559)
Net investment income	-	-	-
Benefit payments	(1,559)	(1,559)	-
Administrative expenses	-	-	-
Net changes	72,994	-	72,994
Balance as of September 30, 2021	$ 247,193	$ -	$ 247,193

Changes of assumptions:

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

Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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

Total OPEB Liability would be if it were calculated using a discount rate that is one percentage- point lower or one percentage-point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	1.14%	2.14%	3.14%
Total OPEB Liability (Asset)	$ 299,057	$ 247,193	$ 205,744

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 6.50%	4.00% - 7.50%	5.00% - 8.50%
Total OPEB Liability (Asset)	$ 201,275	$ 247,193	$ 304,968

NOTE 9: CHANGES IN FUND BALANCE – GOVERNMENTAL FUND TYPES

A summary of the changes to Fund Balance for the year ending September 30, 2021 follows:

	Balance at September 30, 2020	Transfers	Excess of Expenditures and Other Uses Over Revenue and Other Sources	Changes in Encumbrances and Prepaids	Balance at September 30, 2021
Restricted - Impact fees	$ 1,760	$ -	$ 6,654	$ -	$ 8,414
Committed					
Future growth	73,118	-	-	-	73,118
Fire station buidling	350,000	-	-	-	350,000
Unassigned	789,984	-	233,437	-	1,023,421
Totals	$ 1,214,862	-	240,091	-	$ 1,454,953

NOTE 10: IMPACT FEES

Impact fees (as authorized under Florida Statute 191.009(2) and the District's Charter) may be assessed to pay for the cost of new facilities and equipment for fire protection and emergency services. Impact fees were calculated using a flat fee of $125 for residential units and a flat fee of $250 for commercial buildings. During the current year, a new calculation was implemented which charges impact fees at a rate of $.14 per residential square foot and $.61 per commercial square foot, with a minimum payment of $300. The District began to collect fees using the new calculation in August 2021. The District assessed $6,654 in residential impact fees for the year ended September 30, 2021. The District does not allow impact fee waivers for construction or developments.

NOTE 11: SUBSEQUENT EVENT

Management evaluated all events or transactions that occurred after September 30, 2021 through June 28, 2022, the date the current year's financial statements were available to be issued. The following event occurred:

Subsequent to the year ended September 30, 2021, the domestic and international stock market indices have declined and the Chapter 175 Pension Plan's fair value of investments has declined similarly. Such declines in the fair value of investments have negatively impacted funds held in the Pension Fund and may affect the amounts reported in subsequent financial statements. As of May 31, 2022, the District's pension investment balance is $6,763,228 which includes 2021-2022 market declines, contributions, and deductions through May 31, 2022. Overall, the investment account balance has declined 5% since September 30, 2021.

Required Supplemental Information
(Other Than MD&A)

North Bay Fire District
Budget to Actual Comparison Schedule – General Fund

For the year ended September 30, 2021

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue			
Ad valorem taxes, net of discounts and tax collection fees	$ 2,469,936	$ 2,646,158	$ 176,222
Investment earnings	12,000	6,859	(5,141)
Other governments	-	76,435	76,435
Miscellaneous	15,800	253,978	238,178
Total revenue	2,497,736	2,983,430	485,694
Expenditures			
Personal services:			
Group employee life and health	270,000	270,843	(843)
Employees' retirement	250,103	318,080	(67,977)
Salaries	1,414,946	1,378,630	36,316
Taxes - payroll	90,795	104,777	(13,982)
Workers compensation	50,000	51,758	(1,758)
Other employee benefits	47,500	40,756	6,744
Operating services:			
Professional services	17,450	36,430	(18,980)
Telephone services	9,200	13,148	(3,948)
Dues and subscriptions	-	1,319	(1,319)
Fuel	13,500	9,796	3,704
Hazardous material support	11,175	13,751	(2,576)
Insurance	42,993	36,275	6,718
Property appraisal	-	32,494	(32,494)
Repairs and maintenance	66,127	65,767	360
Supplies and small equipment	24,517	43,872	(19,355)
Training	49,000	21,458	27,542
Uniforms	7,500	17,944	(10,444)
Utilities	9,500	9,711	(211)
Capital outlay:			
Equipment and vehicles	-	258,273	(258,273)
Debt service:			
Capital lease principal payment	-	16,728	(16,728)
Interest on capital lease obligations	-	1,529	(1,529)
Total expenditures	2,374,306	2,743,339	(369,033)
Excess of revenue over expenditures	123,430	240,091	116,661
Fund balance, beginning of year	1,214,862	1,214,862	-
Fund balance, end of year	$ 1,338,292	$ 1,454,953	$ 116,661

North Bay Fire District
Schedule of Changes in Net Pension Liability and Related Ratios

September 30,	**2021**	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability									
Service Cost	**$ 247,065**	$ 228,645	$ 226,984	$ 208,848	$ 169,516	$ 194,390	$ 160,148	$ 189,022	$ 175,020
Interest	**448,027**	399,379	362,297	354,212	339,525	307,655	284,836	255,849	225,154
Change in Excess State Money	**-**	-	-	-	-	6,100	16,994	36,131	-
Changes of Benefit Terms	**-**	-	(238)	-	-	-	-	-	-
Differences Between Expected and Actual Experience	**(19,719)**	250,003	64,861	(363,536)	(168,931)	(87,107)	(125,177)	-	-
Changes of Assumptions	**193,006**	(59,136)	165,030	-	29,167	89,089	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	**(190,196)**	(187,162)	(153,994)	(72,207)	(92,168)	(69,396)	(68,230)	(39,086)	(21,896)
Net Change in Total Pension Liability	**678,183**	631,729	664,940	127,317	277,109	440,731	268,571	441,916	378,278
Total Pension Liability - Beginning	**5,950,017**	5,318,288	4,653,348	4,526,031	4,248,922	3,808,191	3,539,620	3,097,704	2,719,426
Total Pension Liability - Ending	**$ 6,628,200**	$ 5,950,017	$ 5,318,288	$ 4,653,348	$ 4,526,031	$ 4,248,922	$ 3,808,191	$ 3,539,620	$ 3,097,704
Plan Fiduciary Net Position									
Contributions - Employer	**$ 245,196**	$ 76,344	$ 212,441	$ 154,430	$ 109,387	$ 146,262	$ 120,598	$ 157,744	$ 137,845
Contributions - State	**76,435**	142,855	-	69,083	70,246	92,377	103,271	122,408	108,138
Contributions - Employee	**59,783**	52,190	50,052	48,010	42,447	43,268	39,937	43,420	42,771
Net Investment Income	**1,241,494**	510,784	254,077	356,315	310,396	261,709	(54,317)	276,480	302,022
Difference Between Projected and Actual Earnings on Pension Plan Investments	**-**	-	-	-	176,524	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	**(190,196)**	(187,162)	(153,994)	(72,207)	(92,168)	(69,396)	(68,230)	(39,086)	(21,896)
Administrative Expense	**(22,240)**	(26,367)	(56,664)	(42,334)	(38,287)	(29,383)	(25,984)	(17,294)	(18,740)
Other	**-**	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	**1,410,472**	568,644	305,912	513,297	578,545	444,837	115,275	543,672	550,140
Plan Fiduciary Net Position - Beginning	**5,800,536**	5,231,892	4,925,980	4,412,683	3,834,138	3,389,301	3,274,026	2,730,354	2,180,214
Plan Fiduciary Net Position - Ending	**$ 7,211,008**	$ 5,800,536	$ 5,231,892	$ 4,925,980	$ 4,412,683	$ 3,834,138	$ 3,389,301	$ 3,274,026	$ 2,730,354
Net Pension Liability (Asset) - Ending	**$ (582,808)**	$ 149,481	$ 86,396	$ (272,632)	$ 113,348	$ 414,784	$ 418,890	$ 265,594	$ 367,350
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	**108.79%**	97.49%	98.38%	105.86%	97.50%	90.24%	89.00%	92.50%	88.14%
Covered Payroll	**$ 1,195,656**	$ 1,043,805	$ 1,001,033	$ 960,198	$ 864,568	$ 849,729	$ 798,745	$ 868,403	$ 855,429
Net Pension Liability as a Percentage of Covered Payroll	**-48.74%**	14.32%	8.63%	-28.39%	13.11%	48.81%	52.44%	30.58%	42.94%

Note: GASB Codification requires information for 10 years. The District is presenting information for the years which information is available.

North Bay Fire District
Schedule of Pension Contributions

September 30,	**2021**	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	**$ 321,631**	$ 219,199	$ 218,225	$ 231,408	$ 196,257	$ 202,236	$ 206,875	$ 244,021	$ 224,122
Contributions in Relation to the Actuarially Determined Contributions	**321,631**	219,199	212,441	223,513	179,633	232,539	206,875	244,021	224,122
Contribution Deficiency (Excess)	**$ -**	$ -	$ 5,784	$ 7,895	$ 16,624	$ (30,303)	$ -	$ -	$ -
Covered Payroll	**$ 1,195,656**	$ 1,043,805	$ 1,001,033	$ 960,198	$ 864,568	$ 849,729	$ 798,745	$ 868,403	$ 855,426
Contributions as a Percentage of Covered Payroll	**26.90%**	21.00%	21.22%	23.28%	20.78%	27.37%	25.90%	28.10%	26.20%

Notes to Schedule

Valuation Date: 10/01/2019 (AIS 11/18/2021)

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

Methods and assumptions used to determine contribution rates:

Funding Method:	Entry Age Actuarial Cost Method
Actuarial Asset Method:	Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric 4-year average Market Value return. It is possible that over time this technique will produce an insignificant bias above or below Market Value.
Salary Increases:	Service based. 8% per year for the first 4 years of credited service and 5.0% thereafter. This assumption was adopted based on the June 6, 2017 actuarial experience study.
Payroll Increase:	None.
Interest Rate:	7.25% per year compounded annually, net of investment related expenses.
Retirement Age:	Earlier of Age 55 and 10 years of service or Age 52 and 25 Years of service. Also, any member who has reached Normal Retirement is assumed to continue employment for one additional year.
Early Retirement:	Commencing with the earliest Early Retirement Age (50), members are assumed to retire with an immediate subsidized benefit at the rate of 5% per year.

Termination Rates:	See Table Below.
Disability Rates:	See Table Below. It is assumed that 75% of disablements and active Member deaths are service related.
Mortality:	*Healthy Lives (Inactive)*: Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. *Beneficiary Lives*: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. *Healthy Lives (Active)*: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year. *Disabled Lives:* 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.

All rates are projected generationally with Mortality Improvement Scale MP-2018.

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2019 FRS valuation report for special risk employees.

Other Information: Termination and Disability Rate Table.

Age	% Terminating during the year	% Becoming disabled during the year
20	6.0%	0.03%
30	5.0%	0.04%
40	2.6%	0.07%
50	0.8%	0.18%

Note: GASB Codification requires information for 10 years. The District is presenting information for the years which information is available.

MONEY-WEIGHTED RATE OF RETURN

This schedule is intended to provide information about the actual performance of the pension plan's investment portfolio because it takes into account the effects of transactions that increase the amount of pension plan investments (such as contributions from employers, non-employer contributing entities, and plan members) and those that decrease the amount of pension plan investments (such as benefit payments).

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
9/30/2021	21.45%
9/30/2020	9.82%
9/30/2019	5.15%
9/30/2018	7.97%
9/30/2017	12.67%
9/30/2016	7.62%
9/30/2015	-1.63%
9/30/2014	9.82%
9/30/2013	13.07%

Note: GASB Codification requires information for 10 years. The District is presenting information for the years which information is available.

North Bay Fire District
Schedule of Changes in Net OPEB Liability and Related Ratios

September 30,	**2021**	2020	2019	2018
Total OPEB Liability				
Service Cost	**$ 10,938**	$ 10,561	$ 11,454	$ 12,521
Interest	**6,600**	6,523	5,637	4,754
Differences Between Expected and Actual Experience	**-**	3,450	-	-
Changes of Assumptions	**57,015**	8,907	(13,567)	(15,403)
Benefit Payments	**(1,559)**	(1,481)	(1,365)	(1,255)
Net Change in Total OPEB Liability	**72,994**	27,960	2,159	617
Total OPEB Liability - Beginning	**174,199**	146,239	144,080	143,463
Total OPEB Liability - Ending	**247,193**	174,199	146,239	144,080
Plan Fiduciary Net Position				
Contributions - Employer	**1,559**	1,481	1,365	1,255
Benefit payments	**(1,559)**	(1,481)	(1,365)	(1,255)
Net Change in Plan Fiduciary Net Position	**-**	-	-	-
Plan Fiduciary Net Position - Beginning	**-**	-	-	-
Plan Fiduciary Net Position - Ending	**-**	-	**-**	-
Net OPEB Liability - Ending	**$ 247,193**	$ 174,199	$ 146,239	$ 144,080
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	**0.00%**	0.00%	0.00%	0.00%
Covered Employee Payroll	**$ 1,299,477**	$ 1,267,783	$ 1,007,269	$ 982,701
Net OPEB Liability as a Percentage of Covered Payroll	**19.02%**	13.74%	14.52%	14.66%

Notes to Schedule:

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

Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 8 to the financial statements.

The net OPEB liability amount presented for each fiscal year was determined as of September 30 measurement date prior to the fiscal year-end.

GASB Codification requires information for 10 years. The District is presenting information for the years which information is available.

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

To the Board of Supervisors
North Bay Fire District
Niceville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Bay Fire District, ("the District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 28, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 28, 2022

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MANAGEMENT LETTER

To the Board of Commissioners
North Bay Fire District
Niceville, Florida

Report on the Financial Statements

We have audited the financial statements of the North Bay Fire District ("the District") as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 28, 2022.

Auditors' Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report(s) on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in these reports, which are dated June 28, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Specific Information

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

a. The total number of district employees compensated in the last pay period of the District's fiscal year as 20.

b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 0.

c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as $1,378,630.

d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $0.

e. Each construction project with a total cost of at least $65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is estimated at $0.

f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes. The District has a favorable budget variance of $127,592 when general fund results are compared to the original budget.

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

a. The millage rate imposed by the District as 2.35.

b. The total amount of ad valorem taxes collected by or on behalf of the District as $2,646,158.

c. The total amount of outstanding bonds issued by the District as $0.

Additional Matters

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 occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 28, 2022

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Commissioners
North Bay Fire District
Niceville, Florida

We have examined North Bay Fire District's compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

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

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
June 28, 2022