Destin Fire Control District

FINANCIAL STATEMENTS

September 30, 2023

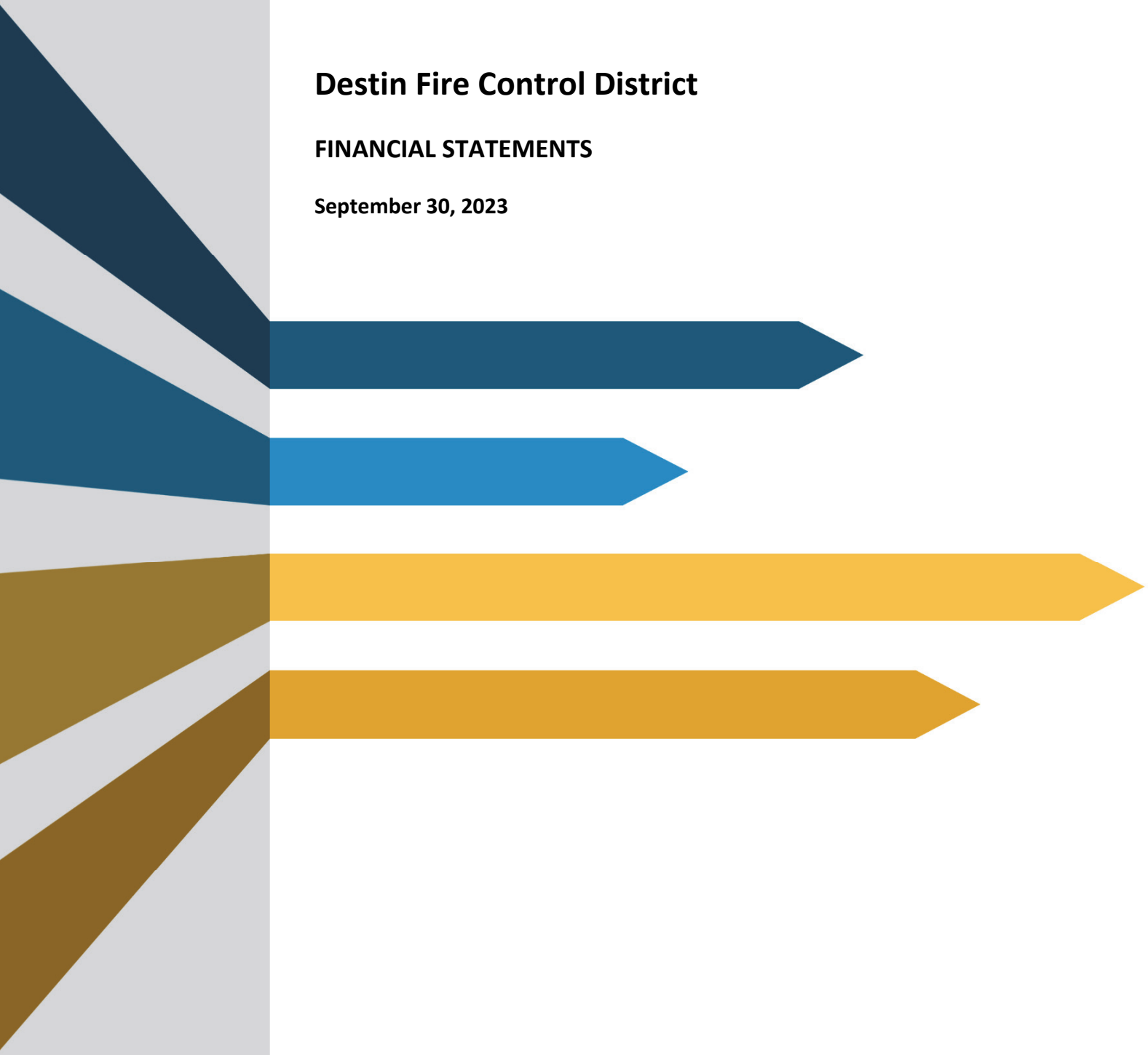


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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Destin Fire Control District
Destin, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Destin Fire Control District (hereinafter referred to as "District"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information other than management's discussion and analysis on pages 4 - 10 and 49 – 54 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 February 12, 2024 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 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
February 12, 2024

Management's Discussion and Analysis

This discussion and analysis (MD&A) of the Destin Fire Control 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 care for the following area in Okaloosa County: all lands bounded on the West by the East Pass, on the North by Choctawhatchee Bay, on the East by Walton County and on the South by the Gulf of Mexico. Although it is important to the long-term existence of the District to maintain its financial health, assets are accumulated only to the extent required to ensure that there are 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 (Government wide)

- Total assets increased $1,529,187
- Net position increased by $1,151,238
- Total revenue increased $1,706,737 and total expenses increased $1,666,789. Revenue increased due to growth in the District tax base resulting in additional ad valorem taxes as well as an increase in investment income earned. Expenses increased primarily as a result of higher personnel costs during the year.

District Highlights

The Beach Safety Program maintains a standardized beach safety program. The District has been designated an Advanced Certified Lifeguard Agency by the United States Lifesaving Association. Advanced agency certification is intended to recognize and encourage higher training standards, longer training periods, and other requirements. Lifeguards are USLA certified and receive training in First Aid, CPR, and AED**.** During the 2022-2023 fiscal year, Beach Safety Patrol aided with 255,245 protective acts, 72 boat and personal watercraft infractions, 96 major medical responses, 389 minor aid requests, 104 missing and lost persons, 493 assists, 32 marine stings, and 355 persons rescued.

During the 2022-2023 fiscal year, the Fire District responded to 4,110 alarms. These responses include 76 fires, 2,663 emergency medical calls, 89 hazardous conditions, 287 service calls, 980 good intent and false alarm calls, and a few other types of emergency responses.

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.

USING THE ANNUAL REPORT (CONTINUED)

The Statement of Net Position and the Statement of Activities on pages 11-12 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 13. 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 and is compared to the prior year.

As of September 30,	2023	2022	Change
Assets			
Current and other assets	$ 6,892,299	$ 6,847,620	$ 44,679
Capital assets	8,738,607	7,254,099	1,484,508
Total assets	15,630,906	14,101,719	1,529,187
Deferred outflows of resources	2,439,505	3,348,520	(909,015)
Total assets and deferred outflows of resources	$ 18,070,411	$ 17,450,239	$ 620,172
Liabilities			
Current liabilities	$ 605,504	$ 486,475	$ 119,029
Other liabilities	9,162,671	9,584,993	(422,322)
Total liabilities	9,768,175	10,071,468	(303,293)
Deferred inflows of resources	-	227,773	(227,773)
Net position			
Net investment in capital assets	7,556,914	5,870,225	1,686,689
Unrestricted	745,322	1,280,773	(535,451)
Total net position	8,302,236	7,150,998	1,151,238
Total liabilities, deferred inflows of resources, and net position	$ 18,070,411	$ 17,450,239	$ 620,172

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

Total assets increased $1,529,187 or 20% during the fiscal year ended September 30, 2023. Total liabilities decreased $303,293 or 3% from prior year primarily as a result of scheduled principal payments on long-term debt.

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,	2023	2022	Change
Program revenue:			
Public safety contributions	$ 382,212	$ 308,614	$ 73,598
Grants and contributions	664,456	424,754	239,702
Beach safety contributions	1,145,441	1,121,967	23,474
Charges for services	39,573	34,346	5,227
Total program revenue	2,231,682	1,889,681	342,001
General revenue:			
Ad Valorem taxes	7,869,715	6,860,928	1,008,787
Impact fees	76,834	94,151	(17,317)
Investment income	249,282	(110,355)	359,637
Miscellaneous	22,564	37	22,527
Gain (loss) on disposal of fixed assets	(8,898)	-	(8,898)
Total general revenue	8,209,497	6,844,761	1,364,736
Total revenue	10,441,179	8,734,442	1,706,737
Program expenses:			
Public safety			
Personal services	6,630,211	5,289,526	1,340,685
Operating services	909,604	711,535	198,069
Depreciation	539,586	429,826	109,760
Interest	32,502	34,949	(2,447)
Total public safety expenses	8,111,903	6,465,836	1,646,067
Beach Safety			
Personal services	917,753	862,178	55,575
Operating services	205,885	238,087	(32,202)
Depreciation	54,400	57,051	(2,651)
Total beach safety expenses	1,178,038	1,157,316	20,722
Total expenses	9,289,941	7,623,152	1,666,789
Increase (decrease) in net position	1,151,238	1,111,290	39,948
Net position, beginning	7,150,998	6,039,708	1,111,290
Net position, ending	$ 8,302,236	$ 7,150,998	$ 1,151,238

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

CONDENSED STATEMENTS OF ACTIVITIES (CONTINUED)

Ad valorem tax revenue increased $1,008,787 or 15% over the previous year as a result of growth in the taxable base. Grants and contributions increased $239,702 or 56% over the previous year primarily as a result of the District expending the majority of the funds awarded from the FEMA Port Security Grant. Investment income increased $359,637 from the prior year due to a substantial uptick in market conditions and change from a loss in the prior year of $110,355. Public safety expenses increased $1,340,694 or 25% as compared to prior year primarily as a result of increased personnel costs.

Overall, net position increased $1,151,238 for fiscal year 2023.

GOVERNMENTAL FUND

As of September 30, 2023, the District's governmental fund (as presented on pages 13 - 17) reported a fund balance of $5,810,022 which represents a decrease of $529,729 or 8% as compared to the prior year.

During fiscal year 2023, the District incurred $2,654,960 in capital outlay expenditures which represents an increase of $706,578 or 36% from prior year capital outlay expenditures of $1,948,382. This increase was due to the purchase of a new truck, ongoing construction of a new fire boat, and improvements to the new station's garage.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The Fire Commissioners approve the operating budget by September 30th each year. Over the course of the year, the Fire Commissioners revised the budget. There were several factors that led to the variance with actual revenue and expenditures as compared to the Commissioner approved budget. First, the District experienced a favorable variance in revenue as compared to the budget in the amount of $59,653. This favorable increase occurred as a result of an increase in the tax base and investment income earned.

The District experienced a favorable variance as compared to final budget in capital outlay in the amount of $730,040. The District expended less than anticipated for improvements to the new station in the current year. For regular operating expenditures, the District experienced a favorable reduction in expenses of $646,524 primarily as a result of lower personnel costs than anticipated.

Overall, the General Fund had a favorable increase as compared with the final budget in the amount of $1,437,849.

CAPITAL ASSETS

At September 30, 2023, the District had $8,738,607 invested in capital assets (net of depreciation). This amount represents a net increase (including additions and deductions) of $1,484,508 or 20% over than the fiscal year 2022 total. This increase was primarily due to the purchase of a new ladder truck and Calhoun Avenue station improvements.

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

September 30,	2023	2022	Change
Land	$ 414,391	$ 278,555	$ 135,836
Leased asset - land	1,967,227	1,967,227	-
Construction in progress	-	488,254	(488,254)
Buildings and improvements	4,092,239	3,268,680	823,559
Leased asset - building	489,000	489,000	-
Equipment	2,730,964	2,711,820	19,144
Vehicles/Apparatus	5,060,072	3,590,046	1,470,026
Total, prior to depreciation and amortization	14,753,893	12,793,582	1,960,311
Accumulated depreciation and amortization	(6,015,286)	(5,539,483)	(475,803)
Net capital assets	$ 8,738,607	$ 7,254,099	$ 1,484,508

More information about the District's capital assets is presented in Note 3 to the financial statements.

LONG-TERM LIABILITIES

At September 30, 2023, the District has long-term liabilities which include compensated absences, an estimated liability for other postemployment benefits ("OPEB"), a net pension liability, and a capital lease obligation. The District's long-term liabilities decreased $422,322 as compared to 2022 primarily as a result of the scheduled principal payment on the lease liability and changes in actuarial assumptions for both the OPEB and net pension liabilities.

September 30,	2023	2022	Change
Compensated absences, more than one year	$ 266,209	$ 232,484	$ 33,725
Other postemployment benefit liability	706,716	884,636	(177,920)
Lease liability, more than one year	1,074,585	1,281,687	(207,102)
Net pension liability	7,115,161	7,186,186	(71,025)
Total long-term liabilities	$ 9,162,671	$ 9,584,993	$ (422,322)

Additional information about the District's long-term liabilities is presented in Notes 4 and 5 to the financial statements.

FUTURE FINANCIAL FACTORS

Destin Fire Control District, formed in 1971, became an independent fire control district by Special Act 98-470, Laws of Florida, operating under the provisions of Chapter 191, Florida Statutes. 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. Millage rates for fiscal year 2023 have been established to provide for the operations of the District and necessary capital requirements. The millage rate for 2024 has been approved by the Board of Fire Commissioners at 1.00 which is the maximum rate allowable under the District charter.

BOARD OF FIRE COMMISSIONERS

Rick Moore
Chairman

J.Thomas Green
Co-Chairman

Jack Wilson
Secretary/Treasurer

Bob Wagner
Commissioner

Mike Buckingham
Employee Relations Commissioner

RETIREMENT BOARD OF TRUSTEES

Mark Dutram

Carlos Garza Jr.

Jared O'Neil

Trey Ward

T.J. Buchanan

MANAGEMENT

Kevin Sasser
Fire Chief

Kathryn Wagner
Administrative Division Chief

Financial Statements

Destin Fire Control District
Statement of Net Position

September 30, 2023		Governmental Activities
Assets		
Cash and cash equivalents	$	346,967
Investments		4,331,452
Due from other governments		1,124,235
Accounts receivable		27,638
Prepaid expenses		227,376
Equipment deposits		834,631
Capital assets, net		8,738,607
Total assets		15,630,906
Deferred outflows of resources		
Pension		2,439,505
Total deferred outflows of resources		2,439,505
Liabilities		
Accounts payable		103,984
Accrued salaries and benefits payable		143,662
Compensated absences - due within one year		250,750
Compensated absences - due in more than one year		266,209
Lease liability - due within one year		107,108
Lease liability - due in more than one year		1,074,585
OPEB liability		706,716
Net pension liability		7,115,161
Total liabilities		9,768,175
Net position		
Invested in capital assets		7,556,914
Unrestricted		745,322
Total net position	$	8,302,236

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Statement of Activities

For the year ended September 30, 2023		Program Revenue			Net (Expense) Revenue and Changes in Net Position
Function/Program	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental activities					
Public safety	$ (8,111,903)	$ 39,573	$ 382,212	$ 664,456	$ (7,025,662)
Beach safety	(1,178,038)	-	1,145,441	-	(32,597)
Total governmental activities	$ (9,289,941)	$ 39,573	$ 1,527,653	$ 664,456	(7,058,259)
General revenue					
Ad valorem taxes collected, net of fees					7,869,715
Gain (loss) on disposal of fixed assets					(8,898)
Impact fees					76,834
Investment income					249,282
Miscellaneous income					22,564
Total general revenue					8,209,497
Change in net position					1,151,238
Net position - beginning of the year					7,150,998
Net position - end of the year					$ 8,302,236

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Balance Sheet – Governmental Fund

September 30, 2023		General Fund
Assets		
Cash and cash equivalents	$	346,967
Investments		4,331,452
Due from other governments		1,124,235
Accounts receivable		27,638
Prepaid expenditures		227,376
Total assets	$	6,057,668
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$	103,984
Accrued salaries and benefits payable		143,662
Total liabilities		247,646
Fund balances		
Nonspendable		1,062,007
Committed		66,930
Assigned		4,140,331
Unassigned		540,754
Total fund balances		5,810,022
Total liabilities and fund balances	$	6,057,668

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

September 30, 2023

Total fund balances, governmental funds	$	5,810,022
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.		8,738,607
Equipment deposits used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.		834,631
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.		2,439,505
Lease liability does not consume current resources and therefore is not reported in the governmental funds balance sheet.		(1,181,693)
Long-term OPEB liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.		(706,716)
Compensated absences do not consume current resources and therefore, are not reported in the governmental funds balance sheet.		(516,959)
Net pension liability does not consume current resources and therfore, is not reported in the governmental funds balance sheet.		(7,115,161)
Total net position - governmental activities	$	8,302,236

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund

For the year ended September 30, 2023	General Fund
Revenue	
Ad valorem taxes, net of discounts and tax collection fees	$ 7,869,715
Beach safety donations and fees	1,145,441
Investment income (loss)	249,282
State pension fund contributions	382,212
Impact fees	76,834
Fees and miscellaneous	726,591
Total revenue	10,450,075
Expenditures	
Current	
Public safety:	
Personnel services:	
Salaries and benefits	5,098,101
Employees' retirement:	
Section 175 retirement contribution	894,601
457 Plan retirement fund contribution	60,124
Operating services:	
Administrative	271,013
Fuel and supplies	58,746
Insurance	114,401
Repairs and maintenance	284,541
Training and uniforms	89,254
Utilities	91,500
Beach safety:	
Personnel services	911,304
Junior lifeguard wages and taxes	11,006
Operating services	195,451
Junior lifeguard operating services	10,434
Capital Outlay	
Vehicles and equipment - public safety	2,168,168
Vehicles and equipment - beach safety	32,636
Land and buildings - public safety	454,156

(continued)

Destin Fire Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund (Continued)

For the year ended September 30, 2022	General Fund
Debt Service	
Debt payments - principal	202,181
Debt payments - interest	32,502
Total expenditures	10,980,119
Excess (deficiency) of revenue over expenditures	(530,044)
Other Financing Sources	
Proceeds from sale of capital assets	315
Total other financing sources	315
Fund balances, beginning of year	6,339,751
Fund balances, end of year	$ 5,810,022

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the year ended September 30, 2023

Net change in fund balances - governmental fund	$	(529,729)
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in Statement of Net Position.		2,654,960
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.		(593,986)
Gains (losses) on the disposal of fixed assets do not require the use of current financial resources; therefore they are not reported as expenditures in the governmental funds.		(9,212)
Current change in long-term OPEB obligation does not consume current resources and therefore is not reported in the governmental fund.		177,920
Deferred pension expenses are applicable to future periods and, therefore, are not reported in the funds.		(610,217)
Governmental funds report principal payments on bonds when debt is paid, whereas these payments are eliminated in the Statement of Activities and recognized as a decrease in bonds payable in the Statement of Net Position.		202,181
Current year change in compensated absence liability does not consume current resources so therefore it is not reflected in the governmental fund.		(140,679)
Change in net position of governmental activities	$	1,151,238

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Statement of Fiduciary Net Position – Pension Trust Fund

September 30, 2023

Assets		
Investments	$	28,254,905
Accrued interest income		7,126
Due from general fund		40,576
Total assets		28,302,607
Liabilities		
Accounts payable		14,659
Total liabilities		14,659
Net position		
Net position restricted for pensions	$	28,287,948

The accompanying footnotes are an integral part of these financial statements.

Destin Fire Control District
Statement of Changes in Fiduciary Net Position – Pension Trust Fund

For the year ended September 30, 2023

Additions		
Contributions - District/State	$	915,704
Contributions - plan members		196,309
Total contributions		1,112,013
Investment Income (loss)		
Net appreciation (loss) in fair value of investments		1,542,488
Gain (loss) on sale of investments		48,746
Interest and dividends		952,182
Total net investment income		2,543,416
Total additions		3,655,429
Deductions		
Administrative expense		67,795
Legal expense		9,058
Benefit payments		1,811,056
Fiduciary liability insurance		3,642
Total deductions		1,891,551
Change in net position		1,763,878
Net position restricted for pensions - beginning of the year		26,524,070
Net position restricted for pensions - end of the year	$	28,287,948

The accompanying footnotes are an integral part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Destin Fire Control District is a special independent District created by Chapter 71-787, Laws of Florida in 1971. The original charter was amended by Chapter 82-335, Laws of Florida during 1982 and again by 2000-417 in 2000 which authorizes the District to provide the following services: fire suppression, fire inspection, beach safety, 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 and timing 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

Government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

The government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

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

Government-wide financial statement net position is divided into three components – invested in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Invested in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of amounts that do not meet the definition of "restricted" or "invested in capital assets".

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

Governmental Funds are used to account for the general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem taxes, reimbursements for incidents 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement.

Pension Trust Fund – Pension Trust Funds are accounted for using the accrual basis of accounting. The Pension Trust Fund accounts for the assets of the District's defined benefit plan (Florida Statute Chapter 175 Firefighters' Pension Trust Fund).

For the year ended September 30, 2023, the District does not report any proprietary funds.

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 and department. Transfers of appropriations between departments require the approval of the Board.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents at September 30, 2023 consisted of $346,967 in 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).*

Investments

The District is authorized to invest in financial instruments as established by Section 218.415, Florida Statutes. The District's Investment Policy (adopted by Resolution 16-05) authorizes the following investments: direct obligations of the United States Treasury; the Local Government Surplus Funds Trust as created by Section 218.405, Florida Statutes; agency securities; and interest-bearing time deposits or savings accounts in authorized financial institutions.

Prepaid Expenses

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, plant, 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 historical cost if purchased or constructed. Donated 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

Property and equipment sold, destroyed or obsolete is removed from the accounts periodically. Interest cost is not capitalized on self-constructed fixed assets.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives: Buildings and improvements – 30 years and vehicles and equipment – 5 to 15 years.

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 no items for the current year related to pensions that qualifies for reporting in this category.

Compensated Absences

No liability is recorded for non-vesting accumulating rights to receive sick pay benefits. Vested or accumulated vacation leave that is used and paid for with expendable available financial resources is reported as an expenditure. The current and long-term portion of vested leave payable is recorded as an expense and a liability in the government-wide financial statements.

The compensated absence liability is a reconciling item between the government-wide financial statements and the fund-level financial statements. The long-term compensated absence liability at September 30, 2023 was $266,209 and the current portion of the compensated absence liability as reported in the Government-wide financial statements was $250,750. When combined, the District has a total accrued compensated absence liability of $516,959 as of September 30, 2023.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the governmental 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 (Continued)

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 Net Position and Fund Balance

The following is a description of the District's various fund balance accounts:

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (Continued)

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.

Restricted resources are only used for their specific designation and with approval from the Board of Commissioners. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion.

The District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in the unrestricted fund balance classification could be used.

Ad Valorem Property Tax Revenue

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

Assessment Date - January 1st
Maximum Discount - November 1st
Past Due - April 1st of the following year
Tax Certificates Sold - June 1st of the following year

The Board of Commissioners approved for this fiscal year the millage rate of 1.000. The District's charter establishes 1 mill as the highest rate the District can assess.

Encumbrances

To prevent over-expenditure of funds, the District has adopted an encumbrance system. Under this system, when approved purchase orders are outstanding at year-end, a commitment of fund balance is made. The amount segregated acts as a reminder that commitments (encumbrances) have been made and should not be included in Unassigned Fund Balance. Encumbered amounts are included within committed or assigned fund balance, as appropriate, based on the definitions and criteria described previously.

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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 12, 2024, and determined there were no events that occurred that required 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:

GASB Statement No. 100, Accounting Changes and Error Corrections, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, Compensated Absences, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

Note 2: INVESTMENTS

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 District's investments are measured using NAV pricing and therefore do not fall into the Level 1 – 3 categories.

The District has investments in the Florida Local Government Investment Trust Day to Day Fund ("FLGIT Day to Day Fund"). This investment is measured at amortized cost. The FLGIT Day to Day Fund's underlying investments consists of short-term corporate bonds, commercial paper, certificates of deposit, and US Treasuries, and Agency bonds. As of September 30, 2023, the District held 2,539,386 shares in the FLGIT Day to Day Fund with a NAV price of $1.00 per share and total investment balance of $2,539,386. The NAV price for this investment represents fair value.

The District has investments in the Florida Local Government Investment Trust Short Term Bond Fund (FLGIT Short Term Bond Fund") and are valued using a variable NAV based on fair value. This fund has no unfunded commitments, allows unlimited daily redemptions, and invests in money market securities, US Treasuries, commercial paper, asset backed mortgages, Corporate, Municipal, and Government bonds. This fund does not institute liquidity fees or redemption gates. As of September 30, 2023, the District held 84,301 shares in the FLGIT Short Term Bond Fund with a NAV price of $26.79 per share and total investment balance of $1,792,066. The NAV price for this investment represents fair value.

For the year ended September 30, 2023, the District recognized gains totaling $249,282 related to these investment holdings.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investment policy limits investments of operating funds to a maximum of twenty-four (24) months as a means of managing its exposure to fair value losses arising from an increase in interest rates.

The FLGIT Short Term Bond fund uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes.

For the year ended September 30, 2023, the weighted average maturity was 1.84 years with an effective duration of 1.46 years for the FLGIT Short Term Bond Fund.

Note 2: INVESTMENTS (Continued)

The FLGIT Day to Day Fund uses a weighted average days to maturity (WAM). A portfolio's WAM reflects the average maturity in days based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the portfolio to interest rate changes. For the year ended September 30, 2023, the weighted average maturity was 37.91 days for the FLGIT Day to Day Fund.

Credit Risk

The District's General Fund investment policy authorizes the following investments which are limited to credit quality ratings from nationally recognized rating agencies as follows:

- United States Treasury Obligations
- United States Government Agencies (United States Government Sponsored Enterprise ("GSE")) limited to the Federal Farm Credit Bank (FFCB), Federal Home Loan Bank or its District banks (FHLB), Federal National Mortgage Association (FNMA) and Governmental National Mortgage Association (GNMA).
- Negotiable Certificates of Deposit
- Local Government Surplus Trust Fund or any intergovernmental investment pool

At September 30, 2023, the FLGIT Short Term Bond Fund held a credit rating of AAAf/S1 and the FLGIT Day to Day Fund held a credit rating of AAAm.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

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

Note 2: INVESTMENTS (Continued)

The District's investment policy requires that all investment securities, except for investments in certificates of deposit, that are purchased by the District to be held by third party custodians and be properly designated as an asset of the District. All investments were held in third-party custodial accounts in the District's name.

Concentration of Credit Risk

The District's investment policy has established permitted investment sectors which are designed to reduce concentration of credit risk of the District's investment portfolio.

Foreign Currency Risk

The District's investment policy does not prohibit investments in foreign currency; however no such investments were held as of September 30, 2023 in the General Fund.

Note 3: CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated or amortized:				
Land	$ 278,555	$ 135,836	$ -	$ 414,391
Leased asset - land	1,967,227	-	-	1,967,227
Construction in progress	488,254	-	(488,254)	-
Capital assets not being depreciated	2,734,036	135,836	(488,254)	2,381,618
Capital assets being depreciated:				
Buildings	1,732,167	823,559	-	2,555,726
Building Improvements	1,536,513	-	-	1,536,513
Equipment	2,711,820	146,538	(127,396)	2,730,962
Vehicles/Apparatus	3,590,046	1,470,026	-	5,060,072
Capital assets being depreciated	9,570,546	2,440,123	(127,396)	11,883,273
Less accumulated depreciation:				
Buildings and improvements	(1,794,914)	(129,618)	-	(1,924,532)
Equipment	(1,780,890)	(204,668)	118,185	(1,867,373)
Vehicles/Apparatus	(1,935,154)	(243,400)	-	(2,178,554)
Total accumulated depreciation	(5,510,958)	(577,686)	118,185	(5,970,459)
Total capital assets being depreciated, net	4,059,588	1,862,437	(9,211)	5,912,814
Capital assets being amortized				
Leased asset - building	489,000	-	-	489,000
Less accumulated amortization - building	(28,525)	(16,300)	-	(44,825)
Total capital leased assets being amortized, net	460,475	(16,300)	-	444,175
Governmental activities capital assets	$ 7,254,099	$ 1,981,973	$ (497,465)	$ 8,738,607

The District recognized $593,986 of depreciation and amortization expense for fiscal year ended September 30, 2023. Of that amount, $539,586 was allocated to the public safety program and the remaining amount of $54,400 was allocated to the beach safety program.

Note 4: DEBT

Lease Liability – Direct Borrowings

On July 1, 2021, the District entered into a 13 year lease-purchase agreement to acquire land and buildings for an additional station on the west side of Destin, Florida. The agreement requires monthly lease payments of principal and interest in the amount of $11,224 beginning August 1, 2021. The interest rate of the lease-purchase agreement is 2.43% and the final payment is due July 1, 2034. Title of the land and buildings will convey to the District at the end of the agreement for no additional buyout costs.

The following is a schedule by years of future minimum lease debt obligation payments for direct borrowings:

For the year ending September 30,	**Principal**	**Interest**	**Total**
2024	$ 107,108	$ 27,575	$ 134,683
2025	109,788	24,895	134,683
2026	112,486	22,197	134,683
2027	115,250	19,433	134,683
2028	118,082	16,601	134,683
2029 - 2033	618,979	38,040	657,019
Total minimum payments	1,181,693	$ 148,741	$ 1,330,434
Less current portion	(107,108)		
Lease liability - due in more than one year	$ 1,074,585		

NOTE 5: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Government-wide activities:					
Liability for compensated absences	$ 376,280	$ 140,679	$ -	$ 516,959	$ 250,750
Liability for OPEB obligation	884,636	-	177,920	706,716	-
Net pension liability	7,186,186	-	71,025	7,115,161	-
Notes from direct borrowings:					
Lease liability obligation - station	1,383,874	-	202,181	1,181,693	107,108
Total long-term liabilities	$ 9,830,976	$ 140,679	$ 451,126	$ 9,520,529	$ 357,858

NOTE 5: CHANGES IN LONG-TERM LIABILITIES (Continued)

Compensated absences, lease liabilities, other postemployment benefits and the net pension liability will be liquidated in future periods primarily by the General Fund for governmental activities.

NOTE 6: RETIREMENT PLANS

Defined Contribution Plan

The District has four employees who are not covered under the District's defined benefit plan. Therefore, the District contributes 14.8% of these employees' annual salaries to individual retirement accounts for employees not part of the collective bargaining agreement. The District also contributes 13% for one employee who is covered under the collective bargaining agreement. In addition, the District matches up to 5% of the employee's contribution. This plan is a 457 defined contribution plan. Total contributions by the District under this plan for the year ended September 30, 2023 were $60,124.

Firefighter personnel may also elect to participate in the 457 defined contribution plan. The District does not match or contribute toward firefighter 457 accounts since these personnel automatically participate in a defined benefit plan.

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

Plan Description

The District began participating in a Florida Statute Chapter 175 Firefighters Pension Trust Fund (Chapter 175 Plan for full-time state certified firefighters) in 1993. The Chapter 175 Plan is a single-employer defined benefit pension plan administered by Destin Fire Control District. It was established to provide retirement, disability, supplemental insurance, and death benefits for covered employees.

The Plan is administered by a Board of Trustees consisting of two District appointees, two members who are firefighters elected by the covered employees, and a fifth member elected by the other four and appointed by the District.

Florida Statute 175 establishes eligibility and vesting requirements and benefits provisions. Membership is compulsory for all full-time firefighters. Non-firefighter personnel of the District are excluded from this plan. The District does not issue stand-alone financial statements for this Plan.

Participants hired prior to October 1, 2012 are 100% vested after 7 years of credited service. For members hired after October 1, 2012, participants are 100% vested after 10 years of credited service. For members hired prior to October 1, 2012, members are eligible for normal retirement at the earlier of age 55 and 10 years of credited service, or 20 years of credited service regardless of age. For members hired on or after October 1, 2012, members are eligible for normal retirement at

NOTE 6: RETIREMENT PLANS (Continued)

the earlier age of 55 and 10 years of credited service or age 52 and the completion of 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. Upon retirement for members hired prior to October 1, 2012, members are entitled to receive an amount approximately equal to 3.5% of average final compensation times credited service. Upon retirement for members hired on or subsequent to October 1, 2012, members are entitled to receive an amount approximately equal to 2.5% of average final compensation times credited service.

All retirees, excluding disability retirees and vested terminated persons who were hired prior to October 1, 2012 and who retire on or after October 1, 2002, will receive, beginning on the first October 1st following one full year of retirement and on each subsequent October 1st, a 2% per year cost-of-living adjustment. As of September 30, 2023, the Plan had a total of 71 members with 35 active members, 27 inactive plan members currently receiving benefits, and 9 inactive members entitled to, but not yet receiving benefits.

Supplemental Insurance Benefit

During the year ended September 30, 2023, the District paid supplemental insurance benefits to X retirees totaling $20,172 from the Pension Fund.

Deferred Retirement Option Program

The Plan offers a deferred retirement option program (DROP) to any member satisfying the normal retirement requirements. Participation in DROP may not exceed 60 months. Upon entering DROP, a member may choose from the following two rate of return options: (a) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (b) 6.5% per annum compounded monthly. Members may elect to change the rate of return option one time while participating in DROP. At September 30, 2023 the DROP balance is $499,868.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of the plan. On-behalf payments, made by the state totaling $382,212 are recognized as revenue and expenditures in the General Fund during the year ended September 30, 2023.

NOTE 6: RETIREMENT PLANS (Continued)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value. During the fiscal year ended September 30, 2023, all of the Chapter 175 Plan assets were held in various investments at Salem Trust Company, the American Core Realty Fund and Brookfield Supercord Infrastructure Fund.

Rate of Return

For the year ended September 30, 2023 the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 10.32 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Requirements

The plan members were required to contribute 6.8% of their annual covered salary to the Plan through February 2023. Effective February 2023, the plan members were required to contribute 8.0% of their annual covered salary to the Plan. The District is required to contribute at an actuarially determined amount rather than a set percentage for the fiscal year ended September 30, 2023, less the amount of member and State contributions received during the year. The actual contribution rate for the District and State equaled 34% of employees' salaries for the covered annual payroll. The required actuarial amount was determined from an actuarial report as of October 1, 2023, using the entry age normal actuarial cost method and level dollar, closed amortization method. Effective October 1, 2018, all future layers of unfunded actuarial accrued liability are amortized over a 15-year period.

Annual Pension Cost

The Retirement plan's annual pension cost excluding member contributions was $875,128. As of October 1, 2022 Florida Statute Chapter 175 authorizes the State to charge a premium tax upon certain insurance companies who engage in the business of property insurance for the benefit of firefighters. The proceeds from this tax are used in partial support of the Chapter 175 Plan. For the year ended September 30, 2023, the District received $382,212 from the State of Florida as proceeds from this tax.

NOTE 6: RETIREMENT PLANS (Continued)

The state proceeds were used to help fund the $915,704 reported as District contributions, $21,103 of which is reported in beach safety personnel costs, in the Statement of Revenue, Expenditures and Changes in Fund Balance. The District required contribution of $888,360 was determined as part of the adjusted actuarial valuation as of October 1, 2023 using the entry age normal actuarial cost and level dollar method. While contributions to the Plan are currently funded through these various sources, it is ultimately the responsibility of Destin Fire Control District to fund the Plan.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2023 were as follows:

Total Pension Liability	$ 35,372,518
Plan Fiduciary Net Position	(28,257,357)
Sponsor's Net Pension Liability	$ 7,115,161
Plan Fiduciary Net Position as a percentage of Total Pension Liability	79.89%

Actuarial Assumptions

For the year ended September 30, 2023, the actuarial assumptions used to determine the Annual Required Contribution included a 7.4% investment rate of return (net of investment related expenses) compounded annually and service based salary increases per year until the assumed retirement age. Projected salary increase includes inflation at 2.5% and post retirement cost of living adjustment (COLA) for service retirees is 2%.

Mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	50.0%	7.5%
International Equity	10.0%	8.5%
Broad Market Fixed Income	20.0%	2.5%
Fixed Income (Non-Core)	2.5%	2.5%
Global Fixed Income	2.5%	3.5%
Real Estate	10.0%	4.5%
Infrastructure	5.0%	4.5%

NOTE 6: RETIREMENT PLANS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.40 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.

Sensitivity of the Net Pension Liability to changes in the Discount Rate	*Net Pension Liability*
1% decrease of discount rate to 6.40%	$11,361,269
Current discount rate of 7.40%	7,115,161
1% increase of discount rate to 8.40%	3,623,509

For the year ended September 30, 2023, the District recognized an actuarial pension expense/ (benefit) of $1,498,577. Additionally, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 932,200	$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,507,305	-
Total	$ 2,439,505	$ -

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

Year ended September 30:	Amount
2024	$ (567,844)
2025	(689,567)
2026	(1,233,744)
2027	51,650
Thereafter	-

NOTE 6: RETIREMENT PLANS (Continued)

Investments

The following table presents the Plan's investments at September 30, 2023:

		Fair Value Measurements Using				
	Amortized Cost	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Investment Totals	Percentage of Plan Net Assets
Investments valued at Amortized Cost						
Cash and cash equivalents	$ 311	n/a	n/a	n/a	$ 311	0%
Goldman Sachs Money Market Fund	294,869	n/a	n/a	n/a	294,869	1%
Investments for which Fair Value was Determined						
Mutual Funds - Fixed Income	$ -	$ 6,441,794	$ -	$ -	$ 6,441,794	23%
Mutual Funds - Equities	-	16,835,241	-	-	16,835,241	60%
American Core Realty Fund *	-	-	-	3,436,618	3,436,618	12%
Brookfield Infrastructure Fund *	-	-	-	1,246,072	1,246,072	4%
	$ 295,180	$ 23,277,035	$ -	$ 4,682,690	$ 28,254,905	100%

* The American Core Realty Fund and Brookfield Supercord Infrastructure Fund utilize an Independent Valuation Advisor and Appraisal Manager for valuation. Currently, Altus, a publicly traded firm with no relationship or affiliation with the fund, serves in that capacity. In this role, Altus advises Fund's management on the selection and engagement of all external third-party appraisers, reviews each external draft appraisal completed by a third-party appraiser, and prepares restricted-use appraisals each quarter for properties in the Fund when a full appraisal is not performed. The fund performs property appraisals on 25% of the portfolio each quarter covering the entire portfolio each year.

The Plan limits the aggregate investment in corporate equities to 75% at fair value. In addition, the Plan limits equity positions in any single company to 5% of the Plan assets at fair market value. Foreign securities shall not exceed 25% of Plan assets at fair value.

At September 30, 2023, none of the investments listed above are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

Credit Risk: 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 has a weighted average maturity of 6 days. The fixed income mutual fund investments are not rated by S&P or Moody's for credit risk.

NOTE 6: RETIREMENT PLANS (Continued)

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.

Changes in Net Pension Liability

September 30, 2023		
Total Pension Liability		
Service Cost	$	425,792
Interest		2,434,583
Changes of Benefit Terms		284,034
Differences Between Expected and Actual Experience		483,806
Changes of Assumptions		-
Benefit Payments, Including Refunds of Employee Contributions		(1,459,355)
Net Change in Total Pension Liability		2,168,860
Total Pension Liability - Beginning		33,203,658
Total Pension Liability - Ending		35,372,518
Less: Plan Fiduciary Net Position		(28,257,357)
Net Pension Liability	$	7,115,161

Note 7: RISK MANAGEMENT

The District is exposed to risk of loss for claims and judgments for unemployment compensation and employee medical insurance deduction. Descriptions of each program are as follows:

Unemployment Compensation

The District retains the entire risk for unemployment compensation claims. As of September 30, 2023, the amount committed in fund balance for unemployment was $16,930. Because the amount of future loss cannot be estimated, no liability for these claims has been recognized in the financial statements.

Note 7: RISK MANAGEMENT (Continued)

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 8: COMMITMENTS AND CONTINGENCIES

Accrued Leave

According to the Collective Bargaining Agreement, vacation leave is calculated as follows:

The Employees

1 - 4 years	6 hours bi-weekly
5 - 9 years	7 hours bi-weekly
10 - 14 years	9 hours bi-weekly
15 to retirement	10 hours bi-weekly

According to the Collective Bargaining Agreement, upon termination, employees will be paid for all unused vacation unless: the employee has less than six months service to the District; or the employee is discharged for cause, and therefore will not be paid for all unused vacation accrued. Employees may accumulate vacation leave up to 432 hours.

The policy per the Collective Bargaining Agreement for sick leave is that the employees will accrue sick leave at a rate of six (6) hours bi-weekly. Unused sick leave of up to 156 hours can be sold back to the District once per calendar year, so long as remaining accumulated hours will be no less than 480. Upon retirement with at least 20 years of service with the District, employees may sell back up to 480 hours of unused sick leave. The total amount of the unpaid accrued leave at September 30, 2023, was $516,959.

According to the Collective Bargaining Agreement, shift employees who work regularly scheduled hours on a holiday will be compensated at double their normal hourly rate for each hour worked on the holiday.

Note 8: COMMITMENTS AND CONTINGENCIES (Continued)

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.

The financial impact in the near term is not considered material to the financial statements, therefore no corresponding liability has been accrued, but the long-term effects of the law are being evaluated by management. For September 30, 2023, the District acquired insurance via a third party insurance carrier to reduce risk exposure.

Note 9: CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES

The following is a summary of the changes to Fund Balance for the year ending September 30, 2023:

	Beginning Balance	Transfers	Excess of Expenditures and Other Uses Over Revenues and Other Sources	Changes in Encumbrances and Prepaids	Ending Balance
Nonspendable					
Prepaids	$ 458,415	$ -	$ -	$ 603,592	$ 1,062,007
Restricted					
Impact fees	-	-	-	-	-
Committed					
Committed for unemployment	16,930	-	-	-	16,930
Committed for compensated absences	50,000	-	-	-	50,000
Assigned					
Assigned for capital assets	1,533,701	1,547,000	-	406,905	3,487,606
Assigned for encumbrances	2,870,587	-	-	(2,217,862)	652,725
Assigned for beach safety	4,480	(4,480)	-	-	-
Assigned for junior lifeguard	-	-	-	-	-
Unassigned	1,405,638	(1,542,520)	(529,723)	1,207,365	540,760
Totals	$ 6,339,751	$ -	$ (529,723)	$ -	$ 5,810,028

Note 10: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Postemployment Healthcare Benefits Plan (Plan) 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.

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. The Plan had five (5) retirees receiving postemployment health care benefits.

Funded Status and Funding Progress

As of September 30, 2021, the most recent measurement date (for reporting period September 30, 2023), the actuarial accrued liability for benefits was $706,716, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $706,716. The covered payroll (annual payroll of active participating employees) was $3,082,110 from the 2022-2023 fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 23%.

Plan Membership

As of September 30, 2021, the most recent valuation date, the plan was comprised of 42 active participants and 5 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.

Note 10: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 fiscal year ended September 30, 2023, the District recognized OPEB changes of $177,920 resulting in a reduction of benefit expenses.

Actuarial Method and Assumptions

The District qualifies for the Alternative Measurement Method in Accordance with GASB 75; therefore, changes in the total OPEB Liability are not permitted to be included in deferred outflows of resources or deferred inflows of resources related to OPEB. These changes will be immediately recognized through OPEB Expense.

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.

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.

The District's OPEB actuarial valuation with a measurement date of September 30, 2022 (for reporting period September 30, 2023), 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, 2023 and to estimate the District’s 2022-2023 fiscal year liability. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.77% discount rate which is based on the September 30, 2022 S&P Municipal Bond 20 Year High Grade Rate Index rate as published by the S&P Dow Jones Indices.

Note 10: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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:

For the year ended September 30, 2023		
Service costs	$	51,873
Interest		22,382
Differences between Expected and Actual Experience		-
Changes of Assumptions		(221,078)
Benefit Payments		(31,097)
Net Change in Total OPEB Obligation		(177,920)
Net OPEB Obligation, beginning of year		884,636
Net OPEB Obligation, end of year	$	706,716
Covered Employee Payroll	$	3,082,110
Net OPEB Liability as a Percentage of Covered Employee Payroll		22.93%

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, 2023:	4.77%
Fiscal Year Ending September 30, 2022:	2.43%
Fiscal Year Ending September 30, 2021:	2.14%

Covered Payroll. Covered payroll is projected to the end of the fiscal year based on actual payroll as of the valuation date and applicable salary increase assumptions.

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.

Note 10: OTHER POSTEMPLOYMENT BENEFITS (Continued)

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
	3.77%	4.77%	5.77%
Total OPEB Liability	$ 790,835	$ 706,716	$ 634,961

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	$ 630,069	$ 706,716	$ 795,663

Note 11: 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 are calculated using a flat fee of $297.08 for residential units and $0.6097 per square foot for commercial entities. The District assessed $18,136 in residential impact fees and $58,698 in commercial impact fees for the year ended September 30, 2023. The District does not allow impact fee waivers for construction or developments.

Note 12: COMMITMENTS

Management evaluated all events or transactions that occurred after September 30, 2023 through February 12, 2024 the date the current year's financial statements were available to be issued. The following event occurred:

As of September 30, 2022, the District had approximately $560,000 remaining on a contract for construction of a new fire boat. The boat is expected to be delivered to the District in mid-2024.

Required Supplementary Information
(Other than MD&A)

Destin Fire Control District
Budgetary Comparison Schedule – Governmental Fund

For the year ended September 30, 2023	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue				
Ad valorem taxes collected, less fees	$ 7,624,000	$ 7,624,000	$ 7,869,715	$ 245,715
Beach safety program donations and fees	1,155,000	1,433,422	1,145,441	(287,981)
Investment income (loss)	23,000	23,000	249,282	226,282
State pension fund contributions	327,000	400,000	382,212	(17,788)
Impact fees	59,000	59,000	76,834	17,834
Miscellaneous	761,000	851,000	726,591	(124,409)
Total revenue	9,949,000	10,390,422	10,450,075	59,653
Expenditures				
Current				
Public safety:				
Personnel services				
Salaries and benefits	4,868,000	5,305,000	5,098,101	206,899
Employees' retirement:				
Section 175 retirement fund	841,000	914,000	894,601	19,399
457 Plan retirement fund	75,000	75,000	60,124	14,876
Operating services				
Administrative	280,000	298,000	271,013	26,987
Fuel and supplies	69,000	74,000	58,746	15,254
Insurance	110,000	110,000	114,401	(4,401)
Repairs and maintenance	251,000	327,000	284,541	42,459
Training and uniforms	147,000	129,000	89,254	39,746
Utilities	96,000	102,000	91,500	10,500
Beach safety:				
Personnel services	906,000	1,102,000	911,304	190,696
Junior lifeguard wages and taxes	13,900	13,900	11,006	2,894
Operating services	209,000	261,000	195,451	65,549
Junior lifeguard operations	26,100	26,100	10,434	15,666
Total current expenditures	7,892,000	8,737,000	8,090,476	646,524
Capital Outlay				
Vehicles and equipment - personal safety	1,774,000	1,794,000	2,168,168	(374,168)
Vehicles and equipment - beach safety	-	31,000	32,636	(1,636)
Building and other	1,340,000	1,560,000	454,156	1,105,844
Total capital outlay expenditures	3,114,000	3,385,000	2,654,960	730,040
Debt Service				
Debt payments - principal	203,000	203,000	202,181	819
Debt payments - interest	33,000	33,000	32,502	498
Total debt service expenditures	236,000	236,000	234,683	1,317
Excess (deficit) of revenue over expenditures	(1,293,000)	(1,967,578)	(529,729)	1,437,849
Fund balance, beginning of year	6,339,751	6,339,751	6,339,751	-
Fund balance, end of year	$ 5,046,751	$ 4,372,173	$ 5,810,022	$ 1,437,849

Destin Fire Control District
Schedule of Changes in Net Pension Liability and Related Ratios

September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	$ 425,792	$ 410,316	$ 414,478	$ 424,591	$ 402,100	$ 471,083	$ 430,846	$ 412,422	$ 540,120	$ 702,391
Interest	2,434,583	2,315,225	2,196,903	2,142,548	2,060,739	1,979,577	1,948,687	1,854,384	1,893,391	1,756,834
Changes of Benefit Terms	284,034	-	-	-	(926)	-	-	-	-	-
Differences Between Expected and Actual Experience	483,806	565,322	514,909	(154,309)	(224,866)	378,098	(829,240)	(240,493)	(1,748,273)	-
Changes of Assumptions	-	-	-	(576,891)	-	108,528	-	1,634,737	(256,184)	-
Benefit Payments, Including Refunds of Employee Contributions	(1,459,355)	(1,927,428)	(1,118,948)	(1,063,624)	(1,246,259)	(1,581,570)	(775,745)	(977,835)	(600,036)	(579,955)
Net Change in Total Pension Liability	2,168,860	1,363,435	2,007,342	772,315	990,788	1,355,716	774,548	2,683,215	(170,982)	1,879,270
Total Pension Liability - Beginning	33,203,658	31,840,223	29,832,881	29,060,566	28,069,778	26,714,062	25,939,514	23,256,299	23,427,281	21,548,011
Total Pension Liability - Ending	$ 35,372,518	$ 33,203,658	$ 31,840,223	$ 29,832,881	$ 29,060,566	$ 28,069,778	$ 26,714,062	$ 25,939,514	$ 23,256,299	$ 23,427,281
Plan Fiduciary Net Position										
Contributions - Employer	$ 545,643	$ 749,784	$ 914,619	$ 1,389,228	$ 1,017,878	$ 2,134,887	$ 1,275,999	$ 836,684	$ 687,531	$ 697,413
Contributions - State	342,717	307,533	327,017	258,595	292,293	266,748	291,353	293,567	371,910	326,318
Contributions - Employee	196,309	150,285	141,896	132,786	114,324	113,840	112,630	107,918	104,560	126,109
Net Investment Income	2,652,095	(3,639,270)	5,099,839	2,271,078	1,134,359	1,586,419	1,862,888	1,482,436	(784,838)	1,510,241
Benefit Payments, Including Refunds of Employee Contributions	(1,459,355)	(1,927,428)	(1,118,948)	(1,063,624)	(1,246,259)	(1,581,570)	(775,745)	(977,835)	(600,036)	(579,955)
Administrative Expense	(37,524)	(31,044)	(28,557)	(47,086)	(49,247)	(29,796)	(32,011)	(25,310)	(32,924)	(14,883)
Net Change in Plan Fiduciary Net Position	2,239,885	(4,390,140)	5,335,866	2,940,977	1,263,348	2,490,528	2,735,114	1,717,460	(253,797)	2,065,243
Plan Fiduciary Net Position - Beginning	26,017,472	30,407,612	25,071,746	22,130,769	20,867,421	18,376,893	15,641,779	13,924,319	14,178,116	12,112,873
Plan Fiduciary Net Position - Ending	28,257,357	26,017,472	30,407,612	25,071,746	22,130,769	20,867,421	18,376,893	15,641,779	13,924,319	14,178,116
Net Pension Liability - Ending	$ 7,115,161	$ 7,186,186	$ 1,432,611	$ 4,761,135	$ 6,929,797	$ 7,202,357	$ 8,337,169	$ 10,297,735	$ 9,331,980	$ 9,249,165
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.89%	78.36%	95.50%	84.04%	76.15%	74.34%	68.79%	60.30%	59.87%	60.52%
Covered Employee Payroll	$ 2,591,406	$ 2,210,071	$ 2,086,711	$ 1,952,853	$ 1,681,235	$ 1,674,116	$ 1,656,321	$ 1,587,030	$ 1,537,650	$ 1,854,542
Net Pension Liability as a Percentage of Covered Employee Payroll	274.57%	325.16%	68.65%	243.80%	412.18%	430.22%	503.35%	648.87%	606.90%	498.73%

Destin Fire Control District
Schedule of Pension Contributions

	9/30/2023	9/30/2022	9/30/2021	9/30/2020	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015	9/30/2014
Actuarially Determined Contribution	$ 888,360	$ 992,646	$ 1,111,586	$ 1,105,071	$ 1,083,467	$ 1,213,734	$ 1,323,401	$ 1,090,290	$ 1,059,441	$ 1,023,707
Contributions in Relation to the Actuarially Determined Contributions	888,360	1,057,317	1,241,636	1,647,823	1,310,171	2,401,635	1,567,352	1,130,251	1,059,441	1,023,731
Contribution Deficiency (Excess)	$ -	$ (64,671)	$ (130,050)	$ (542,752)	$ (226,704)	$ (1,187,901)	$ (243,951)	$ (39,961)	$ -	$ (24)
Covered Employee Payroll	$ 2,591,406	$ 2,210,071	$ 2,086,711	$ 1,952,853	$ 1,681,235	$ 1,674,116	$ 1,656,321	$ 1,587,030	$ 1,537,650	$ 1,854,542
Contributions as a Percentage of Covered Employee Payroll	34.28%	47.84%	59.50%	84.38%	77.93%	143.46%	94.63%	71.22%	68.90%	55.20%

Notes to Schedule

Valuation Date: 10/01/2023

Actuarially determined contribution rates are calculated as of October 1, one year 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 Normal Actuarial Cost Method
Amortization Method:	Level percentage of pay, closed
Remaining Amortization Period:	25 Years (as of 10/01/2023)
Actuarial Asset Method:	All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.
Inflation:	2.0% per year
Salary Increases:	See Table Below.
Payroll Increase:	None
Interest Rate:	7.4% per year compounded annually, net of investment related expenses.
Retirement Age:	Earlier of: I) Age 55 and 10 years of Credited Service or 2) 20 Years of Credited Service regardless of age. 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 are service related.

Mortality: The assumed rates of mortality 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 rates utilized are those outlined in the July 1, 2021 FRS actuarial valuation report for special risk employees. See below:

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

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

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

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

Other Information: Disability Rate Table.

Age	% Becoming disabled during the year
20	0.03%
30	0.04%
40	0.07%
50	0.18%

Credited Service	Salary Increase	Credited Service	Termination Rate
0-1	6.5%	0	10.0%
2-3	6.0%	1-2	5.0%
4-5	5.5%	3-4	4.5%
6-7	5.0%	5-6	4.0%
8-9	4.5%	7-8	3.5%
10+	4.0%	9-10	3.0%
		11-14	2.5%
		15+	2.0%

Destin Fire Control District
Schedule of Pension Investment Returns

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
September 30, 2023	10.32%
September 30, 2022	-12.14%
September 30, 2021	20.37%
September 30, 2020	10.22%
September 30, 2019	5.44%
September 30, 2018	8.67%
September 30, 2017	11.67%
September 30, 2016	10.74%
September 30, 2015	-5.49%
September 30, 2014	12.26%

Destin Fire Control District
Schedule of Changes in Net OPEB Liability and Related Ratios

For the year ended September 30,	2023	2022	2021	2020	2019	2018
Service costs	$ 51,873	$ 39,031	$ 28,543	$ 30,219	$ 32,544	$ 35,349
Interest	22,382	19,593	26,716	35,569	31,808	27,743
Differences between Expected and Actual Experience	-	-	-	(53,922)	-	-
Changes of Assumptions	(221,078)	(31,020)	140,984	(81,076)	(54,743)	(63,904)
Benefit Payments	(31,097)	(38,753)	(36,049)	(31,493)	(28,959)	(29,690)
Annual OPEB Cost (Expense)	(177,920)	(11,149)	160,194	(100,703)	(19,350)	(30,502)
Net OPEB Obligation, beginning of year	884,636	895,785	735,591	836,294	855,644	886,146
Net OPEB Obligation, end of year	$ 706,716	$ 884,636	$ 895,785	$ 735,591	$ 836,294	$ 855,644
Covered Employee Payroll	$3,082,110	$3,006,936	$2,314,291	$2,257,845	$2,341,880	$2,229,035
Net OPEB Liability as a Percentage of Covered Employee Payroll	22.93%	29.42%	38.71%	32.58%	35.71%	38.39%

Notes to Schedule:

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements.

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, 2023:	4.77%
Fiscal Year Ending September 30, 2022:	2.43%
Fiscal Year Ending September 30, 2021:	2.14%
Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%
Fiscal Year Ending September 30, 2018:	3.64%

Covered Payroll: Covered payroll is projected to the end of the fiscal year based on actual payroll as of the valuation date and applicable salary increase assumptions.

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

The schedule is intended to present ten years of data. Additional years of data will be presented as they become available.

The District has not presented a Schedule of Contributions since an actuarially determined contribution has not been calculated and there is no contractually or statutorily determined contribution applicable to the District.

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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 Commissioners
Destin Fire Control District
Destin, 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 Destin Fire Control District, ("the District") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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.

Report on Compliance and Other Matters

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

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, LLC

Miramar Beach, Florida
February 12, 2024

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MANAGEMENT LETTER

To the Board of Commissioners
Destin Fire Control District
Destin, Florida

Report on the Financial Statements

We have audited the financial statements of the Destin Fire Control District ("District") as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated February 12, 2024.

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 those reports, which are dated February 12, 2024 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 for the District. It is management's responsibility to monitor the District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

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 Destin Fire Control reported:

a. The total number of district employees compensated in the last pay period of the District's fiscal year as 67.

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 $4,565,505.

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 $763,271 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, Destin Fire Control District reported:

a. The millage rate imposed by the District as 1.00.

b. The total amount of ad valorem taxes collected by or on behalf of the District as $7,869,715.

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 Supervisors, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
February 12, 2024

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Commissioners
Destin Fire Control District
Destin, Florida

We have examined Destin Fire Control District's compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2023. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

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
February 12, 2024