

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**

**PALM HARBOR, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2023**



**Prepared by:  
Office Manager**

## **I. INTRODUCTORY SECTION**

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**

**PALM HARBOR, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2023**

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**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**

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**FOR THE FISCAL YEAR ENDED**

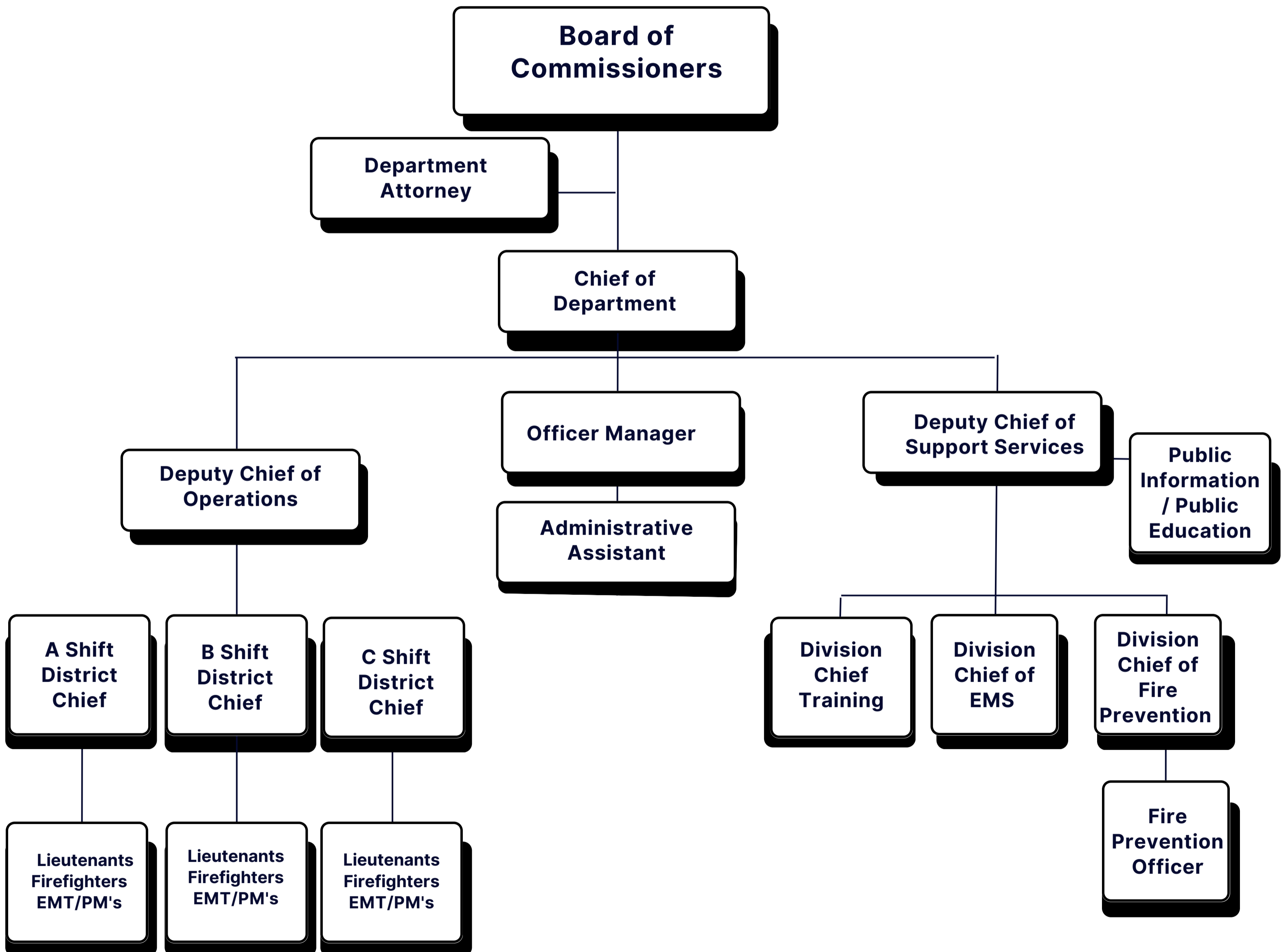
**SEPTEMBER 30, 2023**

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# PALM HARBOR SPECIAL FIRE CONTROL AND RESCUE DISTRICT ORGANIZATIONAL CHART



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PALM HARBOR SPECIAL FIRE CONTROL AND RESCUE DISTRICT

LISTING OF DISTRICT OFFICIALS

ELECTED OFFICIALS

Commissioner  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Casey Cane  
Julie Peluso  
Jim Nelson  
Stu Williams  
Kelli Snow

APPOINTED OFFICIALS

Chief of Department  
Attorney

Scott J. Sanford  
Andrew J. Salzman

DISTRICT OFFICERS

Rodney Malpass, Deputy Chief of Operations  
Brent Breuer, Deputy Chief of Support Services  
Jason Haynes, Training Chief  
Doug Zimmerman, EMS Chief  
William Fisher, Fire Marshall  
Thomas Greear, District Chief  
Raymond Tracy, District Chief  
Ryan Fisher, District Chief

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## **II. FINANCIAL SECTION**

## INDEPENDENT AUDITOR'S REPORT

Board of Fire Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of Palm Harbor Special Fire Control & Rescue 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 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, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of Palm Harbor Special Fire Control & Rescue District as of September 30, 2023, and the respective changes in financial position, for the year ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Palm Harbor Special Fire Control & Rescue 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 the 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.

Board of Fire Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

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 Palm Harbor Special Fire Control & Rescue District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Palm Harbor Special Fire Control & Rescue 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 Palm Harbor Special Fire Control & Rescue 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.

Board of Fire Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and OPEB schedules on pages 5-11 and 61-71 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 June 27, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Tampa, Florida  
June 27, 2024

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**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023**

As management of the Palm Harbor Special Fire Control and Rescue District (District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2023.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows at the close of the 2023 fiscal year by \$26,260,773 (net position).
- The District's net position increased by \$3,364,141 during the current fiscal year.
- As of the close of the 2023 fiscal year, the District's governmental funds (general and capital projects funds) reported an ending fund balance of \$16,488,283 an increase of \$4,306,165 in comparison with the prior year. \$12,646,502 is available for spending at the District's discretion.
- Total liabilities, which includes accrued liabilities, compensated absences and pension and OPEB obligations at the end of fiscal year 2023 is \$2,063,748.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

The government-wide financial statements should distinguish functions of the District that are principally supported by the District's residents and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All of the District's activities are governmental. The District is the primary government.

The government-wide financial statements can be found on pages 13 and 14 of this report.

### **Fund Financial Statements**

Traditional users of government financial statements will find the fund financial statement presentation more familiar. The fund financial statements provide more information about the District's general fund and capital projects fund - not the District as a whole.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's funds consist of the general fund, the capital project fund and the fiduciary fund categories.

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

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

The District maintains two governmental funds, its general fund and its capital projects fund. These funds are presented in the governmental fund balance sheets and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

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

The basic governmental fund financial statements can be found on pages 15 through 19 of this report.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

**Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. Accounting used for fiduciary funds is much like that used for the government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 20 and 21 of this report.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 60 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the District's progress in funding its obligation to provide pension benefits to its firefighters. Required supplementary information can be found on pages 61 through 71 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the District's case, assets and deferred outflows exceeded liabilities and deferred inflows by \$26,260,773 and \$22,896,632 at the fiscal years ended on September 30, 2023 and 2022.

The District's capital assets represent investments in land, buildings and improvements and equipment. Approximately 39% of the total net position are capital assets. The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt and the capital assets themselves cannot be used to liquidate general operating liabilities.

The unrestricted category of net position, with a balance of \$15,837,811 and \$12,251,257 at years ended September 30, 2023 and 2022, respectively, may be used to meet the District's ongoing obligations to citizens and creditors and is shown in the following schedule of condensed financial information.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

Palm Harbor Special Fire Control and Rescue District's condensed net position:

	Governmental Activities	
	2023	2022
Current assets	\$ 16,710,253	\$ 12,304,520
Net pension asset	445,842	-
Capital assets, net	10,217,682	10,457,838
Total assets	27,373,777	22,762,358
Deferred outflows	3,612,511	7,299,650
Total assets and deferred outflows	\$ 30,986,288	\$ 30,062,008
Current liabilities	\$ 378,681	\$ 297,560
Non-current liabilities	1,685,067	4,773,994
Total liabilities	2,063,748	5,071,554
Deferred inflows	2,661,767	2,093,822
Net position:		
Net investment in capital assets	10,217,682	10,457,838
Restricted	205,280	187,537
Unrestricted	15,837,811	12,251,257
Total net position	26,260,773	22,896,632
Total liabilities, deferred inflows and net position	\$ 30,986,288	\$ 30,062,008

The District's net position increased by \$3,364,141 during the current fiscal year primarily from higher than budgeted ad valorem income, investment earnings, and grant funding that was received. The District's net position increased by \$1,126,327 during the prior fiscal year, primarily from higher than budgeted ad valorem income and grant funding that was received.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

Palm Harbor Special Fire Control and Rescue District's condensed change in net position:

	Governmental Activities	
	2023	2022
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$ 3,623,355	\$ 3,270,989
Impact fees	17,743	24,408
Federal and state grants	914,499	119,077
<b>General revenues:</b>		
Property and sales taxes	11,504,651	10,382,135
Investment earnings	411,688	3,199
Other	1,010,070	1,153,066
<b>Total revenues</b>	<b>17,482,006</b>	<b>14,952,874</b>
<b>Expenses:</b>		
<b>Governmental activities:</b>		
Public safety - EMS and Fire Protection	14,117,865	13,826,547
<b>Change in net position</b>	<b>3,364,141</b>	<b>1,126,327</b>
Net position at beginning of year, as previously reported	22,896,632	21,144,714
Prior period adjustment	-	625,591
Net position at beginning of year, as restated	22,896,632	21,770,305
Net position at end of year	<b>\$ 26,260,773</b>	<b>\$ 22,896,632</b>

**Financial Analysis of the District's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the District's chief operating fund. At the end of the current fiscal year, the total fund balance of the general fund was \$16,283,003. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance represents 95.8% of total general fund expenditures.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

The fund balance for the general fund increased \$4,288,422 during the current fiscal year. The key factors in this increase were higher than anticipated ad valorem revenue, investment earnings, and grant funding.

**General Fund Budgetary Highlights**

An annual budget is legally adopted for the general fund and was not amended during either 2023 or 2022. Budgeted revenues exceeded actual revenues by \$301,173 in 2023. Property taxes, representing 65.6% and 69.5% of the District's budgeted revenues for 2023 and 2022, increased by \$1,122,516 over the prior year's actual.

	2023			2022		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>						
Property taxes	\$ 11,334,562	\$ 11,504,651	\$ 170,089	\$ 10,222,598	\$ 10,382,135	\$ 159,537
Other	6,204,534	5,733,272	(471,262)	4,717,754	4,713,944	(3,810)
<b>Total revenues</b>	<u>17,539,096</u>	<u>17,237,923</u>	<u>(301,173)</u>	<u>14,940,352</u>	<u>15,096,079</u>	<u>155,727</u>
<b>Expenditures:</b>						
Capital outlay	2,387,500	377,568	2,009,932	2,486,150	3,677,446	(1,191,296)
Public safety - EMS and Fire Protection	13,476,596	12,818,773	657,823	12,599,202	11,960,074	639,128
<b>Total expenditures</b>	<u>15,864,096</u>	<u>13,196,341</u>	<u>2,667,755</u>	<u>15,085,352</u>	<u>15,637,520</u>	<u>(552,168)</u>
<b>Other Financing Sources (Uses)</b>	<u>(1,675,000)</u>	<u>246,840</u>	<u>1,921,840</u>	<u>145,000</u>	<u>87,500</u>	<u>(57,500)</u>
<b>Changes in fund balance</b>	<u>\$ -</u>	<u>\$ 4,288,422</u>	<u>\$ 4,288,422</u>	<u>\$ -</u>	<u>\$ (453,941)</u>	<u>\$ (453,941)</u>

**Capital Assets**

At the end of 2023 and 2022, the District's investment in capital assets for its governmental activities was \$10,217,682 and \$10,457,838 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements and equipment.

	2023			2022		
	Beginning Balance	Additions/ (Deletions)	Ending Balance	Beginning Balance	Additions/ (Deletions)	Ending Balance
Land	\$ 1,414,043	\$ -	\$ 1,414,043	\$ 1,414,043	\$ -	\$ 1,414,043
Construction in progress	276,542	133,504	410,046	40,928	235,614	276,542
Assets not being depreciated	3,436,832	(1,048,188)	2,388,644	-	3,436,832	3,436,832
Buildings	6,553,215	-	6,553,215	6,553,215	-	6,553,215
Equipment	5,339,827	532,272	5,872,099	6,018,153	(678,326)	5,339,827
Total capital assets	<u>17,020,459</u>	<u>(382,412)</u>	<u>16,638,047</u>	<u>14,026,339</u>	<u>2,994,120</u>	<u>17,020,459</u>
Accumulated depreciation	<u>6,562,621</u>	<u>(142,256)</u>	<u>6,420,365</u>	<u>6,385,581</u>	<u>177,040</u>	<u>6,562,621</u>
		-				
<b>Total</b>	<u>\$ 10,457,838</u>	<u>\$ (240,156)</u>	<u>\$ 10,217,682</u>	<u>\$ 7,640,758</u>	<u>\$ 2,817,080</u>	<u>\$ 10,457,838</u>

Additional information on the District's capital assets can be found in Note 3 on page 35 of this report.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2023  
(Continued)**

**Non-current Liabilities**

At the end of 2023 and 2022, the District had liabilities made up of compensated absences, and pension and OPEB liabilities of \$1,841,778 and \$4,949,152, respectively.

More detailed information about the District's compensated absences can be found in Note 4 on pages 36 and 37 of this report.

**ECONOMIC FACTORS**

The District's board of commissioners approved general fund budgeted expenditures and transfers of \$22,342,776 and \$17,904,095 for the 2024 and 2023 fiscal years. This is an increase of 24.8%.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

Chief Scott J. Sanford  
250 West Lake Road  
Palm Harbor, Florida 34684

For information about services, visit the District's website at [www.palmharborfd.com](http://www.palmharborfd.com).

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## **BASIC FINANCIAL STATEMENTS**

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2023**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	3,930,924
Investments		12,729,223
Receivables		43,177
Prepaid items		6,929
Total current assets		16,710,253

**Non-current Assets:**

Other assets		
Net pension asset		445,842
Capital assets		
Non-depreciable		4,212,733
Depreciable, net		6,004,949
Total non-current assets		10,663,524

Total Assets		27,373,777
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**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources		3,612,511
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**Total Assets and Deferred Outflows**

		\$ 30,986,288
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**LIABILITIES**

**Current Liabilities:**

Accrued liabilities	\$	221,970
Compensated absences		156,711
Total current liabilities		378,681

**Non-current liabilities:**

Compensated absences		470,134
Net pension liability		774,546
Net other postemployment benefits (OPEB) liability		440,387
Total non-current liabilities		1,685,067

Total Liabilities		2,063,748
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**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources		2,661,767
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**NET POSITION**

Invested in capital assets, net of related debt		10,217,682
Restricted for capital projects		205,280
Unrestricted		15,837,811
Total Net Position		26,260,773

**Total Liabilities, Deferred Inflows, and Net Position**

		\$ 30,986,288
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The accompanying notes are an integral part of these financial statements.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2023**

**Expenditures - Public Safety:**

Personnel services:	
Salaries	\$ 6,952,112
Retirement, insurance, and payroll taxes	5,008,027
Total personnel services	<u>11,960,139</u>
Other operating expenses:	
Maintenance	202,180
Computer hardware and software	43,134
Depreciation expense	597,224
Fees	307,743
Incentive program	34,147
Insurance	162,867
Medical and health services	47,616
Miscellaneous	23,302
Office supplies	19,989
Operating supplies and equipment	14,991
Professional services	175,439
Training, education, travel	63,408
Uniforms, clothing & bunker gear	91,532
Utilities	87,846
Vehicle maintenance	286,308
Total other operating expenses	<u>2,157,726</u>
Total program expenses	<u>14,117,865</u>

**Program Revenues:**

Charges for services	3,623,355
Impact fees	17,743
Federal and state grants	914,499
Total program revenues	<u>4,555,597</u>

**General Revenues:**

Property taxes	11,504,651
Infrastructure sales tax	202,014
Tax collector fee rebate	66,800
Tower rental	138,844
Firefighters' educational incentive	24,789
Investment earnings	411,688
Hazmat reimbursement	177,196
Miscellaneous	17,692
Insurance proceeds	140,850
Gain on sale of capital assets	241,885
Total general revenues	<u>12,926,409</u>
Change in net position	3,364,141
Net position at beginning of year	<u>22,896,632</u>
Net position at end of year	<u>\$ 26,260,773</u>

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,725,644	\$ 205,280	\$ 3,930,924
Investments	12,729,223	-	12,729,223
Receivables	11,974	-	11,974
Other receivables	31,203	-	31,203
Prepaid items	6,929	-	6,929
<b>Total Assets</b>	<b>\$ 16,504,973</b>	<b>\$ 205,280</b>	<b>\$ 16,710,253</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 221,970	\$ -	\$ 221,970
Total Liabilities	221,970	-	221,970
<b>FUND BALANCES</b>			
Non-spendable			
Prepaid items	6,929	-	6,929
Restricted			
Equipment and improvements	-	205,280	205,280
Committed			
Vacation and special pay	626,845	-	626,845
Capital improvements	2,581,109	-	2,581,109
Station No. 68	40,000	-	40,000
Self-Contained Breathing Apparatus	381,618	-	381,618
Unassigned	12,646,502	-	12,646,502
Total Fund Balances	16,283,003	205,280	16,488,283
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,504,973</b>	<b>\$ 205,280</b>	<b>\$ 16,710,253</b>

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2023**

**Fund Balances - Total Governmental Funds (page 15)** \$ 16,488,283

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

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

Governmental non-depreciable assets	4,212,733	
Governmental depreciable assets	12,425,314	
Less accumulated depreciation	(6,420,365)	10,217,682

The net pension asset reported in governmental activities is not a financial resource and therefore is not reported in the governmental funds.

445,842

Deferred outflows related to pensions are not financial resources and therefore are not reported in the governmental funds.

3,612,511

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

Compensated absences	(626,845)	
Net pension liability	(774,546)	
Net other postemployment benefits (OPEB) liability	(440,387)	(1,841,778)

Deferred inflows related to pensions are not financial resources and therefore are not reported in the governmental funds.

(2,661,767)

**Total Net Position - Governmental Activities (page 13)** **\$ 26,260,773**

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2023**

	General	Capital Projects	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 11,504,651	\$ -	\$ 11,504,651
Infrastructure sales tax	202,014	-	202,014
EMS services	3,604,884	-	3,604,884
Tax collector fee rebate	66,800	-	66,800
Intergovernmental	914,499	-	914,499
Hazmat reimbursement	177,196	-	177,196
Firefighters' educational incentive	24,789	-	24,789
Impact fees	-	17,743	17,743
Investment earnings	411,688	-	411,688
Tower rental	138,844	-	138,844
Charges for services	18,471	-	18,471
Insurance proceeds	156,395	-	156,395
Miscellaneous	17,692	-	17,692
Total revenues	<u>17,237,923</u>	<u>17,743</u>	<u>17,255,666</u>
<b>Expenditures:</b>			
Personnel services			
Salaries	7,025,900	-	7,025,900
Retirement	1,660,256	-	1,660,256
Insurance - employee	2,043,467	-	2,043,467
Payroll expenses	528,648	-	528,648
Total personnel services	<u>11,258,271</u>	<u>-</u>	<u>11,258,271</u>
Other operating expenditures			
Building and equipment maintenance	202,180	-	202,180
Fees	307,743	-	307,743
Insurance	162,867	-	162,867
Medical and health services	47,616	-	47,616
Miscellaneous expense	23,302	-	23,302
Supplies	19,989	-	19,989
Operating equipment	14,991	-	14,991
Professional services	175,439	-	175,439
Computer hardware and software	43,134	-	43,134
Training, education, travel	63,408	-	63,408
Incentive program	34,147	-	34,147
Uniforms	91,532	-	91,532
Utilities	87,846	-	87,846
Vehicle maintenance and fuel	286,308	-	286,308
Total other operating expenditures	<u>1,560,502</u>	<u>-</u>	<u>1,560,502</u>
Capital outlay	<u>377,568</u>	<u>-</u>	<u>377,568</u>
Total expenditures	<u>13,196,341</u>	<u>-</u>	<u>13,196,341</u>
Excess of revenues over expenditures	<u>4,041,582</u>	<u>17,743</u>	<u>4,059,325</u>
<b>Other Financing Sources:</b>			
Sale of capital assets	<u>246,840</u>	<u>-</u>	<u>246,840</u>
Net change in fund balances	4,288,422	17,743	4,306,165
<b>Fund Balances:</b>			
Beginning of year	11,994,581	187,537	12,182,118
End of year	<u>\$ 16,283,003</u>	<u>\$ 205,280</u>	<u>\$ 16,488,283</u>

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2023**

**Net change in fund balances - governmental funds (page 17)** \$ 4,306,165

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

Governmental funds report capital outlay as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated lives. The net effect of various miscellaneous transactions involving capital assets, including disposal, which decrease net position, are not reported in the governmental funds.

Expenditures for capital assets	377,568	
Current year depreciation	(597,224)	
Gain on sale of capital assets	241,885	
Proceeds received on sale of capital assets	<u>(262,385)</u>	(240,156)

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

Change in long-term compensated absences		73,788
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Governmental funds do not recognize expenditures for the change in the net pension liability and related deferred inflows and outflows of resources from year to year.

Change in Florida Retirement System net pension liability	255,787	
Change in Health Insurance Subsidy Program net pension liability	20,309	
Change in Chapter 175 net pension liability	<u>(1,093,909)</u>	(817,813)

Governmental funds do not recognize expenditures for the change in the net other postemployment benefits liability from year to year.

		<u>42,157</u>
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**Change in Net Position - Governmental Activities (page 14)** \$ 3,364,141

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED SEPTEMBER 30, 2023**

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>			
Property taxes	\$ 11,334,562	\$ 11,504,651	\$ 170,089
Infrastructure sales tax	2,000,000	202,014	(1,797,986)
EMS services	3,622,377	3,604,884	(17,493)
Tax collector fee rebate	56,000	66,800	10,800
Intergovernmental	-	914,499	914,499
Hazmat reimbursement	155,000	177,196	22,196
Firefighters' educational incentive	-	24,789	24,789
Investment earnings	75,106	411,688	336,582
Tower rental	74,051	138,844	64,793
Charges for services	22,000	18,471	(3,529)
Insurance proceeds	175,000	156,395	(18,605)
Miscellaneous	25,000	17,692	(7,308)
Total revenues	<u>17,539,096</u>	<u>17,237,923</u>	<u>(301,173)</u>
<b>Expenditures - Public Safety</b>			
Personnel services			
Salaries	6,986,535	7,025,900	(39,365)
Retirement	1,843,374	1,660,256	183,118
Insurance - employee	2,438,545	2,043,467	395,078
Payroll expenses	532,825	528,648	4,177
Total personnel services	<u>11,801,279</u>	<u>11,258,271</u>	<u>543,008</u>
Other operating expenditures:			
Building and equipment maintenance	157,657	202,180	(44,523)
Fees	311,679	307,743	3,936
Fire prevention	2,000	-	2,000
Insurance	182,792	162,867	19,925
Medical and health services	51,425	47,616	3,809
Miscellaneous expense	35,836	23,302	12,534
Supplies	21,775	19,989	1,786
Operating equipment	28,827	14,991	13,836
Professional services	186,251	175,439	10,812
Computer hardware and software	52,500	43,134	9,366
Training, education, travel	129,433	63,408	66,025
Incentive program	42,000	34,147	7,853
Uniforms	101,349	91,532	9,817
Utilities	98,793	87,846	10,947
Vehicle maintenance and fuel	273,000	286,308	(13,308)
Total other operating expenditures	<u>1,675,317</u>	<u>1,560,502</u>	<u>114,815</u>
Capital outlay	<u>2,387,500</u>	<u>377,568</u>	<u>2,009,932</u>
Total expenditures	<u>15,864,096</u>	<u>13,196,341</u>	<u>2,667,755</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,675,000</u>	<u>4,041,582</u>	<u>2,366,582</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from sale of capital assets	195,000	246,840	51,840
Capital reserves	(2,040,000)	-	2,040,000
Transfers	170,000	-	(170,000)
Total other financing sources (uses)	<u>(1,675,000)</u>	<u>246,840</u>	<u>1,921,840</u>
Net change in fund balances	<u>\$ -</u>	<u>4,288,422</u>	<u>\$ 4,288,422</u>
<b>Fund Balance:</b>			
Beginning of year		<u>11,994,581</u>	
End of year		<u>\$ 16,283,003</u>	

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND  
SEPTEMBER 30, 2023**

	Firefighters' Retirement Fund
<b>ASSETS</b>	
Investment income receivable	\$ 82,446
State excise tax receivable	79,838
Investments	46,842,950
Total Assets	47,005,234
 <b>LIABILITIES</b>	
Accounts payable	71,848
 <b>NET POSITION</b>	
Restricted for pension benefits	\$ 46,933,386

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND  
YEAR ENDED SEPTEMBER 30, 2023**

	<u>Firefighters' Retirement Fund</u>
<b>ADDITIONS:</b>	
Contributions	
Employer	\$ 1,528,029
Plan members	532,388
Total contributions	<u>2,060,417</u>
Intergovernmental revenue	
State excise tax rebate	673,456
Total intergovernmental revenue	<u>673,456</u>
Investment income	
Realized loss	(540,394)
Unrealized gain	5,997,313
Net increase in fair value of investments	<u>5,456,919</u>
Interest and dividends	768,384
Less investment expense	<u>(169,612)</u>
Net investment income	<u>6,055,691</u>
Total additions	<u>8,789,564</u>
<b>DEDUCTIONS:</b>	
Benefits and refunds paid to plan members and beneficiaries	515,465
Administrative expenses	114,574
Total deductions	<u>630,039</u>
<b>NET INCREASE</b>	8,159,525
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>	
Beginning of year	<u>38,773,861</u>
End of year	<u>\$ 46,933,386</u>

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

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**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Statement

The Palm Harbor Special Fire Control and Rescue District (District) was created under the Laws of the State of Florida Chapter 61-2661 as amended by House Bill 795 as an independent fire control district. It operates under the control of a Board of five Commissioners elected by the voters living within the District boundaries. It was established in 1961 to provide fire protection services for the unincorporated area of Pinellas County Florida known as Palm Harbor. The basic operations of the District are financed by ad valorem taxes which the District is empowered to levy on real property within its geographically defined district boundaries. In 1997 the District entered into an agreement with the Pinellas County Emergency Medical Services Authority to provide emergency medical service. In 1986 an ordinance was established allowing the District to impose a public safety construction fee on all new development and construction in the district. These funds are designated for capital improvements for firefighting and fire protection services related to new development and construction and are reflected in the Capital Projects Fund of the financial statements.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described as follows:

A. Reporting Entity

The District's general purpose financial statements include the accounts of all of the District's operations and potential component units in providing fire protection and emergency medical services to all residents and property located within its defined boundaries. The decision to include a potential component in the reporting entity was made by applying the criteria set forth on GASB Statement No. 14, *The Reporting Entity*.

This governmental accounting standard requires that this financial statement present the District (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. The firefighters' pension fund is included in these financial statements as a pension trust fund as disclosed below.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A. Reporting Entity (Continued)

District Pension Fund

The District's firefighters participate in the Palm Harbor Special Fire Control and Rescue District Pension Plan (the Pension Plan). The Pension Plan functions for the benefit of these employees and is governed by a five-member pension board. Two firefighters, two district residents and a fifth member elected by the other four members constitute the pension board. The District and the Pension Plan participants are obligated to fund all Pension Plan costs based upon actuarial valuations. The District is authorized to establish benefit levels and the Pension Plan Board of Trustees approves the actuarial assumptions used in the determination of contribution levels.

Complete financial statements of the above pension plan can be obtained from: PHSFCRD, Office Manager, 250 West Lake Road, Palm Harbor, Florida 34686.

B. Government-Wide and Fund Financial Statements

The District has adopted the provisions of GASB Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. The government-wide financial statements required under this statement (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are supported by taxes and intergovernmental revenues, continue to be reported separately from fiduciary funds.

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

Separate financial statements are provided for governmental funds (general and capital projects funds) and fiduciary funds. Fiduciary funds are excluded from the government-wide financial statements. The major individual governmental funds are reported as separate columns in the fund financial statements.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Government-Wide and Fund Financial Statements (Continued)**

Since the governmental fund financial statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to reconcile the fund based financial statements to the governmental activities column of the government-wide presentation.

The District's fiduciary funds are presented in the fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third-party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Agency funds do not have a measurement focus, as they only report assets and liabilities; however, agency funds do use the accrual basis of accounting to recognize receivables and payables.

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 District 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.

Intergovernmental, taxpayer, and interest revenue are all susceptible to accrual. EMS and impact fee revenues collected and held by Pinellas County, Florida at year end on behalf of the District also are recognized as revenue of the current fiscal period. Plan and inspection fees are not susceptible to accrual because generally they are not measurable until received in cash. All other revenue items are considered to be measurable and available only when cash is received by the District.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. Basis of Presentation

The District reports the following major governmental funds:

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

The *capital projects fund* accounts for revenues generated under the Public Safety Construction Fee Ordinance which are designated for acquisition and construction of capital improvements.

Additionally, the District reports the following fiduciary fund type:

The *pension fund* - accounts for the activities of the public safety employees' pension plans, which accumulates resources for pension benefit payments to qualified (sworn) public safety employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all property taxes.

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances

**Deposits and Investments**

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.

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

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

Investments in fixed income securities are stated at fair value. Fair value is the amount at which an investment could be exchanged in a current transaction between market participants, other than in a forced or liquidation sale.

Investments held by the District's pension trust funds are reported at fair value. Short-term investments are reported at amortized cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values with the advice of professional investment advisors.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances (Continued)

**Deposits and Investments (Continued)**

The Plan invests in a variety of investment funds. Investments in general are exposed to various risks, such as interest rate, credit, and overall volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for benefits.

**Receivables and Payables**

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

All accounts and intergovernmental receivables are shown net of an allowance for uncollectable. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible.

**Compensated Absences**

It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits.

**Budgets and Budgetary Accounting**

As empowered by state statute the District Board of Commissioners adopts an annual budget ordinance for the general fund to assist in planning and analyzing financial activity for the fiscal period. The amounts authorized by the annual budget ordinance for the period are reported in the budget column of the financial statement. Any revision that alters the total expenditures of the fund must be approved by the District commission. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in these financial statements present the initial as well as the final authorized amounts.

Expenditures may not legally exceed budgeted appropriations at the division level within the general fund. During the year, there were no supplementary appropriations.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances (Continued)

Finance-Related Legal and Contractual Provisions - The District is not in violation of any finance-related legal and contractual provisions.

Property Taxes - Property taxes represent the major source of operating revenue for the District and are recognized as revenue when they become measurable and available. The budget for the fiscal year ended September 30, 2023 was adopted by the Board of Commissioners in September 2022. At that time a millage rate of 2.0000 per thousand of assessed valuation was approved. Taxes are assessed for the District on January 1 of each year by the Pinellas County Property Appraiser. Taxes are collected for the District by the Pinellas County Tax Collector and are payable from November of the current year through March of the following year. A 1% discount is offered for each month paid in advance beginning with November and ending with February. Taxes become delinquent after April 1 and attach as an enforceable lien on the property.

Capital Assets - Capital assets, which include property, plant and equipment are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000 (amount not rounded) and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Buildings and improvements	10 - 50
Furniture, fixtures, and equipment	5 - 30

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances (Continued)

Long-term Obligations - Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements.

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

Net Position - Net position of the government-wide activities represents the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and the outstanding balance on any borrowing spent for acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other government.

Nature and Purpose of Classifications of Fund Equity - In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Amounts that are restricted to specific purposes either by:

- a. constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or
- b. imposed by law through constitutional provisions or enabling legislation are classified as restricted fund balances.

Amounts that can only be used for specific purposes pursuant to constraints imposed by the District Commission through a resolution are classified as committed fund balances. Amounts that are constrained by the District's intent to be used for specific purposes but are not restricted nor committed are classified as assigned fund balances. Assignments are made by the District management based on Commission direction. Non-spendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the governmental funds. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances (Continued)

Minimum Fund Balance Policy - It is the desire of the District to maintain adequate General Fund balance to maintain liquidity and in anticipation of economic downturns or natural disasters. The Commission has adopted a financial policy standard to maintain a General Fund minimum fund balance of 60 days of budgeted expenditures.

Fund balance created as a result of actual revenue and expenditure deviations from the budget will be used to achieve and maintain the District's minimum fund balance goals and to meet the next year's budget expenditure requirements.

Deferred Outflows of Resources/Deferred Inflows of Resources -GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities.

*Deferred Outflows of Resources* is a consumption of net position by the government that is applicable to a future reporting period.

*Deferred Inflows of Resources* is an acquisition of net position by the government that is applicable to a future reporting period.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and also identifies net position (replacing net assets) as the residual of all the elements (assets, deferred outflows of resources, liabilities and deferred inflows of resources) presented in a statement of financial position.

In implementing GASB Statement No. 65, the District established the following items that qualify for reporting in this category:

- a. Pension contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- b. Difference in projected and actual earnings on pension assets - This difference is deferred and amortized over a closed five-year period.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balances (Continued)

Net Position - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is presented in three components - net investment in capital assets, restricted and unrestricted.

Fair Value Measurement and Application - GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported in certain entities that calculate net asset value per share (or its equivalent). This statement has been implemented in these financial statements.

Subsequent Events - Management has evaluated subsequent events through June 27, 2024, which is the date the financial statements were officially available to be issued.

Recent Accounting Pronouncements – GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset an intangible asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The standard had no impact on the District’s financial statements for the year ended September 30, 2023.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

*Deposits:*

At September 30, 2023, the carrying amount of the District’s deposits was \$3,930,924 and the bank balance was \$4,132,782. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida’s Security for Public Deposits Act (the Act). Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

*Investments:*

As of September 30, 2023, the District held \$12,729,223 in U.S. Treasury Bills and local governmental pools in its governmental funds categorized in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

As of September 30, 2023, the Pension Trust Fund had the following investments:

	<u>Bond Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Government agency securities	A-AA	\$ 132,696	10.47
Corporate bonds	N/A	9,249,319	29.15
Municipal bonds	A-AA	15,461	10.47
Foreign bonds	N/A	318,204	6.53
Domestic stock	N/A	33,457,419	N/A
International stock	N/A	1,105,857	N/A
Short term investments	N/A	<u>2,563,994</u>	N/A
Total investments		<u>\$ 46,842,950</u>	

*Fair Value Measurements:*

The Pension Trust Fund categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents assets carried at fair value at September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government agency securities	\$ -	\$ 132,696	\$ -	\$ 132,696
Corporate bonds	-	9,249,319	-	9,249,319
Municipal bonds	-	15,461	-	15,461
Foreign bonds	-	318,204	-	318,204
Domestic stock	33,457,419	-	-	33,457,419
International stock	1,105,857	-	-	1,105,857
Short term investments	<u>2,563,994</u>	<u>-</u>	<u>-</u>	<u>2,563,994</u>
Total investments	<u>\$ 37,127,270</u>	<u>\$ 9,715,680</u>	<u>\$ -</u>	<u>\$ 46,842,950</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

*Fair Value Measurements (Continued):*

Securities are valued using the following approaches:

*Domestic and international stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Federal instrumentalities, corporate and municipal bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Short-term investments:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Interest Rate Risk:*

The District's investment policy sets limits to match investment maturities with known cash needs and anticipated cash flow requirements. Investments of current operating funds have same day liquidity. Investments of reserves, project funds, debt proceeds, and other non-operating funds have a term appropriate to the needs for funds and in accordance with debt covenants but shall not exceed ten (10) years.

*Credit Risk:*

The District is authorized under Section 218.415, Florida Statutes, and the investment policy of the District, to invest and reinvest surplus public funds in its control or possession, in accordance with resolutions to be adopted from time-to-time, in:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act as provided in Section 163.01, Florida Statutes.
- Securities and Exchange Commission registered money market funds.
- Interest-bearing time deposits or savings accounts in qualified public depositories as defined in Section 280.02, Florida Statutes.
- Direct obligations of the United States Treasury.
- Federal agencies and instrumentalities.
- Rated or unrated bonds, notes, or instrument backed by the full faith and credit of the government of Israel.
- United States government obligations, United States government agency or instrumentality obligations, and the obligations of federal government sponsored enterprises, which have a liquid market with a readily determinable market value, and securities whose timely payment of principal and interest are fully guaranteed by the foregoing.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)**

*Credit Risk (Continued):*

- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time-to-time, provided the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.
- Investment-grade obligations of state and local governments and public authorities.
- Collateralized guaranteed investment contracts.
- Mutual funds, or exchange-traded funds (“high grade equity funds”) that are comprised primarily of U.S. based, large cap companies that are dividend achievers or dividend aristocrats.
- High grade corporate debt consisting of U.S. dollar denominated debt obligations of domestic or foreign corporations, or foreign sovereignties issued in the U.S. or in foreign markets.
- Other investments authorized by law or by ordinance for a county or a municipality.

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated					
Land	\$ 1,414,043	\$ -	\$ -	\$ -	\$ 1,414,043
Assets not being depreciated	3,436,832	-	-	(1,048,188)	2,388,644
Construction in progress	276,542	133,504	-	-	410,046
Total capital assets not being depreciated	<u>5,127,417</u>	<u>133,504</u>	<u>-</u>	<u>(1,048,188)</u>	<u>4,212,733</u>
Capital assets being depreciated					
Buildings and improvements	6,553,215	-	-	-	6,553,215
Furniture, fixtures and equipment	5,339,827	244,064	(759,980)	1,048,188	5,872,099
Total capital assets being depreciated	<u>11,893,042</u>	<u>244,064</u>	<u>(759,980)</u>	<u>1,048,188</u>	<u>12,425,314</u>
Less accumulated depreciation					
Buildings and improvements	(2,806,765)	(137,306)	-	-	(2,944,071)
Furniture, fixtures and equipment	(3,755,856)	(459,918)	739,480	-	(3,476,294)
Total accumulated depreciation	<u>(6,562,621)</u>	<u>(597,224)</u>	<u>739,480</u>	<u>-</u>	<u>(6,420,365)</u>
Total capital assets being depreciated, net	<u>\$ 5,330,421</u>	<u>\$ (353,160)</u>	<u>\$ (20,500)</u>	<u>\$ 1,048,188</u>	<u>\$ 6,004,949</u>
Total capital assets, net	<u>\$ 10,457,838</u>	<u>\$ (219,656)</u>	<u>\$ (20,500)</u>	<u>\$ -</u>	<u>\$ 10,217,682</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 4 - COMPENSATED ABSENCES**

The following is a summary of changes in compensated absences of the District:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences	\$ 700,633	\$ 4,737	\$ 78,525	\$ 626,845	\$ 156,711

Compensated absence benefits are summarized as follows:

Annual Leave:

Employees who earn more than two week’s annual leave per year may, with the approval of the District, elect to convert annual leave to supplemental leave or Health Savings Account (HSA) (within the Internal Revenue Service HSA contribution limits) for all annual leave in excess of two (2) weeks to be earned during that fiscal year providing: two (2) weeks minimum leave has been or is being taken at that time, and no vacation carried over from prior years shall be converted. Request for conversion of annual leave will be submitted to the Fire Chief or designate of the intent to convert annual leave by September 1st of each fiscal year.

Sick Leave:

Employees in good standing, who resign or retire after five (5) or more years of continuous service, are eligible to convert a portion of their earned accumulated sick leave at the rate of 2% each year up to a maximum of 62.5% as per Option 1 or 2.5% each year up to a maximum of 75.0% as per below Option 2:

The amount of sick hours an employee is allowed to cash out or convert is capped at the following:

- 40-hour employees - 1000 hours
- Shift employee - 1300 hours

Option 1: The employee may receive cash at a rate of 2% per year of service up to a maximum of 62.5%. To be eligible for this option the employee must submit written notice at least one month prior to the separation date.

Option 2: The employee may elect to convert the hours to Supplemental Leave at the rate of 2.5% per year of service to a maximum of 75%. To be eligible for this option, the employee must submit written notice at least two (2) weeks prior to the separation date.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 4 - COMPENSATED ABSENCES (Continued)**

The total liability as of September 30, 2023 for accrued annual leave is recorded as the liability entitled “compensated absences.”

	Vacation Leave	Sick Leave	Total
September 30, 2023	<u>\$ 333,292</u>	<u>\$ 293,553</u>	<u>\$ 626,845</u>

Vested or accumulated annual sick and vacation leave that is expected to be liquidated with available financial resources is reported as an expenditure and a fund liability of the general fund in the government-wide financial statements.

**NOTE 5 - DEFERRED COMPENSATION PLAN**

Employees of the District may elect to participate in a deferred compensation plan which the Board adopted on September 16, 1992 under the provisions of Internal Revenue Code Section 457 (Section 457). Deferred Accounts are not available for withdrawal by the employee until termination, retirement, death or hardship.

Funds invested in the plan (U.S. Conference of Mayors Deferred Compensation Program) are managed by the independent third-party plan administrator Nationwide Retirement Systems, Inc. In its fiduciary role, the District has the obligation of due care in selecting the third-party administrator. Various investment options are available from which employees can choose to direct their funds.

Under the terms of Section 457, the deferred compensation and all investment income earned on such funds, are held in trust for the exclusive benefit of the plan participants and their beneficiaries. Although District Board is the trustee of the plan, the District has no administrative involvement, and performs no investing function for the plan and has therefore not reported the plan in this financial report.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 6 - GOVERNMENTAL FUND BALANCES**

Fund balances are classified either as non-spendable or as spendable. Spendable fund balances are further classified in a hierarchy based on the extent to which there are external and internal constraints on the spending of these fund balances. These classifications are described as follows:

Non-spendable fund balances include amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact.

Spendable fund balances are classified as follows depending on the District's ability to control the spending of these fund balances.

Restricted fund balances can only be used for specific purposes which are externally imposed by creditors, grantors, contributors, or laws or regulations or are imposed by law through constitutional provisions or enabling legislation.

Committed fund balances can only be used for specific purposes imposed internally by the District's formal action of highest level of decision-making authority.

Assigned fund balances are fund balances intended to be used for specific purposes, but which do not meet the more formal criterion to be considered either restricted or committed.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been assigned to other funds and has not been restricted, committed, or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

***Florida Retirement System - General Employees***

The Florida Retirement System (FRS) was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy Program (HIS), a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any state-administered retirement system in paying the costs of health insurance.

The State of Florida issues a publicly available financial report that includes financial statements and required supplementary information for the FRS. That report may be obtained by writing to the Florida Division of Retirement, 2639 N. Monroe Street, Building C, Tallahassee, Florida 32399, or calling 1-850-488-6491.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan*

A. Plan Description

The District contributes to the FRS Pension Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the State of Florida Division of Retirement, Department of Management Services. The FRS Pension Plan provides retirement, disability, or death benefits to plan members or their designated beneficiaries. Chapters 121, 122, and 123, Florida Statutes, provide the authority under which benefit provisions are established. The provisions may only be amended by legislative action. All permanent employees hired prior to January 1, 1996, participate in this plan.

Benefits Provided

District employees are covered by the FRS Pension Plan unless they have elected to participate in the FRS Investment Plan in lieu of the FRS Pension Plan. Employees who retire with 30 years of credited service or at age 62 with 6 years of credited service are entitled to a benefit, payable monthly for life, equal to 1.6 percent of their average final compensation for each year of credited service. Average final compensation is the employee's average salary for the five highest years of salary earned during covered employment. Benefits fully vest on reaching 6 years of credited service for employees hired through June 30, 2011, and on reaching 8 years of credited service for employees hired after that date. If hired before July 1, 2011, vested employees may retire before age 62 or 30 years of credited service and receive reduced retirement benefits or 65 or 33 years of credited service, if hired after that date. The FRS Pension Plan also provides death and disability benefits.

B. Contribution and Funding Policy

Contribution requirements of the plan are established in Chapter 121, Florida Statutes, and may only be amended by legislative action. Effective July 1, 2011, the Florida Legislature passed Senate Bill 2100 requiring all employee members to contribute 3% to the FRS Pension Plan. Formerly, only employers were required to contribute to the FRS Pension Plan. The FRS Pension Plan funding policy now provides for monthly employer and employee contributions at actuarially determined rates that, expressed as percentages of annual covered payroll are adequate to accumulate sufficient assets to pay benefits when due. Level percentages of payroll employer contribution rates, established by state law, are determined using the entry-age actuarial funding method. If an unfunded actuarial liability re-emerges as a result of future plan benefit changes, assumption changes, or methodology changes, it is assumed any unfunded actuarial liability would be amortized over 30 years, using level dollar amounts. Except for gains reserved for rate stabilization, it is anticipated future actuarial gains and losses are amortized on a rolling 10% basis, as a level dollar amount.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

In July 2002, the Florida Legislature established a uniform contribution rate system for the FRS, which remained in effect with the passage of Senate Bill 2100. The uniform contribution system covers both the FRS Pension Plan and the FRS Investment Plan. Employers and employees contribute a percentage of the total payroll for each class of FRS membership.

Effective July 1, 2022, the actuarially determined contribution rates, expressed as a percentage of covered payroll, including the required employee 3% contribution are 27.83% for police officer and firefighter (special risk) employees, 11.91% for regular employees, and 18.60% for DROP.

The District contributed 100% of its statutorily required contributions for the current and preceding three years. Contributions for the years ended September 30, 2023 and 2022 totaled \$71,050 and \$83,432, respectively.

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the District reported a net pension liability of \$588,509 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023.

The District's proportionate share of net pension liability was based on the District's fiscal year 2023 contributions relative to the fiscal year 2023 contributions of all participating members. At June 30, 2023, the District's proportionate share was 0.001476928%, which was a decrease of 0.000478263% from its proportionate share measured at June 30, 2022.

For the year ended September 30, 2023, the District recognized pension benefit of \$363,207 related to the FRS Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the FRS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 55,256	\$ -
Change in assumptions	38,364	-
Net difference between projected and actual earnings on FRS Pension Plan investments	24,578	-
Changes in proportion and differences between District FRS Pension Plan contributions and proportionate share of FRS Pension Plan contributions	-	555,532
District FRS Pension Plan contributions subsequent to measurement date	19,615	-
	<u>\$ 137,813</u>	<u>\$ 555,532</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The deferred outflows of resources related to pensions totaling \$19,615 resulting from District contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30		
2024		\$ 118,198
2025		295,801
2026		(303,492)
2027		(244,613)
2028		(184,746)
Thereafter		(118,482)
		\$ (437,334)

D. Actuarial Assumptions

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.1%
Fixed income	19.8%	4.5%	4.4%	3.4%
Global equity	54.0%	8.7%	7.1%	18.1%
Real estate (property)	10.3%	7.6%	6.6%	14.8%
Private equity	11.1%	11.9%	8.8%	26.3%
Strategic investments	3.8%	6.3%	6.1%	7.7%
	<u>100.00%</u>			
Assumed inflation - Mean			2.4%	1.4%

Note: (1) As outlined in the FRS Pension Plan's investment policy.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

E. Discount Rate

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

F. Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of net pension liability calculated using the discount rate of 6.70% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.70%) or 1% point higher (7.70%) than the current rate:

	1% Decrease (5.70%)	Current Discount Rate (6.70%)	1% Increase (7.70%)
District's proportionate share of the net pension liability	\$ 1,005,293	\$ 588,509	\$ 239,819

G. Pension Plan Fiduciary Net Position

Detailed information about the FRS Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

H. Payables to the Pension Plan

At September 30, 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the FRS Pension Plan required for the year ended September 30, 2023.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan*

A. Plan Description

The HIS Plan is a cost-sharing multiple-employer defined benefit pension plan established under Section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of the State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

For the year ended September 30, 2023, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum payment of \$30 and a maximum payment of \$150 per month pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which includes Medicare.

B. Contributions

The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. At September 30, 2023, the contribution rate was 1.66%. The Authority contributed 100% of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

The District contributed 100% of its statutorily required contributions for the current and preceding three years. Contributions for the years ended September 30, 2023 and 2022 totaled \$7,706 and \$9,217, respectively.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan (Continued)*

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At September 30, 2023, the District reported a net pension liability of \$186,037 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

The District's proportionate share of net pension liability was based on the District's fiscal year 2023 contributions relative to the fiscal year 2023 contributions of all participating members. At June 30, 2023, the District's proportionate share was 0.001171419%, which was a decrease of 0.000351787% from its proportionate share measured at June 30, 2022.

For the year ended September 30, 2023, the District recognized pension benefit of \$24,139 related to the HIS Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources related to the HIS Pension Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,723	\$ 437
Change in assumptions	4,891	16,121
Net difference between projected and actual earnings on HIS Plan investments	96	-
Changes in proportion and differences between District HIS Plan contributions and proportionate share of HIS Plan contributions	-	185,171
District HIS Plan contributions subsequent to measurement date	2,335	-
	\$ 10,045	\$ 201,729

The deferred outflows of resources related to pensions totaling \$2,335 resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2024.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan (Continued)*

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30		
2024	\$	(8,847)
2025		80,004
2026		(81,904)
2027		(62,423)
2028		(52,635)
Thereafter		(68,214)
	<b>\$</b>	<b>(194,019)</b>

D. Actuarial Assumptions

Actuarial valuations for the HIS Plan are conducted biennially. The June 30, 2018 HIS valuation is the most recent actuarial valuation and was used to develop the total pension liability amount as of June 30, 2022. The June 30, 2018 actuarial valuation was determined using the following actuarial assumptions at the June 30, 2022 measurement date:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal bond rate	3.65%

Mortality rates were based on the PUB-2010 with Scale MP-2018.

Because the HIS Plan is funded on a pay-as-you-go basis, no experience study has been completed for that plan. The actuarial assumptions that determined the total pension liability for the HIS Plan were based on certain results of the most recent experience study conducted for the FRS Pension Plan.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan (Continued)*

E. Discount Rate

The discount rate used to measure the total pension liability was 3.65%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

F. Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of net pension liability calculated using the discount rate of 3.65% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (2.65%) or 1% point higher (4.65%) than the current rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
District's proportionate share of the net pension liability	\$ 212,239	\$ 186,037	\$ 164,317

G. Pension Plan Fiduciary Net Position

Detailed information about the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Annual Comprehensive Financial Report.

I. Payables to the Pension Plan

At September 30, 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the FRS HIS Plan required for the year ended September 30, 2023.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan*

As provided for in Chapter 175, Florida Statutes, the District maintains a single employer defined benefit pension plan (Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan) (the Plan) covering all Firefighters hired on or after January 1, 1996, as a condition of employment.

During the fiscal year ended September 30, 2014, the District adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. During the fiscal year ended September 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Since separate trust financial statements have not been issued for this fire pension plan, all of the disclosures required by GASB Statement Nos. 67 and 68 have been reported in the District's financial statements. Further, the District has chosen to use September 30, 2023 as the measurement date for GASB No. 68 reporting purposes.

A. Plan Description

*Plan Administration:*

The Plan is a single-employer defined benefit pension plan administered by the Plan's Board of Trustees comprised of:

- a. Two Commission appointees,
- b. Two members of the Plan elected by the membership, and a
- c. Fifth member elected by the other four and appointed by the Commission.

*Plan Membership as of October 1, 2022:*

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not receiving benefits	2
Active plan members	65
Total	76

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

A. Plan Description (Continued)

*Benefits Provided:*

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

A summary of the benefits can be found in the October 1, 2023 Actuarial Valuation Report for the Palm Harbor Special Fire Control and Rescue District Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

*Chapter 175 Share Accounts:*

Allocation: Each year commencing October 1, 2005, premium tax monies received pursuant to Chapter 175, Florida Statutes, in excess of the 1998 base amount plus improvements, will be allocated to individual member share accounts based on days employed for the respective calendar year.

Investment Earnings: Net rate of investment return, based on days worked.

Vesting Schedule: 100% after 8 years of Credited Service. Members with 6 or more years of Credited Service as of October 1, 2017 are 100% vested in their accrued benefit.

B. Contributions and Funding Policy

*Member Contributions:*

1.0% of Salary (3.0% Benefit Accrued Rate)

4.3% of Salary (3.5% Benefit Accrued Rate)

7.6% of Salary (4.0% Benefit Accrued Rate)

*District and State Contributions:*

Remaining amounts required in order to pay current costs and amortize unfunded past service cost, if any, as provided in Part VII of Chapter 112, Florida Statutes.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

C. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of October 1, 2022 updated to September 30, 2023 using the following actuarial assumptions.

Inflation	3.00%
Salary increases	Service based
Discount rate	7.50%
Investment rate of return	7.50%

Mortality Rate Healthy Active Lives:

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

Male: PubS.H-2010 for Employees, set forward one year.

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

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

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

90% of active deaths are assumed to be service-incurred.

The most recent actuarial study used to review the other significant assumptions was dated August 16, 2022.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

C. Actuarial Assumptions (Continued)

The long-term expected rate of return on Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class.

For 2023 the inflation rate assumption of the investment advisor was 3.00%. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocations as of September 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic equity	55.00%	40%-75%	9.00%
International equity	15.00%	0%-25%	7.00%
Intermediate fixed income	30.00%	25%-45%	5.00%
	<u>100.00%</u>		

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rates and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Concentrations:*

The Plan did not hold investments in any one organization that represents 5% or more of the Plan's fiduciary net position.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

C. Actuarial Assumptions (Continued)

*Rate of Return:*

For the year ended September 30, 2023, the annual money-weighted average rate of return on Plan investments, net of Plan investment expense, was 15.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actuarially invested.

*Deferred Retirement Option Program:*

Eligibility: Satisfaction of Normal Retirement requirements

Participation: Not to exceed 60 months

Rate of Return: At member's election

1) Fixed Rate 6.5% compounded monthly, or 2) Actual net rate of investment return (total return net of brokerage commissions, management fees, and transaction costs) credited each fiscal quarter.

*BAC-DROP:*

Eligibility: Satisfaction of Normal Retirement requirements. BAC-DROP allows a member to effectively retire at an earlier point in time (using Credited Service, Average Final Compensation, and Plan provisions in effect on that earlier date), but not prior to the first eligibility date for Normal Retirement.

Participation: Up to 36 months. The member must terminate employment no later than the first day of the month following entry to the BAC-DROP.

Rate of Return: 6.50% fixed, effective annual rate.

The DROP balance as of September 30, 2023 is \$104,646.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

D. Net Pension Liability

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of September 30, 2022	\$ 41,644,357	\$ 38,773,711	\$ 2,870,646
Change due to:			
Service cost	2,148,861	-	2,148,861
Interest	3,265,161	-	3,265,161
Share plan	261,233	-	261,233
Difference between expected and actual experience	692,265	-	692,265
Changes of assumptions	(1,083,145)	-	(1,083,145)
Changes of benefit terms	63,400	-	63,400
Employer contributions	-	1,528,029	(1,528,029)
State contributions	-	673,456	(673,456)
Employee contributions	-	532,388	(532,388)
Net investment income	-	6,008,323	(6,008,323)
Benefit payments, including refunds of employee contributions	(515,465)	(515,465)	-
Administrative expenses	-	(77,933)	77,933
Balance as of September 30, 2023	<u>\$ 46,476,667</u>	<u>\$ 46,922,509</u>	<u>\$ (445,842)</u>

Plan fiduciary net position as a percentage of total pension liability 100.96%

The measurement date is September 30, 2023.

The measurement period for pension expense was October 1, 2022 to September 30, 2023.

The reporting period is October 1, 2022 through September 30, 2023.

The sponsor's net pension liability was measured as of September 30, 2023.

The total pension liability used to calculate the net pension liability was determined as of that date.

The long-term expected rate of return on Plan investments can be determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expenses and inflation) are developed for each major asset class.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

E. Net Pension Liability (continued)

The following table presents the District's proportionate share of net pension liability calculated using the discount rate of 7.50% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.50%) or 1% point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset)	\$ 6,289,183	\$ (445,842)	\$ (5,893,102)

F. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the District recognized pension expense of \$3,295,394. At September 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,029,236	\$ 1,202,446
Changes of assumptions	162,004	472,010
Net difference between projected and actual earnings in Plan investments	1,093,101	-
	\$ 3,284,341	\$ 1,674,456

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 7 - DEFINED BENEFIT PENSION PLANS (Continued)**

*Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan (Continued)*

F. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year Ending September 30		
2024		\$ 87,855
2025		510,268
2026		1,342,415
2027		(539,203)
2028		64,802
Thereafter		143,748
		\$ 1,609,885

G. Payables to the Pension Plan

At September 30, 2023 the District had no payable to the pension plan required for the year ended September 30, 2023.

H. Required Supplementary Information

The Schedule of Contributions and Schedule of Changes in Employer Net Pension Liability and Related Ratios can be found in the required supplementary information of this Annual Comprehensive Financial Report.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, requires governments to account for other postemployment benefits (OPEB) on an accrual basis, rather than on a pay-as-you-go basis. The effect is the recognition of an actuarially determined expenses when a future retiree earns their postemployment benefits, rather than when they use their postemployment benefits. The total OPEB liability is recorded at the fund level for proprietary activities and the allocated amount for governmental activities is presented at the government-wide level. The annual OPEB cost is included in the line item of personal services for proprietary fund statements and is allocated by function for governmental activities on the government-wide financial statements.

Plan Description

Employees who retire from the District, and eligible dependents and survivors, are eligible to continue to participate in the District’s health insurance programs at the “blended” employee group rate which is determined annually by the District and approved by the District Board. Retirees have 31 days to elect to enroll in the District’s health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2023, nine eligible retirees were participating in the District’s health program.

The District provides no funding for any portion of the premiums after retirement. However, the District recognizes that there is an “implicit subsidy” arising as a result of the blended rate premium since retiree health care costs, on average, are higher than active employee healthcare costs. The plan is not accounted for as a trust fund as an irrevocable trust has not been established to fund the plan. The plan does not issue a separate financial report.

At September 30, 2023, plan membership consisted of the following:

Retired employees currently receiving health benefits	10
Active employees	70
Total	80

Benefits Provided

Retirees may participate in the group insurance plans offered by the District, but they are required to contribute 100% of the active premiums.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Since GASB Statement No. 75 only requires an actuarial valuation every year, the District's last valuation was for the fiscal year ended September 30, 2023.

Total OPEB Liability

The measurement date is September 30, 2023.

The measurement period for the OPEB expense was October 1, 2022 to September 30, 2023.

The reporting period is October 1, 2022 through September 30, 2023.

Economic Assumptions

The total OPEB liability was determined by an actuarial valuation as of October 1, 2022 using the following assumptions:

The medical trend assumption was updated since the previous valuation. The trend was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The current valuations use the SOA Model that was released in October 2010 and updated in September 2019. The following assumptions were used as input variables into this model.

Rate of Inflation	2.5%
Rate of Growth in Real Income / GDP per capita	1.4%
Extra Trend due to Technology and other factors	1.0%
Expected Health Share of GDP in 2029	19.0%
Health Share of GDP Resistance Point	20.0%
Year for Limiting Cost Growth to GDP Growth	2075

The SOA Long-Run Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Discount Rate

The discount rate used to determine the liabilities under GASB Statement No. 75 depends upon Palm Harbor Fire Rescue's funding policy. The discount rate for governments that do not refund benefits is based on 20-year general obligation bond (GO bond) rates.

The discount rate assumption for disclosure purposes for the 2023 fiscal year is 4.63%, the 20-year GO bond index as of September 30, 2023. The rate at the beginning of the fiscal year 2022 was 4.40%, the 20-year GO bond index as of September 30, 2023.

Funding Policy

The District will pay benefits on a pay-as-you-go basis.

OPEB Expense

For the year ended September 30, 2023, the District recognized an OPEB expense of \$35,492.

Changes in the Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of October 1, 2022	\$ 489,053	\$ -	\$ 489,053
Change for the year:			
Service cost	13,661	-	13,661
Interest cost	19,810	-	19,810
Differences between expected and actual experience	-	-	-
Changes in assumptions or other inputs	(4,488)	-	(4,488)
Trust contribution - employer	-	77,649	(77,649)
Benefit payments	(77,649)	(77,649)	-
Balances as of September 30, 2022	<u>\$ 440,387</u>	<u>\$ -</u>	<u>\$ 440,387</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Sensitivity Analysis

The following table represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.63%) or 1% point higher (5.63%) than the current discount rate.

	1% Decrease (3.63%)	Current Discount Rate (4.63%)	1% Increase (5.63%)
District's total OPEB liability	\$ 463,669	\$ 440,387	\$ 417,775

The following table represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (2.94%) or 1% point higher (4.94%) than the current rate.

	1% Decrease (2.94%)	Healthcare Cost Trend Rates (3.94%)	1% Increase (4.94%)
District's total OPEB liability	\$ 405,260	\$ 440,387	\$ 481,115

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At September 30, 2023 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	\$ 155,980	\$ 142,411
Changes of assumptions	24,332	87,639
	\$ 180,312	\$ 230,050

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023**

**NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

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

Year Ending September 30		
2024	\$	2,021
2025		2,021
2026		2,021
2027		2,021
2028		3,168
Thereafter		(60,990)
	\$	(49,738)

**NOTE 9 - TOWER RENTAL INCOME**

The District currently leases certain property under the terms of two land lease agreements expiring through 2023. The leases require monthly payments to the District. These leases are automatically extended for four additional five-year periods unless terminated by the lessee at the end of any five-year term. Revenues received during the year ended September 30, 2023 under these leases were \$138,844. The annual rent will increase at 3% of the previous year's annual rental.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PENSION SCHEDULES**

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM PENSION PLAN  
LAST TEN FISCAL YEARS\***

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Palm Harbor Special Fire Control and Rescue District proportion of net pension liability	0.001476928%	0.001955191%	0.002700238%	0.002998794%	0.005092236%	0.007015218%	0.008316990%	0.012149081%	0.013568643%	0.015477031%
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability	\$ 588,509	\$ 727,488	\$ 203,972	\$ 1,299,722	\$ 1,753,695	\$ 2,113,020	\$ 2,460,109	\$ 3,067,652	\$ 1,752,572	\$ 944,327
Palm Harbor Special Fire Control and Rescue District covered payroll	\$ 472,497	\$ 539,234	\$ 606,115	\$ 746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,625,426	\$ 1,516,088	\$ 841,235	\$ 841,235
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability as a percentage of its covered payroll	124.55%	134.91%	33.65%	174.02%	68.21%	68.29%	66.07%	49.42%	48.00%	89.08%
Plan fiduciary net position as a percentage of the total pension liability	82.38%	82.89%	96.40%	78.85%	82.61%	92.61%	83.89%	84.88%	91.99%	96.09%

\*The amounts presented for each fiscal year were determined as of June 30.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
HEALTH INSURANCE SUBSIDY PENSION PLAN  
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Palm Harbor Special Fire Control and Rescue District proportion of net pension liability	0.001171419%	0.001523206%	0.001971540%	0.002097085%	0.003451749%	0.004464855%	0.004983282%	0.006428462%	0.007835524%	0.008240879%
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability	\$ 186,037	\$ 161,332	\$ 241,840	\$ 256,051	\$ 386,216	\$ 472,565	\$ 532,836	\$ 749,211	\$ 841,235	\$ 770,542
Palm Harbor Special Fire Control and Rescue District covered payroll	\$ 472,497	\$ 539,234	\$ 606,115	\$ 746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235	\$ 841,235
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability as a percentage of its covered payroll	39.37%	29.92%	39.90%	34.28%	32.29%	32.75%	32.82%	49.42%	100.00%	91.60%
Plan fiduciary net position as a percentage of the total pension liability	4.12%	4.81%	3.56%	3.00%	2.63%	0.92%	0.81%	0.98%	0.49%	0.99%

\*The amounts presented for each fiscal year were determined as of June 30.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**SCHEDULE OF CHANGES IN EMPLOYER NET PENSION LIABILITY - 175 PLAN**  
**LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total pension liability:</b>										
Service cost	\$ 2,148,861	\$ 2,060,701	\$ 1,680,261	\$ 1,592,930	\$ 1,346,869	\$ 1,260,250	\$ 1,123,107	\$ 958,896	\$ 808,434	\$ 835,842
Interest	3,265,161	2,824,802	2,326,188	2,137,987	1,946,665	1,662,319	1,585,879	1,224,258	1,268,794	1,097,202
Share Plan Allocation	261,233	148,020	64,949	15,401	53,743	-	-	-	-	39,749
Changes of benefit terms	692,265	1,560,508	-	-	(21,904)	-	(521,336)	-	-	-
Difference between expected and actual experience	(1,083,145)	1,055,139	1,068,230	319,419	(274,947)	238,591	333,660	(450,681)	(168,553)	-
Change of assumptions	-	150,261	-	(741,735)	-	-	-	195,321	-	-
Benefit payments, including refunds of employee contributions	(452,065)	(395,795)	(441,369)	(724,629)	(276,065)	(280,316)	(334,849)	(279,543)	(182,698)	(549,173)
<b>Net change in total pension liability</b>	<b>4,832,310</b>	<b>7,403,636</b>	<b>4,698,259</b>	<b>2,599,373</b>	<b>2,774,361</b>	<b>2,880,844</b>	<b>2,186,461</b>	<b>1,648,251</b>	<b>1,725,977</b>	<b>1,423,620</b>
<b>Total pension liability - beginning</b>	<b>41,648,130</b>	<b>34,244,494</b>	<b>29,546,235</b>	<b>26,946,862</b>	<b>24,172,501</b>	<b>21,291,657</b>	<b>19,105,196</b>	<b>17,456,945</b>	<b>15,730,968</b>	<b>14,307,348</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 46,480,440</b>	<b>\$ 41,648,130</b>	<b>\$ 34,244,494</b>	<b>\$ 29,546,235</b>	<b>\$ 26,946,862</b>	<b>\$ 24,172,501</b>	<b>\$ 21,291,657</b>	<b>\$ 19,105,196</b>	<b>\$ 17,456,945</b>	<b>\$ 15,730,968</b>
<b>Plan fiduciary net position:</b>										
Contributions - employer	\$ 1,528,029	\$ 1,431,640	\$ 1,336,383	\$ 1,230,219	\$ 993,378	\$ 1,000,275	\$ 1,171,341	\$ 578,401	\$ 561,334	\$ 550,197
Contributions - state	673,456	560,243	477,172	427,624	465,966	266,213	257,086	387,021	407,277	451,972
Contributions - employee	532,388	434,468	399,996	363,646	309,466	266,837	251,689	217,200	182,236	164,272
Net investment income (loss)	6,008,323	(5,959,758)	6,693,015	4,320,069	892,240	2,871,157	2,765,240	1,843,485	(912,196)	1,439,727
Benefit payments, including refunds of employee contributions	(515,465)	(395,795)	(441,369)	(708,764)	(276,065)	(280,316)	(334,849)	(279,543)	(182,698)	(549,173)
Administrative expenses	(77,933)	(70,369)	(72,078)	(57,121)	(45,566)	(54,762)	(49,057)	(52,876)	(36,213)	(27,118)
<b>Net change in plan fiduciary net position</b>	<b>8,148,798</b>	<b>(3,999,571)</b>	<b>8,393,119</b>	<b>5,575,673</b>	<b>2,339,419</b>	<b>4,069,404</b>	<b>4,061,450</b>	<b>2,693,688</b>	<b>19,740</b>	<b>2,029,877</b>
<b>Plan fiduciary net position - beginning</b>	<b>38,777,484</b>	<b>42,777,055</b>	<b>34,383,936</b>	<b>28,808,263</b>	<b>26,468,844</b>	<b>22,399,440</b>	<b>18,337,990</b>	<b>15,644,302</b>	<b>15,624,562</b>	<b>13,594,685</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 46,926,282</b>	<b>\$ 38,777,484</b>	<b>\$ 42,777,055</b>	<b>\$ 34,383,936</b>	<b>\$ 28,808,263</b>	<b>\$ 26,468,844</b>	<b>\$ 22,399,440</b>	<b>\$ 18,337,990</b>	<b>\$ 15,644,302</b>	<b>\$ 15,624,562</b>
<b>Net pension liability (asset) (a) - (b)</b>	<b>\$ (445,842)</b>	<b>\$ 2,870,646</b>	<b>\$ (8,532,561)</b>	<b>\$ (4,837,701)</b>	<b>\$ (1,861,401)</b>	<b>\$ (2,296,343)</b>	<b>\$ (1,107,783)</b>	<b>\$ 767,206</b>	<b>\$ 1,812,643</b>	<b>\$ 106,406</b>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
RELATED RATIOS - 175 PLAN  
LAST TEN FISCAL YEARS**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	100.96%	93.11%	124.92%	116.37%	106.91%	109.50%	105.20%	95.98%	89.62%	99.32%
Covered employee payroll	\$ 6,272,332	\$ 5,811,219	\$ 5,355,282	\$ 4,876,456	\$ 4,158,599	\$ 3,593,786	\$ 3,390,111	\$ 2,934,578	\$ 2,564,927	\$ 2,223,147
Net pension liability (asset) as a percentage of covered employee payroll	-7.11%	49.40%	-159.33%	-99.21%	-44.76%	-63.90%	-32.68%	26.14%	70.67%	4.79%

**Notes to Schedule:**

***Changes of assumptions:***

For measurement date 09/30/2021, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2019 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM PENSION PLAN  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 71,050	\$ 83,432	\$ 102,867	\$ 99,637	\$ 157,896	\$ 199,928	\$ 216,512	\$ 296,275	\$ 330,815	\$ 339,013
Contributions in relation to the contractually required contribution	<u>71,050</u>	<u>83,432</u>	<u>102,867</u>	<u>99,637</u>	<u>157,896</u>	<u>199,928</u>	<u>216,512</u>	<u>296,275</u>	<u>330,815</u>	<u>339,013</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Palm Harbor Special Fire Control and Rescue District covered payroll	\$ 472,497	\$ 539,234	\$ 606,115	\$ 746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235	\$ 841,235
Contribution as a percentage of covered payroll	15.04%	15.47%	16.97%	13.34%	13.20%	13.86%	13.34%	19.54%	39.32%	40.30%

\*The amounts presented for each fiscal year were determined as of June 30.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
HEALTH INSURANCE SUBSIDY PROGRAM  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 7,706	\$ 9,217	\$ 11,589	\$ 12,085	\$ 19,167	\$ 24,213	\$ 26,373	\$ 32,950	\$ 29,952	\$ 28,230
Contributions in relation to the contractually required contribution	<u>7,706</u>	<u>9,217</u>	<u>11,589</u>	<u>12,085</u>	<u>19,167</u>	<u>24,213</u>	<u>26,373</u>	<u>32,950</u>	<u>29,952</u>	<u>28,230</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Palm Harbor Special Fire Control and Rescue District covered payroll	\$ 472,497	\$ 539,234	\$ 606,115	746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235	\$ 841,235
Contribution as a percentage of covered payroll	1.63%	1.71%	1.91%	1.62%	1.60%	1.68%	1.62%	2.17%	3.56%	3.36%

\*The amounts presented for each fiscal year were determined as of June 30.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF CONTRIBUTIONS - 175 PLAN  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,884,209	\$ 1,634,115	\$ 1,609,799	\$ 1,543,394	\$ 1,395,210	\$ 1,255,668	\$ 1,307,226	\$ 1,101,640	\$ 946,461	\$ 962,423
Contributions in relation to the actuarially determined contribution	<u>1,940,252</u>	<u>1,843,863</u>	<u>1,748,606</u>	<u>1,642,442</u>	<u>1,404,521</u>	<u>1,255,668</u>	<u>1,307,226</u>	<u>1,101,640</u>	<u>946,461</u>	<u>962,423</u>
Contribution deficiency (excess)	<u>\$ (56,043)</u>	<u>\$ (209,748)</u>	<u>\$ (138,807)</u>	<u>\$ (99,048)</u>	<u>\$ (9,311)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Palm Harbor covered payroll	\$ 6,272,332	\$ 5,811,219	\$ 5,355,282	\$ 4,876,456	\$ 4,158,599	\$ 3,593,786	\$ 3,390,111	\$ 2,934,578	2,564,927	2,223,147
Contribution as a percentage of covered payroll	30.93%	31.73%	32.65%	33.68%	33.77%	34.94%	38.56%	37.54%	36.90%	43.29%

**Notes to Schedule**

Valuation Date: 10/1/2022

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

Methods and assumptions used to determine contribution rates can be found in the October 1, 2022 Actuarial Valuation for the Palm Harbor Special Fire Control and Rescue District Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF INVESTMENT RETURNS - 175 PLAN  
LAST TEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return net of investment expenses	<u>15.10%</u>	<u>-13.63%</u>	<u>18.88%</u>	<u>14.69%</u>	<u>3.13%</u>	<u>12.86%</u>	<u>14.86%</u>	<u>11.75%</u>	<u>12.66%</u>	<u>12.60%</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB)**  
**LIABILITY AND RELATED RATIOS**  
**LAST TEN FISCAL YEARS\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 13,661	\$ 26,941	\$ 25,048	\$ 27,416	\$ 22,062	\$ 22,441
Interest	19,810	17,083	20,238	16,751	22,063	20,510
Differences between expected and actual experience	-	(183,101)	-	-	-	-
Changes in assumptions or other inputs	(4,488)	(88,878)	8,471	(17,878)	37,364	(11,470)
Experienced gains	-	-	-	280,764	-	-
Benefit payments	<u>(77,649)</u>	<u>(126,061)</u>	<u>(100,874)</u>	<u>(51,962)</u>	<u>(44,899)</u>	<u>(37,966)</u>
Net change in total OPEB liability	(48,666)	(354,016)	(47,117)	255,091	36,590	(6,485)
Total OPEB liability - beginning	489,053	843,069	890,186	635,095	598,505	604,990
Total OPEB liability - ending	<u>\$ 440,387</u>	<u>\$ 489,053</u>	<u>\$ 843,069</u>	<u>\$ 890,186</u>	<u>\$ 635,095</u>	<u>\$ 598,505</u>
Funded status	0%	0%	0%	0%	0%	0%

\*GASB 68 requires information for 10 years. However, until a full 10-year is accumulated, information is provided for only those years available.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
PLAN FIDUCIARY NET POSITION FOR OPEB  
LAST TEN FISCAL YEARS\***

	2023	2022	2021	2020	2019	2018
Contributions - employer	\$ 77,649	\$ 126,061	\$ 100,874	\$ 51,962	\$ 44,899	\$ 37,966
Net investment income	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-
Benefit payments (net of retiree contributions)	(77,649)	(126,061)	(100,874)	(51,962)	(44,899)	(37,966)
Net change in total OPEB liability	-	-	-	-	-	-
Fiduciary net position - beginning	-	-	-	-	-	-
Fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability	<u>\$ 440,387</u>	<u>\$ 489,053</u>	<u>\$ 843,069</u>	<u>\$ 890,186</u>	<u>\$ 635,095</u>	<u>\$ 598,505</u>
Fiduciary Net Position as a % of Net OPEB Liability	0%	0%	0%	0%	0%	0%
Covered-Employee Payroll **	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a % of Covered-Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

\*GASB 68 requires information for 10 years. However, until a full 10-year is accumulated, information is provided for only those years available.

\*\*OPEB plan does not depend on salary; therefore, no salary information is available.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF DISCOUNT RATE FOR OPEB  
LAST TEN FISCAL YEARS\***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Changes of assumptions	4.63%	4.40%	2.19%	2.41%	2.75%	3.83%

\*GASB 68 requires information for 10 years. However, until a full 10-year is accumulated, information is provided for only those years available.

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### **III. COMPLIANCE SECTION**

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

Board of Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, 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, the budgetary comparisons for the general fund and the aggregate remaining fund information of the Palm Harbor Special Fire Control and Rescue District, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Palm Harbor Special Fire Control and Rescue District, Florida's (the District) basic financial statements, and have issued our report thereon dated June 27, 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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

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

## **District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our engagement and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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.



Tampa, Florida  
June 27, 2024

Palm Harbor Special Fire Control and Rescue District  
Schedule of Findings and Responses

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness identified?   X   yes        no

Significant deficiencies identified that are not considered to be material weakness(es)?        yes   X   none reported

Noncompliance material to financial statements noted?        yes   X   no

**Section II – Findings Relating to the Financial Statement Audit as Required to be Reported  
in Accordance with *Generally Accepted Government Auditing Standards***

2023-001: District Accounting

**Criteria:** The District’s accounting and financial reporting process should involve procedures to incorporate all aspects of the District’s finances and reflect all activity of the District’s funds in the proper classification and in accordance with accounting standards generally accepted in the United States of America applicable to state and local governments (GAAP).

**Condition Found:** In performing the audit of the District’s financial statements, material adjusting entries were required to properly state account balances.

**Context:** The District’s accounting records were materially misstated involving payroll expenditures and payroll liabilities.

**Cause:** The District began utilizing a third-party payroll processing service on January 1, 2023 which altered the recording of payroll information to the general ledger, in addition to management not reviewing the District’s balance sheet and statement of revenues and expenditures on a monthly basis generated from the financial reporting software which is a lack of internal control over financial reporting.

**Effect:** The inability to maintain a set of accurate and timely accounting records indicates a material weakness in controls over the accounting process. This increases the risk that the financial statements can be materially misstated, including interim financial information that is being reported throughout the fiscal year.

**Recommendation:** The District should develop detailed written accounting procedures regarding review and reconciliations of financial information. Reconciliations and monthly reviews should occur regularly throughout the fiscal year in order to provide timely and accurate financial information.

**District’s Response:** The District acknowledges the finding reported related to payroll reporting. Management has taken immediate and proactive steps to address the lack of internal controls and bolster the integrity of the District’s financial reporting processes. Prior to the audit, the District had already transitioned payroll back to being processed in-house. Management has ensured throughout this transition period that all employees of the District were properly compensated and no instances of theft or fraudulent activity occurred. Subsequently, the District has reinforced its commitment to ensuring the accuracy and efficiency of our financial operations by engaging the expertise of a seasoned accounting consultant. This consultant has been tasked with conducting a thorough review of the District’s financial processes and procedures, enabling the District to identify areas for improvement and implement best practices moving forward. The District is fully dedicated to maintaining transparency, accountability, and integrity in all of its financial operations. Also, see corrective action plan implemented by management.



**PALM HARBOR SPECIAL FIRE CONTROL  
AND RESCUE DISTRICT**

250 West Lake Road  
Palm Harbor, Florida 34684-3909  
(727) 784-0454 • FAX (727) 785-9131

Scott J. Sanford  
Chief of Department

**Corrective Action Plan**

Board of Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

The District acknowledges the finding reported as item 2023-001 related to payroll reporting. The identified weakness pertains to the outsourcing of the District's payroll operations to a third-party service provider. Management has taken immediate and proactive steps to address this concern and bolster the integrity of our financial processes.

Prior to being made aware of the audit finding, management had already transitioned payroll back to the District and away from the third-party vendor. This change was based on the lack of internal controls and accuracy the District had identified. Subsequently, the District has reinforced our commitment to ensuring the accuracy and efficiency of our financial operations by engaging the expertise of a seasoned consultant. This consultant has been tasked with conducting a thorough review of our financial processes and procedures, enabling us to identify areas for improvement and implement best practices moving forward.

Management would like to emphasize that throughout this transition period, all employees of the District have been properly compensated, and there have been no instances of theft or fraudulent activity involving any of the District's funds. Our commitment to upholding the highest standards of financial stewardship remains unwavering.

Management firmly believes that these proactive measures will not only address the identified material weakness but also strengthen the overall financial resilience of the District. We are fully dedicated to maintaining transparency, accountability, and integrity in all our financial operations.

Sincerely,

Scott J. Sanford

# Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## MANAGEMENT LETTER

Board of Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

### Report on the Financial Statements

We have audited the financial statements of the Palm Harbor Special Fire Control and Rescue District, Florida, (the District) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated June 27, 2024.

### Auditor's Responsibility

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

### Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in Accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 27, 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 financial audit report. Corrective actions have been taken to address findings or recommendations made in the preceding annual financial audit report.

Board of Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

### **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. This disclosure has been included in the District's Annual Financial Report for the fiscal year ended September 30, 2023.

### **Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.c. 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 review of financial information provided by the 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 communications.

### **Independent Special District**

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

- a. The total number of District employees compensated in the last pay period of the District's fiscal year as 77.
- 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 \$7,093,630.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. There were no construction projects with a total cost of at least \$65,000 approved by the District that were scheduled to begin on or after October 1 of the fiscal year being reported.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as a favorable variance of \$2,667,755.

Board of Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

### **Specific Information**

As required by Section 218.93(3)(c), Florida Statutes, and Section 10.554(1)(i)(7), Rules of the Auditor General, Palm Harbor Special Fire Control and Rescue District reported:

- a. The millage rate imposed by the District as 2.0000.
- b. The total amount of property taxes collected by or on behalf of the District as \$11,504,651.
- c. The total amount of outstanding bonds issued by the District and terms of such bonds as \$0.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not 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, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Tampa, Florida  
June 27, 2024

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

Board of Commissioners  
Palm Harbor Special Fire Control and Rescue District  
Palm Harbor, Florida

We have examined the Palm Harbor Special Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test bases, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on 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 the District and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Tampa, Florida  
June 27, 2024