



**Ocean City-Wright Fire Control
District**

Financial Statements

September 30, 2020



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Carr, Riggs & Ingram, LLC
Certified Public Accountants
500 Grand Boulevard
Suite 210
Miramar Beach, Florida 32550

(850) 837-3141
(850) 654-4619 (fax)
CRLcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Ocean City-Wright Fire Control District
Fort Walton Beach, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ocean City-Wright Fire Control District ("the District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

May 4, 2021

Management's Discussion and Analysis

Ocean City-Wright Fire Control District Management's Discussion and Analysis

This discussion and analysis (MD&A) of the Ocean City-Wright Fire Control District's ("the District") financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical services to the northern boundaries of the Greater Fort Walton Beach areas in Ocean City and Wright, Florida. The District covers approximately 11.5 square miles and serves approximately 40,000 residents. The District operates and maintains three fire stations covering the service area. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required by Florida statutes to ensure that the District has sufficient reserve funds for future operations and anticipated capital acquisitions.

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

HIGHLIGHTS

- Total assets increased \$1,766,012
- Total liabilities decreased \$1,953,856
- Net position increased by \$3,469,222
- Total revenues increased \$2,211,690 and total expenses increased \$253,460. Revenues increased due to higher ad valorem taxes, charges for services, and federal grants. Expenses increased due to higher personal service costs.

USING THE ANNUAL REPORT

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

Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting.

All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District's financial health or financial position.

Ocean City-Wright Fire Control District Management's Discussion and Analysis

CONDENSED STATEMENT OF NET POSITION

The following table reflects the condensed Statement of Net Position and is compared to the prior year.

<i>As of September 30,</i>	2020	2019	Change
Assets			
Current and other assets	\$ 4,440,377	\$ 3,799,236	\$ 641,141
Capital assets, net	7,064,512	5,939,641	1,124,871
Total assets	<u>11,504,889</u>	<u>9,738,877</u>	<u>1,766,012</u>
Deferred outflows of resources	<u>1,043,192</u>	<u>810,227</u>	<u>232,965</u>
Total assets and deferred outflows of resources	<u>\$ 12,548,081</u>	<u>\$ 10,549,104</u>	<u>\$ 1,998,977</u>
Liabilities			
Current liabilities	829,831	730,416	\$ 99,415
Other liabilities	9,165,813	11,219,084	(2,053,271)
Total liabilities	<u>9,995,644</u>	<u>11,949,500</u>	<u>(1,953,856)</u>
Deferred inflows of resources	<u>1,645,738</u>	<u>1,162,127</u>	<u>483,611</u>
Net position			
Net investment in capital assets	4,950,902	3,124,525	1,826,377
Restricted - impact fees	85,096	38,544	46,552
Unrestricted (deficit)	(4,129,299)	(5,725,592)	1,596,293
Total net position	<u>906,699</u>	<u>(2,562,523)</u>	<u>3,469,222</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 12,548,081</u>	<u>\$ 10,549,104</u>	<u>\$ 1,998,977</u>

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

Total assets increased \$1,766,012 or 18% during the fiscal year ended September 30, 2020. Capital assets increased in the amount of \$1,124,871 or 19% as a result of new equipment and vehicles acquired. Total liabilities decreased \$1,953,856 or 16% over prior year as a result of a decrease in the net pension liability and capital lease obligations.

Ocean City-Wright Fire Control District Management's Discussion and Analysis

CONDENSED STATEMENTS OF ACTIVITIES

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

<i>Year ended September 30,</i>	2020	2019	Change
Program revenues:			
Charges for services	\$ 1,092,744	\$ 131,638	\$ 961,106
State retirement contributions	288,419	257,332	31,087
Grants and contributions	1,263,021	447,516	815,505
Total program revenues	<u>2,644,184</u>	<u>836,486</u>	<u>1,807,698</u>
General revenues:			
Ad Valorem taxes	6,817,936	6,406,750	411,186
Investment interest	54,599	12,537	42,062
Miscellaneous	5,752	55,008	(49,256)
Total general revenues	<u>6,878,287</u>	<u>6,474,295</u>	<u>403,992</u>
Total revenues	<u>9,522,471</u>	<u>7,310,781</u>	<u>2,211,690</u>
Program expenses:			
Public safety			
Personal services	4,965,376	4,472,841	492,535
Operating services	1,077,638	1,037,817	39,821
Depreciation	408,534	288,675	119,859
Loss on disposal of capital assets	(398,299)	456	(398,755)
Total public safety expenses	<u>6,053,249</u>	<u>5,799,789</u>	<u>253,460</u>
Increase (decrease) in net position	3,469,222	1,510,992	1,958,230
Net position (deficit), beginning	<u>(2,562,523)</u>	<u>(4,073,515)</u>	<u>1,510,992</u>
Net position (deficit), ending	<u>\$ 906,699</u>	<u>\$ (2,562,523)</u>	<u>\$ 3,469,222</u>

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

Ad valorem tax revenues increased \$411,186 or 6% from the previous year as a result of the increase in the taxable base. Grant and contribution revenues increased \$815,505 or 182% as a result of the District receiving additional state and federal grants in the current year. In addition, the City of Mary Esther contributed \$571,918 in fixed assets to the District as part of the contract agreement to provide fire related public safety services for the City of Mary Esther. Charges for services increased \$961,106 or 730% from the previous year as a result of the contract with the City of Mary Esther. Public safety expenses increased 4% or \$253,460 over the previous year as a result of increased personal service costs for the year and hiring of additional firefighters.

Overall, net position increased \$3,469,222 as compared to prior year.

Ocean City-Wright Fire Control District Management's Discussion and Analysis

GOVERNMENTAL FUND

As of September 30, 2020, the District's governmental funds (as presented on pages 11 - 15) reported a fund balance of \$3,388,697 which is an increase of \$564,547 or 20% as compared to the prior year. The District received \$521,058 in proceeds from the sale of capital assets.

During fiscal year 2020, the District incurred debt service payments including principal and interest totaling \$811,058. The District also incurred \$1,104,176 in capital outlay which is an increase of \$75,856 or 7% from prior year capital outlay of \$1,028,320.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The District experienced an unfavorable decrease in revenues as compared to the final budget in the amount of \$560,172. This decrease occurred primarily as a result of the District budgeting contributions from other governments for fixed asset donations which are not recognized as revenues in the general fund financial statements.

The District experienced a favorable decrease in expenditures as compared to the final budget in the amount of \$1,125,863. This decrease occurred as a result of reduced wages, retirement plan contributions, education costs, legal costs, and small equipment purchases as compared to budgeted expectations.

Overall, the Governmental Fund has a favorable excess over budgeted net revenues and expenditures in the amount of \$564,547 as reported in the Budgetary Comparison Schedule – Governmental Fund.

FUTURE FINANCIAL FACTORS

Ocean City-Wright Fire Control District, an independent fire control district under the provisions of Chapter 191, Florida Statutes provides fire prevention and control as provided under Chapter 633. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the millage rate. The District has taxing authority as revenues are generated by ad valorem taxes. The Board has approved 2.75 for the millage rate assessed in fiscal year 2021 which is anticipated to provide the District adequate funds necessary for normal operations and future capital requirements. The District's maximum millage rate is 3.75.

Ocean City-Wright Fire Control District Management's Discussion and Analysis

CAPITAL ASSETS

At September 30, 2020, the District had \$7,064,512 invested in capital assets (net of depreciation). This amount represents a net increase (including additions and reductions) of \$1,124,871 or 19% above the fiscal year 2019 total primarily as the result of new equipment and vehicle purchases.

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

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Land	\$ 1,171,316	\$ 1,178,230	\$ (6,914)
Construction in progress	27,681	23,181	4,500
Buildings	3,578,210	3,846,060	(267,850)
Improvements	166,965	174,383	(7,418)
Furniture and fixtures	7,456	7,456	-
Vehicles/Apparatus	3,793,578	2,952,646	840,932
Other equipment	1,567,402	1,268,464	298,938
Total, prior to depreciation	10,312,608	9,450,420	862,188
Accumulated depreciation	(3,248,096)	(3,510,779)	262,683
Net capital assets	<u>\$ 7,064,512</u>	<u>\$ 5,939,641</u>	<u>\$ 1,124,871</u>

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

LONG-TERM LIABILITIES

At September 30, 2020, the District has long-term liabilities which include compensated absences and an estimated liability for other postemployment benefits ("OPEB"), and the net pension liability. The District's long-term liabilities decreased \$2,053,271 as compared to 2019 primarily due to payments on the capital lease obligations and a reduction in the net pension liability.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Compensated absences, due in more than one year	\$ 177,933	\$ 214,690	\$ (36,757)
Other postemployment liability	992,056	1,013,123	(21,067)
Capital lease obligations, due in more than one year	1,919,847	2,648,472	(728,625)
Net pension liability	6,075,977	7,342,799	(1,266,822)
Total long-term liabilities	<u>\$ 9,165,813</u>	<u>\$ 11,219,084</u>	<u>\$ (2,053,271)</u>

Additional information about the District's long-term debt is presented in Notes 3 and 4 to the financial statements.

Ocean City-Wright Fire Control District Management's Discussion and Analysis

BOARD OF FIRE COMMISSIONERS

Edward Tras
Chairman

Aaron Brown
Vice-Chairman

John Bostick
Secretary/Treasurer

John Johnston
Commissioner

Donna Lambert
Commissioner

RETIREMENT BOARD OF TRUSTEES

Brad Sasser

Jennifer Benedict

Michael Taylor (March 2020)

Clint Aden

Walter Ebbert

MANAGEMENT

W. Mark Bundrick (2020)
Fire Chief

William Lord (2019)
Fire Chief

Jennifer Benedict
Financial Administrator

Basic Financial Statements

Ocean City-Wright Fire Control District
Statement of Net Position

<i>September 30,</i>	2020
Assets	
Cash and cash equivalents	\$ 3,158,546
Accounts receivable	79,205
Due from other governments	391,321
Prepaid insurance	78,445
Equipment deposits	732,860
Capital assets, net	7,064,512
Total assets	11,504,889
Deferred outflows of resources	
Pension	1,043,192
Total deferred outflows of resources	1,043,192
Liabilities	
Accounts payable and accrued salaries	156,735
Health reimbursement liability	111,941
Due to pension fund	50,144
Accrued interest payable	30,310
Compensated absences - due within one year	286,938
Capital lease obligations - due within one year	193,763
Other postemployment liability	992,056
Compensated absences - due in more than one year	177,933
Capital lease obligations - due in more than one year	1,919,847
Net pension liability	6,075,977
Total liabilities	9,995,644
Deferred inflows of resources	
Pension	1,645,738
Total deferred inflows of resources	1,645,738
Net position	
Net investment in capital assets	4,950,902
Restricted - impact fees	85,096
Unrestricted (deficit)	(4,129,299)
Total net position (deficit)	\$ 906,699

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

Ocean City-Wright Fire Control District
Statement of Activities

For the year ended September 30,

2020

Expenses	
Public safety - fire protection	
Personal services	\$ (4,965,376)
Operating services	(1,077,638)
Unallocated depreciation	(408,534)
<hr/>	
Total program expenses	(6,451,548)
<hr/>	
Program Revenues	
Charges for services	1,092,744
State retirement contributions	288,419
Grants and contributions	1,263,021
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Total program revenues	2,644,184
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Net program expense	(3,807,364)
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General revenues	
Ad valorem taxes	6,817,936
Investment interest	54,599
Gain on disposal of capital assets	398,299
Miscellaneous	5,752
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Total general revenues	7,276,586
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Change in net position	3,469,222
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Net position (deficit) - beginning of year	(2,562,523)
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Net position (deficit) - end of the year	\$ 906,699
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The accompanying notes are an integral part of these financial statements.

**Ocean City-Wright Fire Control District
Balance Sheet – Governmental Funds**

September 30,

2020

	General Fund
Assets	
Cash and cash equivalents	\$ 3,158,546
Accounts receivable	79,205
Due from other governments	391,321
Prepaid insurance	78,445
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Total assets	\$ 3,707,517
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Liabilities and Fund Balances	
Liabilities	
Accounts payable and accrued salaries	\$ 156,735
Health reimbursement liability	111,941
Due to pension fund	50,144
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Total liabilities	318,820
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Fund balances	
Nonspendable	78,445
Restricted	85,096
Committed	375,156
Assigned	2,668
Unassigned	2,847,332
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Total fund balances	3,388,697
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Total liabilities and fund balances	\$ 3,707,517
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The accompanying notes are an integral part of these financial statements.

Ocean City-Wright Fire Control District
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position

<i>September 30,</i>	2020
Total fund balances, governmental funds	\$ 3,388,697
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	7,064,512
Equipment deposits used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	732,860
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet.	
Deferred outflows of resources - pensions	1,043,192
Deferred inflows of resources - pensions	(1,645,738)
Interest payable on long-term liabilities does not consume current resources and therefore is not reported in the governmental funds balance sheet.	(30,310)
Other postemployment liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.	(992,056)
Capital lease obligation liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.	(2,113,610)
Net pension liability does not consume current resources are not reported in the governmental funds balance sheet.	(6,075,977)
Compensated absences that are not currently due do not consume current resources and therefore, are not reported in the governmental funds balance sheet.	(464,871)
Total net position (deficit) - governmental activities	\$ 906,699

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

Ocean City-Wright Fire Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Funds

For the year ended September 30,

2020

	General Fund
Revenues	
Ad valorem taxes, net of discounts	\$ 6,817,936
Investment interest	54,599
State retirement contributions	288,419
Grants	691,103
Impact fees	45,825
Proceeds from other governments	1,021,495
Other fees	31,176
Total revenues	8,950,553
Expenditures	
Public safety	
Personal services:	
Salaries	3,377,423
Group employee life and health insurance	617,668
Employees' retirement contribution	
Section 175 plan - District	1,288,465
Section 175 plan - State	288,419
401(a) and 457(b) plans	45,033
Taxes - payroll	250,884
Workers compensation	145,815
Education	43,121
Operating services:	
Professional services	34,088
Central dispatch	7,605
Bunker gear	39,110
Fuel	45,261
Insurance	131,985
Advertising	1,829
Small equipment	80,038
Miscellaneous	88,064
Property appraiser	84,826

(continued)

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

Ocean City-Wright Fire Control District
Statement of Revenues, Expenditures, and Changes in Fund Balance –
Governmental Funds (Continued)

For the year ended September 30,

2020

	General Fund
Expenditures	
Repairs and maintenance	\$ 187,940
Administrative supplies	2,159
Building supplies	11,078
Uniforms	19,044
Utilities	65,306
Tax collector fee	136,669
Capital Outlay	
Building Improvements	47,140
Vehicles and Equipment	1,057,036
Debt Service	
Debt payments - principal	701,505
Debt payments - interest	109,553
Total expenditures	8,907,064
Excess (deficiency) of revenues over expenditures	43,489
Other Financing Sources	
Proceeds from sale of capital assets	521,058
Total other financing sources	521,058
Net change in fund balance	564,547
Fund balances, beginning of year	2,824,150
Fund balances, end of year	\$ 3,388,697

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

Ocean City-Wright Fire Control District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance - Governmental Funds to the Statement of Activities

<i>For the year ended September 30,</i>	2020
Net change in fund balances - governmental funds	\$ 564,547
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in the Statement of Net Position.	1,084,248
Deposits paid on equipment reported as a capital outlay expenditure in the governmental fund is shown as equipment deposits in the Statement of Net Position.	19,928
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported in the governmental funds.	(408,534)
Current change in other postemployment liabilities does not consume current resources and therefore is not reported in the governmental funds.	21,067
Deferred pension adjustments per actuarial calculations are applicable to future periods and, therefore, are not reported in the governmental funds.	1,016,176
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements.	10,038
Gains (Losses) on the disposal of fixed assets do not require the use of current financial resources; therefore they are not reported as expenditures in the governmental fund.	(122,759)
Current year change in debt and capital lease obligation utilizes (provides) current financial resources of the governmental funds, but reduces (increases) long-term liabilities in the Statement of Net Position.	701,506
Assets donated to the District do not require the use of current financial resources but have been recorded as assets in the Statement of Net Position.	571,915
Current year change in compensated absence liability does not consume current resources so therefore it is not reflected in the governmental funds.	11,090
Change in net position of governmental activities	\$ 3,469,222

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

**Ocean City-Wright Fire Control District
Statement of Fiduciary Net Position – Pension Trust Fund**

<i>September 30,</i>	2020
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Assets	
Investments	\$ 16,329,641
Due from general fund	50,144
Accrued investment income	23,147
<hr/>	
Total Assets	\$ 16,402,932
<hr/> <hr/>	
Liabilities	
Accounts payable	\$ 20,038
<hr/>	
Total Liabilities	20,038
<hr/> <hr/>	
Net Position	
Net position restricted for pensions	\$ 16,382,894
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The accompanying notes are an integral part of these financial statements.

Ocean City-Wright Fire Control District
Statement of Changes in Fiduciary Net Position – Pension Trust Fund

<i>For the year ended September 30,</i>	2020
Additions	
Contributions - District	\$ 1,288,465
Contributions - Plan members	221,180
Contributions - State	288,419
Total contributions	1,798,064
Investment Income	
Net change in fair value of investments	1,767,174
Interest	245,148
Total net investment income	2,012,322
Total additions	3,810,386
Deductions	
Administrative expense	125,750
Benefit payments	1,280,614
Total deductions	1,406,364
Change in net position restricted for pensions	2,404,022
Net position restricted for pensions, beginning of year	13,978,872
Net position restricted for pensions, end of year	\$ 16,382,894

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ocean City-Wright Fire Control District (the District) is a special independent District created by Chapter 63-1685, Laws of Florida in 1963. The original charter was amended by Chapter 99-478 in 1999. The District operates under an elected Board of Commissioners form of government and provides the following services: fire suppression, fire inspection, rescue, and emergency medical.

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

Budgetary Information

Budgetary basis of accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. The appropriated budget is prepared by function and department. Transfers of appropriations between departments require the approval of the Board.

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

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

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

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

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

Cash and Cash Equivalents

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

Cash at September 30, 2020 consisted of \$3,158,546 in interest bearing checking accounts. The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Accounts Receivable

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

Prepaid Insurance

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

Capital Assets

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

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

Buildings	40
Improvements	25 - 40
Furniture and fixtures	5 - 20
Vehicles/Apparatus	5 - 25
Other equipment	5 - 7

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has one item related to pensions that qualifies for reporting in this category.

In addition to liabilities, the Statement of Net Position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has one item also related to pensions that qualifies for reporting in this category.

Compensated Absences

Unpaid vacation pay and sick leave is accrued for all employees. The District has accrued the unpaid compensation due its employees in the financial statements at September 30, 2020. The current and long-term portion of vested leave payable is recorded as an expense and a liability in the government-wide financial statements.

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

The current portion of compensated absences accrued is \$286,938. This amount plus the long-term portion of \$177,933 is reported in the government-wide financial statements. When combined, the District has a total accrued compensated absence liability of \$464,871 as of September 30, 2020.

Long-Term Obligations

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Pension

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

Other Post-Employment Benefits (OPEB) Liability

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

Categories and Classification of Fund Equity

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

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

Fund balance policies – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Ocean City-Wright Fire Control District Notes to Financial Statements

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Fund Equity

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

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

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

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

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

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

Ad Valorem Property Tax Revenue

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

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ad Valorem Property Tax Revenue

The Board of Commissioners approved for this fiscal year the millage rate of 2.75. The maximum millage rate, as approved by voters, is 3.75 mill.

Encumbrances

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, May 4, 2021. See Note 12 for relevant disclosures. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recently Issued and Implemented Accounting Pronouncements

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

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This Statement seeks to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 will be effective for the fiscal years beginning after December 15, 2019.

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

NOTE 2: CHANGES IN CAPITAL ASSETS

The following is a summary of changes in the capital assets for the year ended September 30, 2020:

	September 30, 2019	Additions	Retirements and Transfers	September 30, 2020
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
CIP	\$ 23,181	\$ 4,500	\$ -	\$ 27,681
Land	1,178,230	-	(6,914)	1,171,316
Total capital assets not being depreciated	1,201,411	4,500	(6,914)	1,198,997
<i>Capital assets being depreciated:</i>				
Buildings	3,846,060	-	(267,850)	3,578,210
Improvements	174,383	42,640	(50,058)	166,965
Furniture and fixtures	7,456	-	-	7,456
Vehicles/Apparatus	2,952,646	1,044,554	(203,622)	3,793,578
Other equipment	1,268,464	564,469	(265,531)	1,567,402
Total capital assets being depreciated	8,249,009	1,651,663	(787,061)	9,113,611
<i>Less accumulated depreciation:</i>				
Buildings	(555,389)	(93,036)	161,429	(486,996)
Improvements	(107,379)	(3,716)	40,635	(70,460)
Furniture and fixtures	(7,456)	-	-	(7,456)
Vehicles/Apparatus	(1,992,718)	(207,266)	203,622	(1,996,362)
Other equipment	(847,837)	(104,516)	265,531	(686,822)
Total accumulated depreciation	(3,510,779)	(408,534)	671,217	(3,248,096)
Total capital assets being depreciated, net	4,738,230	1,243,129	(115,844)	5,865,515
Governmental activities capital assets, net	\$ 5,939,641	\$ 1,247,629	\$ (122,758)	\$ 7,064,512

Unallocated depreciation expense totaled \$408,534 for governmental activities for fiscal year ended September 30, 2020.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 3: DEBT

Capital Lease Obligations – Direct Borrowings

Fire Truck

On July 3, 2013, the District entered into a 10 year lease-purchase agreement to acquire a fire truck. The agreement requires annual lease payments of principal and interest in the amount of \$48,659 beginning July 3, 2014. The District took delivery of the truck in February 2014. The interest rate of the lease-purchase agreement is 3.27% and the final payment is due July 3, 2023. Title to the fire truck conveys to the District at the end of the agreement for no additional buyout costs.

New Station

On May 15, 2015, the District entered into a 20 year lease-purchase agreement to acquire land and construct a new fire station. The agreement requires annual lease payments of principal and interest in the amount of \$227,423 beginning May 15, 2016. The District acquired the land on May 15, 2015. The interest rate of the lease-purchase agreement is 3.93% and the final payment is due May 15, 2035. The District is paying additional debt principal payments in advance of the required scheduled payments, therefore debt related to the new station is anticipated to be paid off earlier by 2031. Title to the building conveys to the District at the end of the agreement for no additional buyout costs.

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

<i>For the year ending September 30,</i>	Principal	Interest	Total
2021	\$ 193,763	\$ 82,319	\$ 276,082
2022	201,086	74,996	276,082
2023	208,688	67,394	276,082
2024	167,919	59,504	227,423
2025	174,520	52,905	227,425
2026 - 2030	981,022	156,093	1,137,115
2031	186,612	7,492	194,104
Total minimum payments	2,113,610	\$ 500,703	\$ 2,614,313
Less current portion	(193,763)		
Capital lease obligations - due in more than one year	\$ 1,919,847		

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 4: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2020, was as follows:

	September 30, 2019	Additions	Reductions	September 30, 2020	Due Within One Year
Government-wide activities:					
Liability for compensated absences	\$ 517,409	\$ -	\$ (52,538)	\$ 464,871	\$ 286,938
Liability for OPEB obligation	1,013,123	-	(21,067)	992,056	-
Net pension liability	7,342,799	-	(1,266,822)	6,075,977	-
Notes from direct borrowings:					
Capital lease obligation - truck	177,026	-	(44,125)	132,901	44,182
Capital lease obligation - station	2,638,090	-	(657,381)	1,980,709	149,581
Total long-term liabilities	\$ 11,688,447	\$ -	\$ (2,041,933)	\$ 9,646,514	\$ 480,701

NOTE 5: RETIREMENT PLANS

Defined Contribution Plan

The District sponsors a voluntary 457(b) defined contribution plan for all non-firefighter employees. Employees are eligible beginning on the first day of the calendar year after their hire date. The District contributed \$45,033 in retirement benefits for the year ended September 30, 2020. Contributions to the plan for the year ended September 30, 2020 were based on 15% of the employee's base salary. This plan is also available to firefighter personnel on a voluntary basis, but no District contribution is made. Each participant's account is immediately 100% vested.

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

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

Plan Description

The District began participating in a Florida Statute Chapter 175 Firefighters Pension Trust Fund (Chapter 175 Plan for full-time state certified firefighters) in 2005. The Chapter 175 Plan is a single-employer defined benefit pension plan administered by the Board of Trustees. It was established to provide retirement, disability, and death benefits for covered employees. Florida Statute 175 establishes eligibility and vesting requirements and benefits provisions.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Membership is compulsory for all full-time firefighters. Non firefighter personnel of the District are excluded from this Plan. The District does not issue stand-alone financial statements for this Plan.

The Board of Trustees who administer the plan consists of five trustees, two of whom are residents of the District who are appointed by the District's Board of Commissioners; two of whom are members of the Fund who are elected by a majority of the members of the Fund, and a fifth trustee who is chosen by a majority of the first four trustees. Each trustee serves a two-year term.

Salary

Salaries include total W-2 Compensation, including lump sum sick and vacation payouts at retirement. Effective October 1, 2014, Salary shall not include more than three hundred (300) hours of overtime per calendar year. Additionally, Salary will include the lesser of the amount of sick and vacation leave time accrued as of October 1, 2014, or the actual amount of sick and vacation leave time for which the retiree receives payment at the time of retirement.

Vesting

100% vesting occurs after 7 years of credited service for employees hired before October 1, 2014 and 10 years of credited services for employees hired after October 1, 2014.

Eligibility for Retirement

Members are eligible for normal retirement at the earlier of age 55 and 10 years of credited service, or age 50 and 25 years of credited service. Early retirement may be taken after 10 years of credited service and attaining age 50; however, the accrued benefit will be actuarially reduced at the rate of 3% per year.

Benefits

Normal retirement benefits are based on credited service and average final compensation. Credited service is the period of employment measured in years with allowable breaks in service such as serving the military. Average final compensation is defined as the average salary for the best 3 of the last 5 years employed.

For personnel hired before October 1, 2014, the normal retirement benefit is calculated by multiplying 3.0% times the years of credited service times the annual final compensation on total salary. For personnel hired after October 1, 2014, the normal retirement benefit is calculated by multiplying 3.0% times the years of credited service times the annual final compensation as calculated on base pay plus Paramedic or EMT incentive.

Payments commence on the first day of the month following the last day of employment. There are multiple options for retirement benefits. For normal retirement option only, the participant or participant's beneficiary shall receive at least 120 monthly benefit payments.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Early retirement benefits are calculated the same as normal benefits beginning on the date of which the participant would have qualified for normal retirement, or if starting immediately, the amount of the benefit is reduced by 3.0% for each year that payments precede the normal retirement date.

Disability retirement may be applied for when a participant becomes totally and permanently unable to perform services as a firefighter. If the injury is service connected, a benefit equal to 3.0% of average final compensation multiplied by the total years of service, but not less than 42% of average final compensation will be paid. If the injury or disease is not service connected, a benefit equal to 3.0% of final average compensation multiplied by the total years of credited service provided the participant has at least 10 years of credited service.

At September 30, 2020, the Plan had a total of 89 members with 54 active members, of which none were participating in DROP. The Plan has 24 members currently receiving benefits including disability retirees, 5 members entitled to, but not yet receiving benefits, and 6 members entitled to refunds.

Deferred Retirement Option Program

The Plan offers a deferred retirement option program (DROP) to any member satisfying the normal retirement requirements. Participation in DROP may not exceed 60 months. Upon entering DROP, a member may choose from the following two rate of return options: (a) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (b) 6.5% per annum compounded annually. At September 30, 2020 the District has no employees currently participating in DROP. During the period of DROP participation, deferred monthly benefits are held in the Plan and accrue interest.

Basis of Accounting

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

Valuation of Investments

Investments are reported at fair value. The fair value of U.S. government obligations and investments in bond, equity, and money market funds is based on quoted market prices. During the fiscal year ended September 30, 2020, all of the Chapter 175 Plan assets were being managed by Salem Trust Company.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Rate of Return

For the year ended September 30, 2020 the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 13.68 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy

The plan members are required to contribute 7% of their annual covered salary to the Plan. The District/State is required to contribute at an actuarially determined rate. The current rate of the District/State is 50.4% of employees' salaries for a combined contribution rate of 57.4% of annual covered payroll. This rate was determined from an actuarial valuation as of October 1, 2018, using the entry age normal actuarial cost method. Plan members can earn credited service for prior years of employment or for military service by contributing additional amounts based on past time served. These contributions are referred to as "buy-back" contributions.

Annual Pension Cost

Florida Statute Chapter 175 authorized special fire control districts to levy a tax upon certain insurance companies who engage in the business of property insurance. The proceeds from this tax are used in partial support of the Chapter 175 Plan. For the year ended September 30, 2020, the District received \$288,419 from the State of Florida as proceeds from this tax. This amount was used to help fund the required contribution.

The District's required contribution of \$1,536,903 was determined as part of the actuarial valuation as of October 1, 2018 (AIS 11/26/2019), using the entry age normal actuarial cost method. While contributions to the Plan are currently funded through these various sources, it is ultimately the responsibility of Ocean City-Wright Fire Control District to fund the Plan.

Net Pension Liability of the Sponsor

The components of the net pension liability of the sponsor on September 30, 2020 were as follows:

Total Pension Liability	\$ 22,430,742
Plan Fiduciary Net Position	<u>(16,354,765)</u>
Sponsor's Net Pension Liability	<u>\$ 6,075,977</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	72.91%

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

For the year ended September 30, 2020, the actuarial assumptions used to determine the Annual Required Contribution included a 7.25% investment rate of return (net of investment related expenses) compounded annually and salary increases changed from a flat 6.25% to a service-based table obtained from a study performed on June 1, 2017. Projected salary increase at retirement is increased 20% to account for or non-regular pay.

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

Healthy Retiree Lives:

Female: PubS.H-2010 for Healthy Retirees, set forward one year. Prior year assumption: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Beneficiary Lives:

Female: PubG.H-2010 (Below Median) for Healthy Retirees. Prior year assumption: RP2000 Generational, 100% Annuitant White Collar, Scale BB.

Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year. Prior year assumption: RP2000 Generational, 10% Annuitant White Collar / 90% Annuitant Blue Collar, Scale BB.

Disabled Lives:

80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees. Prior year assumption (Female): 60% RP2000 Disabled Female set forward two years / 40% Annuitant White Collar with no setback, no projection scale Prior year assumption (Male): 60% RP2000 Disabled Male setback four years / 40% Annuitant White Collar with no setback, no projection scale.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**Ocean City-Wright Fire Control District
Notes to Financial Statements**

NOTE 5: RETIREMENT PLANS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020 are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Domestic Equity	7.5%
Broad Market Fixed Income	2.5%

Discount Rate

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

Sponsor's Net Pension Liability

1% decrease of discount rate to 6.25%	\$ 8,856,551
Current discount rate of 7.25%	\$ 6,075,977
1% increase of discount rate to 8.25%	\$ 3,768,870

For the year ended September 30, 2020, the District contributed \$1,288,465 plus State contributions of \$288,419. Per the actuarial report, the District recognized a pension expense of \$520,727 for the year ended September 30, 2020. Additionally, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 596,340	\$ 523,581
Changes of assumptions	446,852	284,830
Net difference between projected and actual earnings on pension plan investments	-	837,327
Total	\$ 1,043,192	\$ 1,645,738

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

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

For the year ended September 30:	Amount
2021	\$ (215,828)
2022	(108,880)
2023	(194,919)
2024	(130,587)
2025	47,668

Investments

The Plan limits the aggregate investment in corporate equities to 75% of the Plan assets at fair market value. At September 30, 2020, this percentage was approximately 75% which falls within the threshold established by the Plan. In addition, the Plan limits equity positions in any single company to 5% of the Plan assets at fair market value. At September 30, 2020, the Plan did not hold any equity positions that were greater than 5% of the Plan's total assets at fair market value. At September 30, 2020, none of the investments listed in the investment schedule are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

The District 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; and Level 3 inputs are significant unobservable inputs.

The following table presents the Plan's investments at September 30, 2020:

	Amortized Cost	Fair Value Measurements Using			Investment Totals	Percentage of Plan Net Assets
		Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
<i>Investments valued at Amortized</i>						
Goldman Sachs Money Market Fund	\$ 1,592,771	n/a	n/a	n/a	\$ 1,592,771	10%
<i>Investments for which Fair Value was Determined</i>						
Corporate & Foreign Stocks	\$ -	\$ 12,113,637	\$ -	\$ -	\$ 12,113,637	74%
Corporate & Foreign Bonds	-	2,514,498	-	-	2,514,498	15%
Collateralized Mortgage	-	-	58,730	-	58,730	0%
Municipal Obligations	-	-	50,005	-	50,005	<1%
	<u>\$ 1,592,771</u>	<u>\$ 14,628,135</u>	<u>\$ 108,735</u>	<u>\$ -</u>	<u>\$ 16,329,641</u>	<u>100%</u>

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Florida Statutes authorize the District to invest surplus funds in obligations of the U.S. Treasury, agencies and instrumentalities, bank trust receipts, interest bearing time deposits or savings accounts in qualified public depositories of the state or national banks organized under the laws of the United States, and savings and loan associations located in the state and organized under federal law, providing all deposits are secured by collateral as prescribed by law. The Pension Trust Funds are also authorized to invest in corporate stocks, bonds, asset-backed and mortgage-backed securities, mutual funds and commingled trust funds listed on major stock exchanges which receive one of the three highest ratings by a financial rating service such as Moody's or Standard & Poor's.

Credit Risk: The District's Investment Policy for the Retirement Plan does not explicitly address credit risk (CR). The investment policy specifies the market sectors and the benchmark for each sector. The Plan's investment in the Goldman Sachs Financial Square Treasury Obligation Fund was rated AAAM/Aaa and has a weighted average maturity of 51 days. See below for a schedule of investments held by the District as of September 30, 2020 subject to credit risk.

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

Interest Rate Risk: The District's Investment Policy for the Retirement Plan does not explicitly address interest rate risk (IRR). The investment policy specifies the market sectors and the benchmark for each sector.

See below for a schedule of investments held by the District as of September 30, 2020 subject to interest rate and credit risk.

Maturity schedule (IRR)	Reported Value	Less than 1 year	1 - 5 years	6 - 10 years	10+ years
Money Markets	\$ 1,592,771	\$ 1,592,771	\$ -	\$ -	\$ -
Collateralized Mortgage Obligations	58,730	-	-	-	58,730
Corporate Bonds	2,411,602	334,316	1,420,063	601,032	56,191
Foreign Bonds - NTS Debt	102,896	-	102,896	-	-
Municipal Bonds	50,005	-	50,005	-	-
	\$ 4,216,004	\$ 1,927,087	\$ 1,572,964	\$ 601,032	\$ 114,921

S & P Rating (CR)	Reported Value	AAA to A-	BBB+ to B-	CCC+ to CCC-	NR
Money Markets	\$ 1,592,771	\$ 1,592,771	\$ -	\$ -	\$ -
Collateralized Mortgage Obligations	58,730	58,730	-	-	-
Corporate Bonds	2,411,602	426,965	1,984,637	-	-
Foreign Bonds - NTS Debt	102,896	-	102,896	-	-
Municipal Bonds	50,005	50,005	-	-	-
	\$ 4,216,004	\$ 2,128,471	\$ 2,087,533	\$ -	\$ -

**Ocean City-Wright Fire Control District
Notes to Financial Statements**

NOTE 5: RETIREMENT PLANS (CONTINUED)

Changes in Pension Liability

<u>September 30,</u>	<u>2020</u>
Total Pension Liability	
Service Cost	\$ 545,529
Interest	1,540,248
Differences Between Expected and Actual Experience	627,802
Changes of Assumptions	(341,795)
Benefit Payments, including Refunds of Employee Contributions	<u>(1,280,614)</u>
Net Change in Total Pension Liability	1,091,170
Total Pension Liability - Beginning	<u>21,339,572</u>
Total Pension Liability - Ending	<u><u>\$ 22,430,742</u></u>

NOTE 6: RISK MANAGEMENT

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

Unemployment Compensation

The District retains the entire risk for unemployment compensation claims. As of September 30, 2020, the District had no reserve for unemployment compensation. Because the amount of future loss cannot be estimated, no liability for these claims has been recognized in the financial statements. No claims were incurred or paid in the current year.

Other

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 6: RISK MANAGEMENT (Continued)

Health Reimbursement Arrangement

The District has a Health Reimbursement Arrangement (HRA) that is funded solely through District contributions. The HRA allows eligible participants to be reimbursed tax free for qualified medical expenses up to a maximum dollar amount for a coverage period. 100% of the amounts remaining at the end of the calendar year are carried over to the next year. The District is not permitted to refund any part of the balance to the employee, the account cannot be used for anything other than reimbursements for qualified medical expenses, and remaining amounts are not portable upon termination but maybe utilized until depleted if the employee retires and retains the high deductible insurance plan. No further District contributions are permitted once the employee retires. For the year ended September 30, 2020, the District contributed \$2,000 for employee only and \$4,000 to multi-enrollment health coverage with a rolling cap at the maximum “in-network” out of pocket amount based on coverage selection. The District has recognized a liability in the amount of \$111,941 as of September 30, 2020 as reported in the accompanying Statement of Net Position.

Cancer Coverage

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

If the firefighter elects to continue coverage in the employer-sponsored health plan after he or she terminates employment, the benefits specified in paragraphs (a) and (b) must be made available by the District for 10 years. If the firefighter participates in an employer-sponsored retirement plan, the retirement plan must consider the firefighter totally and permanently disabled in the line of duty if he or she meets the retirement plan’s definition of totally and permanently disabled due to the diagnosis of cancer or circumstances that arise out of the treatment of cancer. As of September 30, 2020, the District has acquired insurance via a third party insurance carrier to reduce risk exposure.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Accrued Leave

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 7: COMMITMENTS AND CONTINGENCIES

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

Prior to October 1, 2014, the policy of the District and the Ocean City-Wright Professional Fire Fighters Association, IAFF Local #2879 (“the Union”) for sick leave was that all shift employees would receive 160 hours of sick leave on October 1st each year. Regular employees would receive 80 hours of sick leave on October 1st each year.

As of November 15, 2015, the District adopted a new compensated absence policy impacting both annual and sick leave. Sick leave is no longer be offered, but any accumulated sick leave will remain available for illness until balances are utilized on an individual employee basis. Annual leave is now called paid time off (“PTO”) and will accumulate using the following schedule:

Shift Employees

13 hours pay period/Max 500 Hours

Non-union personnel may accumulate paid time off as follows:

Deputy Fire Chief:	Weekly Employee- 11 Hours Max 600 Hours Shift Employee – 13 hours Max 600
Division Chief:	Weekly Employee- 8 Hours Max 500 Hours Shift Employee – 13 hours Max 500
Battalion Chief:	Weekly Employee- 8 hours Max 500 Hours Shift Employee – 13 hours Max 500
Administration:	Weekly Employee- 8 Hours Max 500 Hours

Any unused PTO, up to the maximum, will be paid upon resignation, retirement, disability or death.

Although sick leave will no longer accrue for employees, sick leave does not expire and may be paid out upon resignation or retirement. There was no maximum number of sick leave hours to be accumulated and sick leave may be payable under the following guidelines: For shift employees - maximum of 250 hours with 10 years of service, maximum of 375 hours with 15 years of service, and 500 hours with 20 years or service. For forty (40) hour employees, maximum of 83 hours with 10 years of service, maximum of 111 hours with 15 years of service, and 166 hours with 20 years or service.

Employees who resign with less than 10 years of service will receive no payment for sick leave. Also, discharged employees will receive no payment for sick leave. Employees with less than 10 years will receive payment of accrued sick leave up 250 hours if killed in the line of duty. Employees are not allowed to trade, transfer, or give away earned sick leave hours.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 7: COMMITMENTS AND CONTINGENCIES

Non-union personnel will receive payment sick leave upon resignation, retirement, disability, or death as follows: Deputy Fire Chief - maximum 700 hours, Division Chief - maximum of 600 hours, Battalion Chief - maximum 600 hours, and Administration - maximum 500 hours.

The total amount of the unpaid accrued leave at September 30, 2020, was \$464,871 with \$286,938 estimated to be payable within one year and the remaining \$177,933 due in more than one year.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Funding Policy

Contribution requirements of the District and plan members are established and may be amended through action from the District Board. The District has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis.

Funded Status and Funding Progress

As of September 30, 2019, the most recent measurement date (for reporting period September 30, 2020), the actuarial accrued liability for benefits was \$992,056 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$992,056. The covered payroll (annual payroll of active participating employees) was \$2,957,920 from the 2018-2019 fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 33.54%.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

As of September 30, 2019, the most recent available census information, the plan was comprised of 58 active participants and 7 inactive participants with 5 covered spouses receiving benefits.

Actuarial Method and Assumptions

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

Actuarial valuations of an ongoing plan involve estimates of the value or reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The required schedule of funding progress immediately following the notes to financial statements presents multiyear trend information about whether the actuarial value of the Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

The District's OPEB actuarial valuation as of September 30, 2020 (measurement date as of September 30, 2019), used the Entry Age Cost actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of September 30, 2020 and to estimate the District's 2019-2020 fiscal year liability. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 3.58% discount rate which is based on the September 30, 2019 S&P Municipal Bond 20-Year High Grade Rate Index rate as published by the S&P Dow Jones Indices.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

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

For fiscal year ended September 30, 2020, the District recognized an OPEB expense of \$34,563.

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

<i>Year ended September 30,</i>	2020
Service costs	\$ 35,457
Interest	42,717
Change of benefit terms	-
Differences between expected and actual experience	142,492
Changes of assumptions	(187,903)
Benefit payments	(53,830)
Annual OPEB Cost (Expense)	(21,067)
Net OPEB Obligation, beginning of year	1,013,123
Net OPEB Obligation, end of year	\$ 992,056
Covered Employee Payroll	\$ 2,957,920
Net OPEB Liability as a Percentage of Covered Employee Payroll	33.54%

Changes of assumptions. Changes of assumptions and other inputs reflects updated assumed retiree health care claims costs and premiums, and updated health care trend rates. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending September 30, 2020:	3.58%
Fiscal Year Ending September 30, 2019:	4.18%
Fiscal Year Ending September 30, 2018:	3.64%

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

**Ocean City-Wright Fire Control District
Notes to Financial Statements**

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	<u>2.58%</u>	<u>3.58%</u>	<u>4.58%</u>
Total OPEB Liability	\$1,121,958	\$992,056	\$ 884,688

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	<u>3.00% - 6.50%</u>	<u>4.00% - 7.50%</u>	<u>5.00% - 8.50%</u>
Total OPEB Liability	\$883,560	\$992,056	\$1,123,210

**Ocean City-Wright Fire Control District
Notes to Financial Statements**

NOTE 9: CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES

The following is a summary of the changes to Fund Balance for the year ending September 30, 2020:

	Balance at September 30, 2019	Excess of Expenditures and Other Uses Over Revenues and Other Sources	Transfers and Changes in Encumbrances and Prepaids	Balance at September 30, 2020
Nonspendable				
Prepaids	\$ 131,242	\$ -	\$ (52,797)	\$ 78,445
Restricted				
Impact fees	38,544	46,552	-	85,096
Committed				
Committed for working capital	280,711	-	-	280,711
Committed for vehicles	94,445	-	-	94,445
Assigned				
Encumbrances	361,626	-	(358,958)	2,668
Unassigned	1,917,582	517,995	411,755	2,847,332
Totals	\$ 2,824,150	\$ 564,547	\$ -	\$ 3,388,697

NOTE 10: INTERLOCAL AGREEMENT

The District entered into an Interlocal agreement with the City of Mary Esther (“the City”) for fire services within the boundaries of the City. The City has transferred the responsibility of furnishing fire services including Advanced Life Support (ALS) medical services to Ocean City-Wright Fire Control District. For the first year consideration, the City will pay the District \$1,029,700 less \$40,205 adjustment for equipment depreciation resulting in an annual net payment of \$989,495. The City transferred vehicles, safety gear, and other firefighting equipment to be maintained by the District totaling \$571,918 which is included in grants and contributions in the accompanying Statement of Activities. The base annual payment will be adjusted annually using the average 10 year Consumer Price Index rate not to exceed 3% annum in any one year less the agreed upon equipment depreciation. The District agrees to provide twelve (12) firefighter personnel to staff services for the City. The agreement is effective October 1, 2019 through September 30, 2029 with an option to extend for an additional five (5) years. The agreement may be terminated at any time by either party with a minimum twelve (12) month notice prior to the requested termination.

As of September 30, 2020, the City owes the District \$247,374 for fire services which is included in Due from other governments in the accompanying Statement of Net Position.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 10: IMPACT FEES

Impact fees (as authorized under Florida Statute 191.009(2) and the District's Charter) may be assessed to pay for the cost of new facilities and equipment for fire protection and emergency services. Impact fees are calculated using a flat fee of \$170.16 for residential units, \$0.53 per square foot for commercial entities, \$0.13 per square foot for industrial warehouses, and \$1.00 per square foot for assembly/institutional entities. The District assessed \$17,922 in residential impact fees and \$27,903 in commercial, industrial, and other entity impact fees for the year ended September 30, 2020. The District does not allow impact fee waivers for construction or developments.

NOTE 11: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of the novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the ongoing operating activities and the future results of the District. The occurrence and extent of such an impact will depend on future developments, including (i) the and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain as of the date of this report.

NOTE 12: SUBSEQUENT EVENT

Management evaluated all events or transactions that occurred after September 30, 2020 through May 4, 2021, the date the current year's financial statements were available to be issued. The following event occurred:

In November 2020, the District entered into a commitment to acquire an aerial ladder fire truck in the amount of \$871,770. The District anticipates taking delivery of the fire truck within eight to ten months after entering into the agreement.

**Required Supplementary Information
(Other than MD&A)**

Ocean City-Wright Fire Control District Budgetary Comparison Schedule – Governmental Fund

For the year ended September 30,

2020

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenues				
Ad valorem taxes collected	\$ 6,699,863	\$ 6,806,766	\$ 6,817,936	\$ 11,170
Investment interest	40,000	54,599	54,599	-
State retirement contributions	275,000	288,420	288,419	(1)
Capital grants	662,582	691,103	691,103	-
Impact fees	-	45,825	45,825	-
Proceeds from other governments	1,025,323	1,021,495	1,021,495	-
Other fees	5,000	602,517	31,176	(571,341)
Total revenues	8,707,768	9,510,725	8,950,553	(560,172)
Expenditures				
Personal services:				
Salaries	3,778,578	3,687,980	3,377,423	310,557
Employee life and health insurance	681,000	681,000	617,668	63,332
Employees' retirement contribution				
Section 175 plan - District	1,292,002	1,292,002	1,288,465	3,537
Section 175 plan - State	275,000	288,420	288,419	1
401(a) and 457(b) plans	54,500	54,500	45,033	9,467
Taxes - payroll	289,062	289,062	250,884	38,178
Workers compensation	150,000	150,000	145,815	4,185
Education	116,400	46,000	43,121	2,879
Operating services:				
Professional services	77,500	35,000	34,088	912
Central dispatch	8,500	8,500	7,605	895
Bunker gear	50,000	50,000	39,110	10,890
Fuel	60,000	48,000	45,261	2,739
Insurance	135,000	135,000	131,985	3,015
Advertising	9,300	2,500	1,829	671
Small equipment	68,450	85,000	80,038	4,962
Miscellaneous	137,945	440,737	88,064	352,673
Property appraiser	98,000	85,000	84,826	174
Repairs and maintenance	355,250	335,250	187,940	147,310
Supplies				
Administrative	8,000	8,000	2,159	5,841
Building	12,000	12,000	11,078	922
Uniforms	25,000	25,000	19,044	5,956
Utilities	68,200	68,500	65,306	3,194
Tax collector fee	133,998	138,000	136,669	1,331

(continued)

**Ocean City-Wright Fire Control District
Budgetary Comparison Schedule – Governmental Fund (Continued)**

For the year ended September 30,

2020

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Capital Outlay				
Land and building	50,000	49,500	47,140	2,360
Equipment	634,000	1,206,918	1,057,036	149,882
Debt Service				
Debt payments - Principal	180,447	701,505	701,505	-
Debt payments - Interest	109,553	109,553	109,553	-
Total expenditures	8,857,685	10,032,927	8,907,064	1,125,863
Excess (deficiency) of revenues over expenditures	(149,917)	(522,202)	43,489	565,691
Other Financing Sources				
Proceeds from sale of capital assets	-	522,202	521,058	(1,144)
Total other financing sources	-	522,202	521,058	(1,144)
Net change in fund balance	(149,917)	-	564,547	564,547
Fund balances, beginning of year	2,824,150	2,824,150	2,824,150	-
Fund balances, end of year	\$ 2,674,233	\$ 2,824,150	\$ 3,388,697	\$ 564,547

Ocean City-Wright Fire Control District Schedule of Changes in Net Pension Liability and Related Ratios

<i>September 30,</i>	2020	2019	2018	2017	2016	2015	2014	2013
Total Pension Liability								
Service Cost	\$ 545,529	\$ 373,451	\$ 372,837	\$ 372,747	\$ 356,559	\$ 324,974	\$ 334,644	\$ 310,574
Interest	1,540,248	1,531,397	1,484,764	1,405,503	1,305,113	1,235,278	1,188,991	1,118,143
Change in Excess State Money	-	-	-	-	-	-	85,747	-
Changes of Benefit Terms	-	(1,123)	112,173	101,759	-	(358,128)	-	-
Differences Between Expected and Actual Experience	627,802	(774,466)	(125,914)	219,507	(51,218)	(466,348)	-	-
Changes of Assumptions	(341,795)	-	601,446	437,658	362,326	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,280,614)	(1,080,159)	(933,361)	(839,338)	(751,402)	(574,097)	(543,077)	(534,162)
Net Change in Total Pension Liability	1,091,170	49,100	1,511,945	1,697,836	1,221,378	161,679	1,066,305	894,555
Total Pension Liability - Beginning	21,339,572	21,290,472	19,778,527	18,080,691	16,859,313	16,697,634	15,631,329	14,736,774
Total Pension Liability - Ending	<u>\$ 22,430,742</u>	<u>\$ 21,339,572</u>	<u>\$ 21,290,472</u>	<u>\$ 19,778,527</u>	<u>\$ 18,080,691</u>	<u>\$ 16,859,313</u>	<u>\$ 16,697,634</u>	<u>\$ 15,631,329</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ 1,248,996	\$ 951,325	\$ 911,984	\$ 869,937	\$ 767,020	\$ 751,628	\$ 675,794	\$ 751,271
Contributions - State	287,907	260,766	243,014	281,985	296,666	293,054	271,575	256,100
Contributions - Employee	213,459	175,244	153,260	112,767	103,249	98,883	98,300	94,763
Net Investment Income	1,921,852	514,898	1,462,671	1,546,972	955,354	(511,711)	886,217	515,106
Benefit Payments, Including Refunds of Employee Contributions	(1,280,614)	(1,080,159)	(933,361)	(839,338)	(751,402)	(574,097)	(543,077)	(534,162)
Administrative Expense	(33,608)	(38,628)	(65,504)	(68,321)	(26,287)	(31,115)	(16,744)	(14,235)
Net Change in Plan Fiduciary Net Position	2,357,992	783,446	1,772,064	1,904,002	1,344,600	26,642	1,372,065	1,068,843
Plan Fiduciary Net Position - Beginning	13,996,773	13,213,327	11,441,263	9,537,261	8,192,661	8,166,019	6,793,954	5,725,111
Plan Fiduciary Net Position - Ending	<u>\$ 16,354,765</u>	<u>\$ 13,996,773</u>	<u>\$ 13,213,327</u>	<u>\$ 11,441,263</u>	<u>\$ 9,537,261</u>	<u>\$ 8,192,661</u>	<u>\$ 8,166,019</u>	<u>\$ 6,793,954</u>
Net Pension Liability - Ending	<u>\$ 6,075,977</u>	<u>\$ 7,342,799</u>	<u>\$ 8,077,145</u>	<u>\$ 8,337,264</u>	<u>\$ 8,543,430</u>	<u>\$ 8,666,652</u>	<u>\$ 8,531,615</u>	<u>\$ 8,837,375</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.91%	65.59%	62.06%	57.85%	52.75%	48.59%	48.91%	43.46%
Covered Payroll	\$ 3,049,411	\$ 2,503,490	\$ 2,189,434	\$ 2,255,348	\$ 2,064,973	\$ 1,977,651	\$ 1,965,995	\$ 1,895,259
Net Pension Liability as a Percentage of Covered Payroll	199.25%	293.30%	368.91%	369.67%	413.73%	438.23%	433.96%	466.29%

**Ocean City-Wright Fire Control District
Schedule of Pension Contributions**

<i>September 30,</i>	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 1,536,903	\$ 1,189,157	\$ 954,593	\$ 902,139	\$ 830,119	\$ 761,399	\$ 829,650	\$ 756,208
Contributions in Relation to the								
Actuarially Determined Contributions	1,536,903	1,212,091	1,154,998	1,151,922	1,063,686	1,044,682	861,622	756,208
Contribution Deficiency (Excess)	\$ -	\$ (22,934)	\$ (200,405)	\$ (249,783)	\$ (233,567)	\$ (283,283)	\$ (31,972)	\$ -
 Covered Payroll	\$ 3,049,411	\$ 2,503,490	\$ 2,189,434	\$ 2,255,348	\$ 2,064,973	\$ 1,977,651	\$ 1,965,995	\$ 1,895,259
Contributions as a Percentage of								
Covered Payroll	50.40%	48.42%	52.75%	51.08%	51.51%	52.82%	43.83%	39.90%

Notes to Schedule

Valuation Date: 10/01/2018 (AIS 11/26/2019)

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

Methods and assumptions used to determine contribution rates:

- Funding Method: Entry Age Normal Actuarial Cost Method
- Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
- Salary Increases: This assumption was adopted in conjunction with the experience study dated June 1, 2017. Projected salary at retirement is increased 20% to account for non-regular pay.
- Payroll Increase: Up to 5.0% per year annually. Assumption is limited by historical 10-year payroll growth.
- Interest Rate: 7.50% per year compounded annually, net of investment expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
- Retirement Age: Earlier of 1) Age 50 and 25 years of service or 2) age 55 and 10 years of service. This assumption is deemed reasonable based on plan provisions.
- Early Retirement: It is assumed that Members who are eligible for Early Retirement will retire at the rate of 5% per year. This assumption is deemed reasonable based on plan provisions.

Ocean City-Wright Fire Control District Schedule of Pension Contributions

Termination Rates:	See Table Below. This assumption was adopted in conjunction with the experience study dated June 1, 2017.
Disability Rates:	See Table Below. It is assumed that 75% of disablements are service related.
Mortality:	<p><u>Healthy Lives (Inactive)</u>: Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><u>Beneficiary Lives</u>: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><u>Healthy Lives (Active)</u>: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.</p> <p><u>Disabled Lives</u>: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>

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

The above assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida Retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2016 FRS valuation report for special risk employees. We feel this assumption sufficiently accommodates future mortality improvements.

Ocean City-Wright Fire Control District Schedule of Pension Investment Returns

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
September 30, 2020	13.68%
September 30, 2019	3.89%
September 30, 2018	12.75%
September 30, 2017	16.06%
September 30, 2016	11.55%
September 30, 2015	-6.14%
September 30, 2014	12.85%
September 30, 2013	8.46%

Ocean City-Wright Fire Control District
Schedule of Changes in Net OPEB Liability and Related Ratios

Year ended September 30,	2020	2019	2018
Service costs	\$ 35,457	\$ 38,379	\$ 41,882
Interest	42,717	38,798	34,241
Change of benefit terms	-	-	-
Differences between expected and actual experience	142,492	-	-
Changes of assumptions	(187,903)	(66,594)	(78,256)
Benefit payments	(53,830)	(49,499)	(45,516)
Annual OPEB Cost (Expense)	(21,067)	(38,916)	(47,649)
Net OPEB Obligation, beginning of year	1,013,123	1,052,039	1,099,688
Net OPEB Obligation, end of year	\$ 992,056	\$ 1,013,123	\$ 1,052,039
Covered Employee Payroll	\$ 2,957,920	\$ 2,166,817	\$ 2,113,968
Net OPEB Liability as a Percentage of Covered Employee Payroll	33.54%	46.76%	49.77%

Notes to Schedule:

See Note 8 to the financial statements for additional disclosures.

Changes of assumptions:

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

Fiscal Year Ending September 30, 2019: 3.58%

Fiscal Year Ending September 30, 2018: 4.18%

Fiscal Year Ending September 30, 2017: 3.64%

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

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

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

Supplementary Information

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

To the Board of Commissioners
Ocean City-Wright Fire Control District
Fort Walton Beach, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean City-Wright Fire Control District, ("the District") as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 4, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida

May 4, 2021

MANAGEMENT LETTER

To the Board of Commissioners
Ocean City-Wright Fire Control District
Fort Walton Beach, Florida

Report on the Financial Statements

We have audited the financial statements of the Ocean City-Wright Fire Control District (“the District”) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated May 4, 2021.

Auditors’ Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ 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 is dated May 4, 2021, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that we 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 of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

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

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

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, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
May 4, 2021

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Supervisors
Ocean City-Wright Fire Control District
Ocean City-Wright, Florida

(850) 837-3141
(850) 654-4619 (fax)
CRIcpa.com

We have examined Ocean City-Wright Fire Control District's compliance with the requirements of Section 218.415, Florida Statutes, Local Government Investment Policies, during the year ended September 30, 2020. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

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

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, 2020.

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
May 4, 2021

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Jennifer Benedict, who being duly sworn, deposes and says on oath that:


1. I am the Chief Financial Officer of Ocean City-Wright Fire Control District which is a local government entity of the State of Florida.
2. The governing body of Ocean City-Wright Fire Control District adopted Resolution No. 06-01 implementing an impact fee; and
3. Ocean City-Wright Fire Control District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.


Jennifer Benedict

STATE OF FLORIDA
COUNTY OF OKALOOSA

SWORN TO AND SUBSCRIBED before me this 13 day of July, 2021.


NOTARY PUBLIC
Print Name Judith M. Spradlin

Personally known or produced identification _____

Type of identification produced: _____

My Commission Expires:
5-18-25

