

PACE FIRE RESCUE DISTRICT

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

SEPTEMBER 30, 2021

**PACE FIRE RESCUE DISTRICT
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SEPTEMBER 30, 2021**

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Pace Fire Rescue District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund and the pension trust fund of Pace Fire Rescue District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the pension trust fund of the District, as of September 30, 2021, 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, the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund, and the pension related schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 06, 2022, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* in considering the District's internal control over financial reporting and compliance.

Warren Averett, LLC

Pensacola, Florida

June 06, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Pace Fire Rescue District ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year ended September 30, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources by \$3,175,400 (net position). Of this amount of net position, \$1,128,057 represents the net investment in capital assets (e.g. land, building, fire trucks and equipment) net of related debt, \$317,061 is restricted for future obligations, and the unrestricted portion, which may be used to meet the District's ongoing obligations to citizens and creditors, has a balance of \$1,730,282.
- The District's governmental fund reported ending fund balances of \$2,158,076, an increase of \$758,970. Of this amount, \$261,550 is restricted for future capital expenditures, and \$55,511 is restricted for hydrant maintenance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements. The District has elected to present the government-wide financial statements and fund financial statements in a combined presentation with a column containing the adjustments to reconcile the two financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with reported net position being the amount assets and deferred outflows of resources exceed liabilities and deferred inflows of resources. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

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

The government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District consist of public safety (fire suppression and emergency response).

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

GOVERNMENTAL FUNDS

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

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

The District maintains one governmental fund (General Fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, which is considered a major fund.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The District has one fiduciary fund (Pension Trust Fund). Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget and progress in funding its obligation to provide pension benefits to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,175,400 (net position) for the fiscal year.

The largest portion of the District's net position, approximately \$1,700,000, is unrestricted, while approximately \$1,128,000 reflects its investment in capital assets (e.g. land, buildings, fire trucks and equipment) less any related debt used to acquire those assets that is still outstanding.

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District reports the investment in its capital assets net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 2,062,630	\$ 1,397,891
Capital Assets	3,389,893	1,559,219
Net Pension Asset	137,274	-
Restricted Cash	317,061	105,231
Total Assets	5,906,858	3,062,341
Current and Other Liabilities	500,535	227,944
Long-Term Liabilities	2,158,157	507,444
Total Liabilities	2,658,692	735,388
Pension related items - see note 7	72,766	222,108
Deferred Inflows of Resources	72,766	222,108
Net Position		
Net investment in capital assets	1,128,057	1,066,731
Restricted	317,061	105,231
Unrestricted	1,730,282	932,883
Net Position	\$ 3,175,400	\$ 2,104,845

	Governmental Activities	
	2021	2020
REVENUES		
Program revenues		
Intergovernmental	\$ 196,026	\$ 175,292
General revenues		
Property taxes	2,599,295	2,454,317
Interest income	655	2,779
Other revenue	111,213	25,802
Total revenues	2,907,189	2,658,190
EXPENSES		
Public safety	1,799,428	2,194,164
Debt service interest	37,206	18,131
Total expenses	1,836,634	2,212,295
INCREASE IN NET POSITION	1,070,555	445,895
NET POSITION BEGINNING	2,104,845	1,658,950
NET POSITION ENDING	<u>\$ 3,175,400</u>	<u>\$ 2,104,845</u>

Governmental activities revenue increased during the current year due to increases in property tax revenues, grant revenues, and proceeds from the sale of surplus equipment.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the District's general fund reported ending fund balances of \$2,158,076. Changes within the General Fund are similar in nature to the changes discussed above for the Governmental Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, total actual expenditures exceeded the budget by approximately \$1.2 million due to the purchase of the new ladder truck and construction of the new fire station. The ladder truck was ordered in the current year and the construction of the new fire station commenced in the current year. Both were funded through debt proceeds which exceeded budgeted expectations by approximately \$1.8 million. The loan and purchase of the ladder truck were approved by the Commissioners but was not included within the original adopted budget for fiscal year 2021.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

This Investment in capital assets includes land, buildings, improvements, equipment, and fire trucks and vehicles. The additions to the District's capital assets for the current fiscal year primarily consists of a new ladder truck and construction on the new fire station. Additional information on changes in capital assets is disclosed in Note 3 to the financial statements.

LONG-TERM DEBT

All of the District's debt, with the exception of compensated absences, represents bank loans secured solely by specified property. The District has no general obligation or special assessment debt. Additional information on changes in long term debt is disclosed in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District primarily relies upon property taxes, grant revenues, and user fees to fund its activities. There are also a limited number of state shared revenues and recurring and non-recurring grants from both the state and federal government, which provide funding for specific programs, projects, or activities.

The primary source of revenue for the District is property taxes. The approved millage rate for the fiscal year 2021 is 1.48 mills.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's financial condition. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Chief Whitfield, Pace Fire Rescue District, 4773 Pace Patriot Blvd, Pace, Florida. The District's website address is www.pacefirerescuedistrict.com. Inquiries may also be sent via email to the Chief at whitfield@pacefirerescuedistrict.com.

BASIC FINANCIAL STATEMENTS

**PACE FIRE RESCUE DISTRICT
BALANCE SHEET
STATEMENT OF NET POSITION – GENERAL FUND
SEPTEMBER 30, 2021**

	<u>Balance Sheet</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
Cash and cash equivalents	\$ 2,054,713	\$ -	\$ 2,054,713
Accounts Receivable	7,917	-	7,917
Capital assets			
Non-depreciable	-	1,006,461	1,006,461
Depreciable, net	-	2,383,432	2,383,432
Net pension asset		137,274	137,274
Restricted cash	317,061	-	317,061
TOTAL ASSETS	<u>\$ 2,379,691</u>	<u>\$ 3,527,167</u>	<u>\$ 5,906,858</u>
LIABILITIES			
Accounts payable	\$ 133,338	\$ -	\$ 133,338
Accrued liabilities	88,277	-	88,277
Accrued interest	-	26,596	26,596
Due within one year			
Notes payable	-	252,324	252,324
Due in more than one year			
Compensated absences	-	148,645	148,645
Notes payable	-	2,009,512	2,009,512
TOTAL LIABILITIES	221,615	2,437,077	2,658,692
DEFERRED INFLOWS OF RESOURCES			
Pension related items - see note 7		72,766	72,766
FUND BALANCE / NET POSITION			
Fund Balance			
Restricted for capital expenditures	261,550	(261,550)	
Restricted for hydrant maintenance	55,511	(55,511)	
Unassigned	1,841,015	(1,841,015)	
TOTAL FUND BALANCE	<u>2,158,076</u>	<u>(2,158,076)</u>	
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,379,691</u>		
Net Position			
Net investment in capital assets		1,128,057	1,128,057
Restricted - capital projects and hydrant maintenance		317,061	317,061
Unrestricted		1,730,282	1,730,282
TOTAL NET POSITION		<u>\$ 3,175,400</u>	<u>\$ 3,175,400</u>

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION – GENERAL FUND
SEPTEMBER 30, 2021**

Fund balance, general fund (page 8)		\$ 2,158,076
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources; therefore, they are not reported in the general fund.

Governmental non-depreciable assets	1,006,461	
Governmental depreciable assets	3,311,902	
Less accumulated depreciation	<u>(928,470)</u>	
		3,389,893

Deferred inflows are reported for the net difference between projected and actual earnings on pension plan investments.		(72,766)
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The net position of the pension trust fund is more than the total pension liability; therefore, a net pension asset exists. This asset is not reported in the general fund.		137,274
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Long-term liabilities are not due and payable in the current period and are not reported in the general fund.		
Notes payable	(2,261,836)	
Accrued interest	(26,596)	
Compensated absences	<u>(148,645)</u>	<u>(2,437,077)</u>

Net position of governmental activities (page 8)		<u>\$ 3,175,400</u>
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See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES – GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES			
Property taxes	\$ 2,599,295	\$ -	\$ 2,599,295
Intergovernmental revenues	196,026	-	196,026
Licenses and fees income	3,046	-	3,046
Interest income	655	-	655
Miscellaneous income	16,571	91,596	108,167
Total revenues	<u>2,815,593</u>	<u>91,596</u>	<u>2,907,189</u>
EXPENDITURES			
Current			
Public safety - fire protection			
Personal services	1,538,206	(266,576)	1,271,630
Operating expenditures	370,092	-	370,092
Depreciation and amortization	-	157,706	157,706
Capital outlay	1,941,887	(1,941,887)	-
Debt service			
Principal	56,457	(56,457)	-
Interest	20,786	16,420	37,206
Total expenditures	<u>3,927,428</u>	<u>(2,090,794)</u>	<u>1,836,634</u>
EXCESS OF REVENUES OVER EXPENDITURES	(1,111,835)		
OTHER FINANCING SOURCES			
Proceeds from sale of capital assets	45,000	(45,000)	
Debt proceeds	<u>1,825,805</u>	<u>(1,825,805)</u>	
NET CHANGE IN FUND BALANCE	758,970		
INCREASE IN NET POSITION			1,070,555
FUND BALANCE/NET POSITION:			
BEGINNING OF YEAR	<u>1,399,106</u>		<u>2,104,845</u>
END OF YEAR	<u><u>\$ 2,158,076</u></u>		<u><u>\$ 3,175,400</u></u>

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balance - general fund (page 10) \$ 758,970

Amounts reported for governmental activities in the Statement of Activities are different because:

The general fund reports capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is depreciated/amortized over the estimated useful lives of the assets.

Expenditures for capital assets	1,941,887	
Donated capital assets	46,596	
Less current year depreciation	<u>(157,706)</u>	1,830,777

Pension expense in the statement of activities takes into consideration the change in the net pension liability. 286,616

The issuance of long-term debt provides current financial resources to the general fund, while the repayment of the principal of long-term debt consumes the current financial resources of the general fund. Neither transaction, however, has any effect on net position. Also, the general fund reports the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Proceeds from debt	(1,825,805)	
Principal payments	<u>56,457</u>	(1,769,348)

Some expenses reported in the Statement of Activities do not require the use of current financial resources; therefore, they are not reported as expenditures in the general fund.

Change in accrued interest on long-term debt	(16,420)	
Change in long-term compensated absences	<u>(20,040)</u>	<u>(36,460)</u>

Change in net position of governmental activities (page 10) \$ 1,070,555

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2021**

ASSETS

Investments, at fair value	\$ 477,822
Accounts receivable	<u>8,508</u>

TOTAL ASSETS

486,330

NET POSITION

Held in trust for pension benefits	<u><u>\$ 486,330</u></u>
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See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

ADDITIONS

Contributions	
Employer	\$ 121,991
Plan members	96,665
State of Florida	<u>115,266</u>
Total contributions	333,922
Net increase in fair value of investments	<u>31,136</u>
Net investment income	<u>31,136</u>
TOTAL ADDITIONS	365,058

DEDUCTIONS

Administrative expenses	<u>13,454</u>
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TOTAL DEDUCTIONS	<u>13,454</u>
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INCREASE IN NET POSITION	351,604
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NET POSITION HELD IN TRUST FOR PENSION BENEFITS

BEGINNING OF YEAR	<u>134,726</u>
END OF YEAR	<u><u>\$ 486,330</u></u>

See notes to the financial statements.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pace Fire Rescue District (the "District") was created in 1959 by Special Act of Legislation as Pace Fire Rescue District and was re-created by Special Act of legislation in 2018 as Pace Fire Rescue District. The purpose of the District is to raise funds for the operations of the fire department through the levy of ad valorem taxes on property within the District. The District is served by a five-member Board of Commissioners, elected at large from the residents of the District.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The following is a summary of the District's accounting policies applied in the preparation of the financial statements.

A. The Reporting Entity

As required by GAAP, these financial statements present Pace Fire Rescue District as the primary government. In evaluating the District as a reporting entity, management has concluded there are no component units, which are required to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

The basic financial statements include presentations of both 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 District. Since only one governmental fund is utilized, there is no interfund activity, which requires elimination. Governmental activities of the District are primarily supported by taxes and intergovernmental revenues. There are no business-type activities conducted by the District, which rely, to a significant extent, on fees and charges for support.

As permitted by GAAP, the District has elected to present the government-wide financial statements and fund financial statements in a combined presentation with a column containing the adjustments to reconcile the two financial statements.

Separate fund financial statements are provided for the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements. Each fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

The following two broad classifications are used to categorize the fund types used by the District:

Governmental

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources). The District has only one governmental fund, the General Fund, which is the District's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary

Fiduciary funds are used to account for the assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. The District has one type of fiduciary fund, the Pension Trust Fund, which reports the resources required to be held in trust for the members and beneficiaries of the defined benefit pension plan administered by Pace Fire Rescue District Firefighters' Pension Trust Fund Board of Trustees.

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recorded 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for certain grant revenues which are recognized as revenues in the same period the grant expenditures occurred, or when received in advance, deferred until expenditures are made. Expenditures are generally 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.

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 60 days of the current period be accrued. No accrual has been made for ad valorem taxes because property taxes are not legally due until subsequent to the end of the fiscal year.

Fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when incurred. The pension trust fund is used to account for the assets held by the District in a trustee capacity for the pension plan's participants.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

Plan contributions to the pension trust fund are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance or Net Position

Cash and Cash Equivalents

The District's cash on hand, demand deposits and short-term investments with maturities of three months or less when purchased are considered cash and cash equivalents.

Investments

Section 218.415, Florida Statutes, prescribes certain allowable investments including the Local Government Surplus Funds Trust Fund (Florida PRIME), Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories or direct obligations of the U.S. Treasury.

Investments of the Firefighters' Pension Trust Fund are invested with the Florida Municipal Investment Trust (FMIvT), which is managed by the Florida Municipal Pension Trust Fund (FMPTF). The FMIvT is a Local Government Investment Pool (LGIP) and therefore, considered an external investment pool. The Firefighters' Pension Trust Fund has a beneficial interest in the shares of the FMIvT portfolio, not in the individual securities held within the portfolio. The District has adopted the investment policy of the FMPTF as the investment policy for the Firefighters' Pension Trust Fund. Under this policy, a wide array of investments are allowable.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. The District capitalizes assets that have an estimated useful life in excess of one year and an initial cost greater than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 useful lives are not capitalized.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

**1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
– CONTINUED**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and
Fund Balance or Net Position – Continued**

Capital Assets – Continued

Property and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 - 40 years
Improvements	5 - 15 years
Equipment & apparatuses	2 - 10 years
Fire trucks & vehicles	5 - 15 years

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position that applies to a future period(s) and will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position that applies to a future period(s) and will *not* be recognized as an inflow of resources (revenue) until that time. The District does not have any items that qualify for reporting in this category.

Compensated Absences

The District allows employees to accumulate sick and vacation leave benefits, which will be paid upon separation from service. Unpaid compensated absences are recorded as a liability in the government-wide financial statements when the benefits are earned. For governmental funds, these expenditures are recognized when payments are made to the employees.

Fund Balances

In the fund financial statements, fund balances are reported as either non-spendable or as restricted, committed, assigned and unassigned, based on the extent to which there are external and internal constraints on the use of these fund balances. Restricted fund balance consists of unspent proceeds from debt for capital improvement projects and, cash for fire hydrant maintenance.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance or Net Position – Continued

Net Position

The government-wide financial statements utilize a net position presentation. Net investments in capital assets reflects the portion of net position, which is associated with capital assets less outstanding capital asset related debt. Restricted net position consists of \$261,550 unspent proceeds from debt for capital improvement projects and \$55,511 for hydrant maintenance. Unrestricted net position represents the portion of net position that is neither restricted nor invested in capital assets (net of related debt).

Net Pension Liability

The government-wide financial statements present a net pension liability equal to the difference between the actuarial present value of projected benefits to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service and the amount of the pension plan's fiduciary net position. Additionally, pension expense and deferred outflows of resources and deferred inflows of resources are annually recognized from changes in the components of the net pension liability. See note 7 for more information.

E. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Property Tax

The Santa Rosa County Tax Collector bills and collects property taxes for the District. Property taxes attach as an enforceable lien on property as of the date of assessment and remain in effect until discharge by payment. Taxes are payable when levied (on November 1, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current property tax calendar:

Lien Date	January 1
Levy Date	November 1
Due Date	November 1
Delinquent Date	April 1

Beginning in November, discounts are granted of 1% for each month taxes are paid prior to the following March.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. An appropriated budget is adopted for the General Fund. The Board of Fire Commissioners must approve any revision to the budget. Comparisons are made of actual results to budgeted amounts. Budget data presented in the financial statements includes approved amendments to the original adopted budget. Budgetary data reflected in the financial statements are based on procedures required by Florida Statutes.

Budget workshops are held by the District in which proposed budget information is reviewed and discussed. A newspaper of general circulation in the District advertises the proposed budget. Public hearings are conducted to hear requests and concerns from the public. The final budget is adopted by resolution. Any subsequent amendments must be enacted in the same manner as the original budget, except individual line-item transfers, which are approved by the Board of Fire Commissioners. The legal level of budgetary control is at the fund level.

3. CASH AND INVESTMENTS

Cash

The District's deposits at year-end were held by a financial institution designated as a "Qualified Public Depository" as defined by the State Treasurer. All deposits were fully insured through a combination of federal depository insurance and participation of the financial institution in the multiple financial institution collateral pool as specified in Chapter 280, Florida Statutes. Accordingly, risk of loss due to bank failure is not significant.

Investments

The types of allowable investments are restricted by state statutes, retirement fund plan documents and other contractual agreements. A description of the requirements and the types of investments allowed is in Note 1-D.

Pension Trust Fund

The District is a participating employer of the Florida Municipal Pension Trust Fund (FMPTF), which provides the District's pension plan with administrative and investment services. All employee pension plan assets are included in the trust's Master Trust Fund and are invested by the FMPTF through the Florida Municipal Investment Trust (FMIvT) for the benefit of the District, employees and beneficiaries. The FMIvT is Local Government Investment Pool (an external investment pool for GASB reporting purposes) and the District has a beneficial interest in FMIvT Portfolio A and not the individual securities held within the portfolio. Portfolio "A" strives for a ratio of 60% Equities/40% Fixed Income. These investments are reported at fair value within the pool. At September 30, 2021, the District's investment in the FMPTF was \$477,822.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

3. CASH AND INVESTMENTS – CONTINUED

Investments – Continued

Pension Trust Fund – Continued

The District measures and records the investment in the pool using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1 Inputs – directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 Inputs – unobservable inputs used only when relevant Level 1 and Level 2 inputs are unavailable.

Fair Value of Investments:

<u>Investment Funds</u>	<u>Asset Value at 9/30/2021</u>	<u>Fair Value Hierarchy Level</u>
Fixed Income Fund		
FMIvT Broad Market High Quality Bond	\$ 74,062	2
FMIvT Core Plus	75,496	3
Equity Portfolios		
FMIvT Diversified Large Cap Equity	120,889	2
FMIvT Diversified Small to Mid Cap Equity	66,417	2
FMIvT International Equity	97,476	2
FMIvT Core Real Estate Portfolio	40,137	3
Cash and Money Market	3,345	NA
Totals	<u>\$ 477,822</u>	

Credit Risk and Interest Rate Risk Information:

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

3. CASH AND INVESTMENTS – CONTINUED

Investments – Continued

Pension Trust Fund – Continued

<u>Investment Funds</u>	<u>Asset Allocation</u>	<u>Credit Risk (Fitch Rating)</u>	<u>Interest Rate Risk (Years) Modified Duration</u>	<u>Interest Rate Risk (Years) - WAM</u>
Fixed Income Fund				
FMIvT Broad Market High QualityBond	15.50%	Aaf/S4	5.39	6.30
FMIvT Core Plus	15.80%	Not Rated	3.98	8.21
Equity Portfolios				
FMIvT Diversified Large Cap Equity	25.30%	Not Rated		
FMIvT Diversified Small to Mid Cap Equity	13.90%	Not Rated		
FMIvT International Equity	20.40%	Not Rated		
FMIvT Core Real Estate Portfolio	8.40%	Not Rated		
Cash and Money Market	<u>0.70%</u>	Not Rated		
Totals	<u><u>100%</u></u>			

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

4. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 214,660	\$ -	\$ -	\$ 214,660
Construction in progress	-	791,801	-	791,801
Total Capital assets not being depreciated	214,660	791,801	-	1,006,461
Capital assets being depreciated				
Buildings	1,284,000	-	-	1,284,000
Radios	67,000	-	-	67,000
Extrication tools	19,400	31,350	-	50,750
Equipment	221,923	175,831	-	397,754
Fire trucks and vehicles	523,000	989,398	-	1,512,398
Total capital assets being depreciated	2,115,323	1,196,579	-	3,311,902
Less accumulated depreciation				
Buildings	646,984	39,567	-	686,551
Radios	28,279	6,700	-	34,979
Extrication tools	970	5,075	-	6,045
Equipment	45,830	27,480	-	73,310
Fire trucks and vehicles	48,701	78,884	-	127,585
Total accumulated depreciation	770,764	157,706	-	928,470
Total capital assets being depreciated, net	1,344,559	1,038,873	-	2,383,432
Governmental activities, net	<u>\$ 1,559,219</u>	<u>\$ 1,830,674</u>	<u>\$ -</u>	<u>\$ 3,389,893</u>

Depreciation expense reported in the government-wide financial statement was \$157,706.

5. RISK MANAGEMENT

The District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases insurance through commercial carriers to cover these risks. There have been no significant reductions in insurance coverage during the current year. Settlements have not exceeded insurance coverage in each of the past three years.

The District's worker's compensation is insured under a retrospectively rated policy in which the initial premium is adjusted based on actual experience during the period of coverage. Premiums are paid on the basis of the carrier's estimated cost of providing insurance to similar groups.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

6. LONG-TERM DEBT

The following table summarizes changes in long-term debt of the District for the year ended September 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Notes payable	\$ 492,488	\$ 1,825,805	\$ (56,457)	\$ 2,261,836	\$ 252,324
Compensated absences	128,605	20,040	-	148,645	-
Total governmental activities	<u>\$ 621,093</u>	<u>\$ 1,845,845</u>	<u>\$ (56,457)</u>	<u>\$ 2,410,481</u>	<u>\$ 252,324</u>

Annual Requirements to Amortize Debt Outstanding

The annual debt service requirements to maturity to retire notes payable are as follows:

Year ending September 30,	Notes Payable	
	Principal	Interest
2022	\$ 252,324	\$ 56,044
2023	258,694	49,644
2024	265,253	43,066
2025	271,974	36,305
2026	278,894	29,354
Thereafter	934,697	55,515
Total	<u>\$ 2,261,836</u>	<u>\$ 269,928</u>

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

6. LONG-TERM DEBT – CONTINUED

	Current	Long-Term	Total
Notes Payable			
\$490,000 note payable with Truist Bank; due in annual payments of \$70,409 through March 2027, including interest at 3.21%. Secured by the fire engine.	\$ 58,267	\$ 320,572	\$ 378,839
\$950,000 note payable with Synovus Bank; due in annual payments of \$56,073 beginning March 2022 through September 2031, including interest at 3.27%; in construction phase as of year end, to be completed in fiscal year 2022. Secured by District property.	81,743	850,449	932,192
\$950,805 note payable with Truist Bank; due in annual payments of \$127,622 through June 2029, including interest at 1.61%. Secured by the ladder truck.	112,314	838,491	950,805
Total Notes Payable	\$ 252,324	\$ 2,009,512	\$ 2,261,836

7. DEFINED BENEFIT PENSION PLAN

Plan Description

Plan Administration

District's Firefighters' Pension Trust Fund (Plan) is a single-employer defined benefit pension plan for the sole benefit of the firefighters of the District. The Plan was established in 2019 and is administered by a Board of Trustees. The Board consists of five Trustees, two of whom are appointed by the Fire District Commission; two of whom are full-time Firefighters (members of the Plan) elected by a majority vote of the members of the Plan; and a fifth Trustee chosen by a majority of the first four Trustees. Participation is mandatory for all firefighters. The Plan operates under the provisions of Chapter 175, Florida Statutes, as a "Chapter Plan" with administrative oversight provided by the Florida League of Cities. Chapter 175 establishes minimum benefits and minimum standards for the operation and funding of the Plan.

The financial activity of the Plan is reported as a Pension Trust Fund in the District's fiduciary fund financial statements. The Plan's assets may be used only for the payment of benefits to members. The Plan does not issue a stand-alone audited financial report.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Measurement Date for Pension Reporting

The pension related amounts reported in the financial statements as of and for the year ended September 30, 2021 (employer reporting period) are based upon the net pension liability and the pension expense determined as of and for the year ended September 30, 2021 (the measurement date).

Benefits Provided

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

Retirement Age:

Normal: The date the member attains age 55 or older with 10 or more years of Credited Service, or the date the member reaches 25 or more years of credited service and has attained age 52.

Early: date the member attains age 50 with 10 or more years of Credited Service.

Retirement Benefits:

Normal: Tiered calculation of 2.75% of average final compensation (AFC) for each year of Credited Service.

Early: Tiered calculation same as normal benefits except reduction equal to 3.00% per year for the years of credited service; early retirement date precedes normal retirement date.

Disability Retirement:

Line-of-duty: Accrued retirement benefit or 42% of AFC, whichever is greater

Non-line-of-duty: If vested, accrued normal retirement benefit or 25%, whichever is greater. If not vested, return of accumulated member contributions, without interest.

Pre-Retirement Death Benefits:

Vested member: Benefits, otherwise payable at early or normal retirement age, payable to Beneficiary.

Non-vested member: Refund of accumulated member contributions without interest payable to beneficiary.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

7. DEFINED BENEFIT PENSION PLAN– CONTINUED

Plan Descriptions – Continued

Plan Membership as of October 1, 2021:

Active Plan Members	23
	23

Contributions

The State legislature establishes, and may amend, minimum contribution rates for plan members. Employer contribution rates are actuarially determined by the plan’s actuary. The State of Florida contributes a discretionary portion of the 1.85% excise tax imposed on insurance premiums on property within the District into the Plan. The actuarially determined combined contribution rate for 2021 for both the State of Florida and the District was 11.65%, resulting in a total contribution rate of 41.77% of covered payroll. Employees are required to contribute 10% of pensionable earnings.

Investments

The District’s adopted asset allocation was a target allocation of 45% domestic equity, 15% international equities, 10% real estate and 30% fixed income.

Concentrations

The Plan did not hold investments in any one organization that represent five percent or more of the Pension Plan’s fiduciary net position.

Rate of Return

For the year ended September 30, 2021, the annual money weighted rate of return on Plan investments, net of Plan investment expense, was 14.18%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The components of the Net Pension liability of the Sponsor based upon the measurement date of September 30, 2021, were as follows:

Total Pension Liability	\$ 349,056
Plan Fiduciary Net Position	(486,330)
Sponsor's Net Pension Liability (Asset)	\$ (137,274)

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

7. DEFINED BENEFIT PENSION PLAN– CONTINUED

Net Pension Liability – Continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions:

Inflation	2.0%
Salary Increases	4.00%
Discount Rate	7.00%
Investment Rate of Return	7.00%

The date of the most recent experience study for which significant assumptions are based upon is not available. The long-term expected rate of return on 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 Plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Plan's target asset allocation as of September 30, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Rate of Return</u>
Core Bonds	1.60%
Core Plus	2.10%
US Large Cap Equity	4.60%
US Small Cap Equity	5.50%
Non- US Equity	6.70%
Core Real Estate	5.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 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 Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the year ended September 30, 2021, the District recognized pension expense of \$49,456 in the government-wide financial statements. On September 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source.

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on Plan investments	\$ -	\$ 9,979
Demographic experience	-	62,787
Total	\$ -	\$ 72,766

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

<u>Year ended September 30,</u>			
2022		\$	(9,785)
2023			(9,785)
2024			(9,786)
2025			(9,759)
2026			(7,284)
Thereafter			(26,367)
		\$	(72,766)

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

7. DEFINED BENEFIT PENSION PLAN – CONTINUED

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Beginning Balances	\$ 356,834	\$ 134,726	\$ 222,108
Changes:			
Service cost	36,719	-	36,719
Expected interest growth	27,222	20,401	6,821
Changes of benefit terms	-	12,383	(12,383)
Unexpected investment income	(70,071)	-	(70,071)
Contributions – Employer	-	96,665	(96,665)
Contributions – Employee	-	237,257	(237,257)
Benefit payment and refunds	(1,648)	(1,648)	-
Administrative expenses	-	(13,454)	13,454
Net changes	(7,778)	351,604	(359,382)
Balances at September 30, 2021	\$ 349,056	\$ 486,330	\$ (137,274)

Sensitivity of the Net Pension Liability to changes in the Discount Rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
	Sponsor's Net Pension Liability	\$ (76,165)	\$ (137,274)

**PACE FIRE RESCUE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

8. COMMITMENTS AND CONTINGENCIES

The District may be contingently liable with respect to lawsuits and claims incidental to the ordinary course of its operations. In the opinion of management, there are no claims, either asserted or unasserted, which are likely to have a material effect on the financial position of the District.

9. GOVERNMENTAL FUND BALANCES

Fund balance at year end consists of the following:

Restricted fund balances can only be used for specific purposes, which are externally imposed by creditors, grantors, contributors or laws or regulations or are imposed by law through constitutional provisions or enabling legislation. As of September 30, 2021, the District had restricted fund balance in its General Fund, consisting of \$261,550 for future capital expenditures and improvements and \$55,511 for fire hydrant maintenance.

Unassigned fund balances represent the residual positive fund balance within the General Fund, which has not been restricted, committed or assigned. As of September 30, 2021, the District had unassigned fund balance in its General Fund of \$1,841,015.

10. SUBSEQUENT EVENT

The District's Board of commissioners passed a resolution adopting fire service impact fees imposed on new construction, residential and non-residential, occurring within the boundaries of the District for which a building permit is issued on or after November 1, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 2,691,177	\$ 2,691,177	\$ 2,599,295	\$ (91,882)
Intergovernmental	-	-	196,026	196,026
Licenses and fees	-	-	3,046	3,046
Interest	-	-	655	655
Miscellaneous	-	-	16,571	16,571
Total revenues	2,691,177	2,691,177	2,815,593	124,416
EXPENDITURES				
Current				
Public safety				
Personal services	1,746,362	1,746,362	1,538,206	208,156
Operating expenditures	527,731	527,731	370,092	157,639
Capital outlay	155,000	155,000	1,941,887	(1,786,887)
Contingency	79,184	79,184	-	79,184
Debt service				
Principal and interest	182,900	182,900	77,243	105,657
Total expenditures	2,691,177	2,691,177	3,927,428	(1,236,251)
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(1,111,835)	1,111,835
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets			45,000	(45,000)
Debt Proceeds	-	-	1,825,805	(1,825,805)
NET CHANGE IN FUND BALANCE	-	-	758,970	(758,970)
FUND BALANCE - BEGINNING OF YEAR	-	-	1,399,106	1,399,106
FUND BALANCE - END OF YEAR	\$ -	\$ -	\$ 2,158,076	\$ 2,158,076

See notes to required supplementary information.

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2021**

Measurement Date	9/30/2021	9/30/2020
Total Pension Liability		
Service cost	\$ 36,719	\$ 36,971
Interest	27,222	16,750
Change in benefit terms	-	303,937
Differences between expected and actual experience	(70,071)	-
Benefit payments	(1,648)	(824)
Net Change in Total Pension Liability	(7,778)	356,834
Total Pension Liability – Beginning	356,834	-
Total Pension liability – Ending (a)	<u>\$ 349,056</u>	<u>\$ 356,834</u>
Plan Fiduciary Net Position		
Contributions – Employer	\$ 237,257	\$ 73,503
Contributions – Employee	96,665	59,436
Net investment income	32,784	3,493
Benefit payments	(1,648)	-
Administrative expenses	(13,454)	(1,706)
Net Change in Plan Fiduciary Net Position	351,604	134,726
Plan Fiduciary Net Position – Beginning	134,726	-
Plan Fiduciary Net Position – Ending (b)	<u>\$ 486,330</u>	<u>\$ 134,726</u>
Net Pension Liability – Ending (a) – (b)	<u>\$ (137,274)</u>	<u>\$ 222,108</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	139.33%	37.76%
Covered Employee Payroll*	\$ 568,075	\$ 717,859
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-24.16%	30.94%

*The covered payroll amounts are in compliance with GASB 82.

See notes to required supplementary information.

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
SEPTEMBER 30, 2021**

	<u>9/30/2021</u>	<u>9/30/2020</u>
Actuarially determined contribution	\$ 237,257	\$ 73,503
Contributions in relation to the actuarially determined contributions:	<u>237,257</u>	<u>73,503</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll*	\$ 568,075	\$ 717,859
Contributions as a Percentage of Covered Employee Payroll	41.77%	10.24%

*The covered payroll amounts are in compliance with GASB 82.

See notes to required supplementary information.

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
SEPTEMBER 30, 2021**

	<u>9/30/2021</u>	<u>9/30/2020</u>
Annual money-weighted rate of return:		
Net of investment expense*	14.18%	5.32%

Notes to schedule:

*The covered payroll amounts are in compliance with GASB 82.

See notes to required supplementary information.

**PACE FIRE RESCUE DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL- GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Revenues and expenditures are controlled by a formal budget adopted by the Board of Commissioners of the District. The budget is prepared on a basis consistent with GAAP.

The legal level of control for appropriations is exercised at the total expenditure level, including a contingency. Budget workshops are held by the District to plan, review and discuss the proposed budget prior to its advertisement in a newspaper of general circulation. Public hearings are conducted for the purpose of hearing requests and complaints from the public. The final budget is adopted by District resolution. Any subsequent amendments must be enacted in the same manner as the original budget, except for individual line item transfers, which are approved by the Board of Commissioners.

**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
Pace Fire Rescue District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the general fund and the pension trust fund of Pace Fire Rescue District (the "District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 06, 2022.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or 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 over financial reporting was, for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. 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 of material misstatement, where applicable, 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Warren Averett, LLC

Pensacola, Florida

June 06, 2022

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,
RULES OF THE AUDITOR GENERAL**

To the Board of Commissioners
Pace Fire Rescue District

We have examined Pace Fire Rescue District's (hereinafter referred to as "the District") compliance with Florida Statute 218.415, in regard to investments for the year ended September 30, 2021.

Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

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

Warren Averett, LLC

Pensacola, Florida
June 06, 2022

MANAGEMENT LETTER

To the Board of Commissioners
Pace Fire Rescue District

Report on the Financial Statements

We have audited the financial statements of Pace Fire Rescue District (the "District"), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 06, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, if any, which are dated June 06, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit.

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 the management letter, unless disclosed in the notes to the financial statements. The legal authority for the District is disclosed in Note 1 to the financial statements. There are no component units related to the District.

Financial Condition and Management

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

Special District Component Units

Section 10.554(1)(i)5.c., *Rules of the Auditor General*, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as twenty-five.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as one.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,080,530.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$17,800.
- e. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as –

During the fiscal year, the District was in progress of a remodel and expansion project for Station 3, and expended approximately \$697,000, and subsequent to the fiscal year has expended \$164,000 through June 06, 2022.

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as included in the accompany Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual reported on page 31.

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

- a. The mileage rate or rates imposed by the district as 1.48 mills.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as \$2,695,193.
- c. The District does not have any outstanding bonds.

Other Matters

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

Section 10.554(1)(i)3., *Rules of the Auditor General*, requires that we 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 have any such findings.

Purpose of this Letter

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

Warren Averett, LLC

Pensacola, Florida
June 06, 2022