

# Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

**PALM HARBOR, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2021**



**Prepared by:  
Office Manager**

## **I. INTRODUCTORY SECTION**

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

**PALM HARBOR, FLORIDA**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2021**

**TABLE OF CONTENTS**

	PAGE
<b>TITLE PAGE</b>	
<b>I. INTRODUCTORY SECTION</b>	
Table of Contents	i
Organizational Chart	iii
District Officials	v
<b>II. FINANCIAL SECTION</b>	
<b>Independent Auditor's Report</b>	1
<b>A . MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b>B . BASIC FINANCIAL STATEMENTS</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position	13
Statement of Activities	14
<b>Fund Financial Statements</b>	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	19
<b>Fiduciary Fund Financial Statements</b>	
Statement of Fiduciary Net Position	20
Statement of Changes in Fiduciary Net Position	21
<b>Notes to Financial Statements</b>	23

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

**PALM HARBOR, FLORIDA**

**ANNUAL FINANCIAL REPORT**

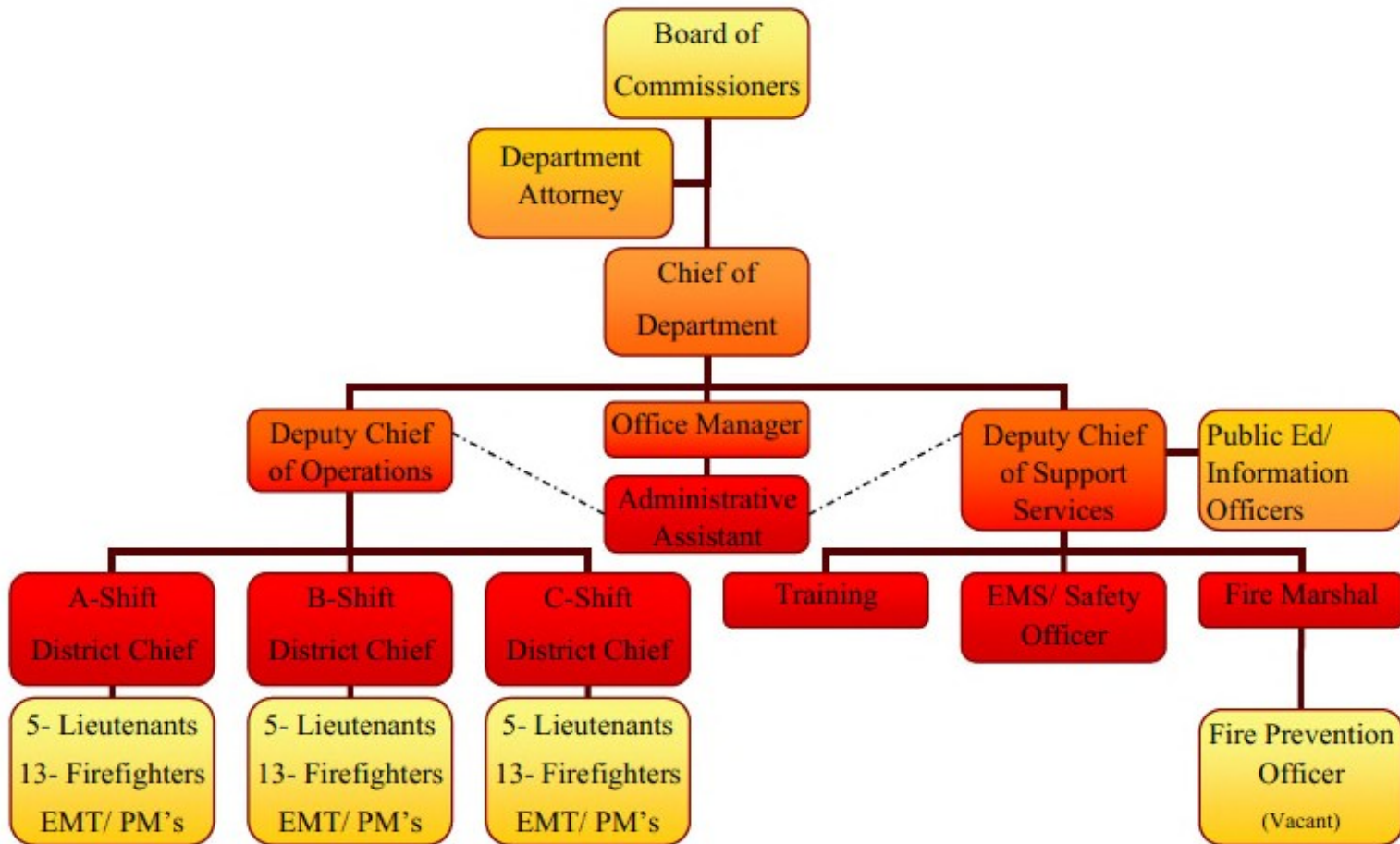
**FOR THE FISCAL YEAR ENDED**

**SEPTEMBER 30, 2021**

**TABLE OF CONTENTS  
(Continued)**

	PAGE
<b>II. FINANCIAL SECTION (CONTINUED)</b>	
<b>C. REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>Pension Schedules</b>	
Schedule of Proportionate Share of Net Pension Liability - Florida Retirement System Pension Plan	61
Schedule of Proportionate Share of Net Pension Liability - Health Insurance Subsidy Program	62
Schedule of Changes in Employer Net Pension Liability 175 Plan Related Ratios - 175 Plan	63
Schedule of Contributions - Florida Retirement System Pension Plan	64
Schedule of Contributions - Health Insurance Subsidy Program	65
Schedule of Contributions - 175 Plan	66
Schedule of Investment Returns - 175 Plan	67
Schedule of Changes in Total OPEB Liability and Related Ratios Plan Fiduciary Net Position	68
Schedule of Discount Rate	69
	70
	71
<b>III. COMPLIANCE SECTION</b>	
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 <i>Government Auditing Standards</i>	73
Management Letter	75
Independent Accountant's Report on Compliance with Section 218.415, Florida Statutes	78

**PALM HARBOR SPECIAL FIRE CONTROL AND RESCUE DISTRICT**  
**ORGANIZATION CHART**  
**2021**



This page intentionally left blank.

PALM HARBOR SPECIAL FIRE CONTROL AND RESCUE DISTRICT

LISTING OF DISTRICT OFFICIALS

ELECTED OFFICIALS

Commissioner  
Commissioner  
Commissioner  
Commissioner  
Commissioner

Julie A. Peluso  
Casey Cane  
Kelli K. Snow  
Stu Williams  
Debra Buschman

APPOINTED OFFICIALS

Chief of Department  
Attorney

Scott J. Sanford  
Andrew J. Salzman

DISTRICT OFFICERS

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

This page intentionally left blank.



## **II. FINANCIAL SECTION**

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund, and the aggregate remaining fund information of Palm Harbor Special Fire Control and Rescue 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion 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.

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

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

### ***Opinion***

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 Palm Harbor Special Fire Control and Rescue District as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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, 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 for consistency with management's responses to our inquiries, the basic financial statement, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Palm Harbor Special Fire Control and Rescue District's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

**Other Reporting by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Tampa, Florida  
August 17, 2022

This page intentionally left blank.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021**

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

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the 2021 fiscal year by \$21,144,714 (net position).
- The District's net position increased by \$4,939,549 during the current fiscal year. The District received higher than budgeted ad valorem income.
- As of the close of the 2021 fiscal year, the District's governmental funds (general and capital projects funds) reported an ending fund balance of \$11,986,058 an increase of \$2,218,088 in comparison with the prior year. \$7,276,448 is available for spending at the District's discretion.
- Total debt, which includes compensated absences and pension and OPEB obligations at the end of fiscal year 2021 is \$1,975,024.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-wide Financial Statements**

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

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

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

### **Fund Financial Statements**

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

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

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

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

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

**Fiduciary Funds**

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

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

**Notes to financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 59 of this report.

**Other Information**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the District's case, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,144,714 and \$18,759,621 at the fiscal years ended on September 30, 2021 and 2020.

The District's capital assets represent investments in land, buildings and improvements and equipment. Approximately 36% of the total net position are capital assets. The District uses these capital assets to provide services to its citizens and property owners, consequently, these assets are not available for future spending. The District's investment in its capital assets is reported net of related debt and the capital assets themselves cannot be used to liquidate general operating liabilities.

The unrestricted category of net position, with a balance of \$13,340,829 and \$11,107,034 at years ended September 30, 2021 and 2020 may be used to meet the District's ongoing obligations to citizens and creditors and is shown in the following schedule:



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

	Governmental Activities	
	2021	2020
Cash	\$ 8,891,026	\$ 4,254,472
Investments	2,807,406	5,462,135
175 Plan net pension asset	8,532,561	4,837,701
Prepaid items	1,055,190	1,201
Capital asset, net	7,640,758	7,576,130
Receivables	46,106	257,851
Total assets	28,973,047	22,389,490
Deferred outflows	2,104,936	1,050,306
Total assets and deferred outflows	\$ 31,077,983	\$ 23,439,796
Current liabilities	\$ 985,206	\$ 424,976
Non-current liabilities	1,803,488	1,339,990
Total liabilities	2,788,694	1,764,966
Deferred inflows	7,144,575	2,915,209
Net position:		
Net investment in capital assets	7,640,758	7,509,665
Restricted for capital projects	163,127	142,922
Unrestricted	13,340,829	11,107,034
Total net position	21,144,714	18,759,621
Total liabilities, deferred inflows and net position	\$ 31,077,983	\$ 23,439,796

The District's net position increased by \$4,939,549 during the current fiscal year primarily from higher than budgeted ad valorem income and grant funding that was received. The District's net position increased by \$4,610,808 during the prior fiscal year, primarily from higher than budgeted ad valorem income, higher than expected interest income and grant funding that was received.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

Palm Harbor Special Fire Control and Rescue District's Change in Net Position.

	Governmental Activities	
	2021	2020
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services	\$ 2,974,276	\$ 2,778,452
Impact fees	19,785	24,014
Federal and state grants	741,418	310,525
<b>General revenues:</b>		
Property taxes	9,769,405	9,159,811
Investment earnings	24,221	79,720
Other	615,594	347,061
<b>Total revenues</b>	14,144,699	12,699,583
<b>Expenses:</b>		
<b>Governmental activities:</b>		
Public safety - EMS and Fire Protection	9,205,150	8,088,775
<b>Change in net position</b>	4,939,549	4,610,808
Net position at beginning of year, as previously reported	18,759,621	14,148,813
Prior period adjustment	(2,554,456)	-
Net position at beginning of year, as restated	16,205,165	14,148,813
Net position at end of year	\$ 21,144,714	\$ 18,759,621

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

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

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

The general fund is the District's chief operating fund. At the end of the current fiscal year, the total fund balance of the general fund was \$11,822,931. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The unassigned fund balance represents 61.0% of total general fund expenditures.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

The fund balance for the general fund increased \$2,197,883 during the current fiscal year. The key factors in this increase were higher than anticipated ad valorem and higher than anticipated interest income.

**General Fund Budgetary Highlights**

An annual budget is legally adopted for the general fund and was not amended during either 2021 or 2020. Budgeted revenues exceeded the actual by \$1,244,058 in 2021. Property taxes, representing 69.2% and 71.6% of the District's budgeted revenue increased by \$609,594 and \$131,846 over the current and prior year's actual.

**STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED SEPTEMBER 30**

	2021			2020		
	Budget	Actual	Variance	Budget	Actual	Variance
<b>Revenues:</b>						
Property taxes	\$ 9,635,606	\$ 9,769,405	\$ 133,799	\$ 9,027,965	\$ 9,159,811	\$ 131,846
Other	5,714,506	4,344,294	(1,370,212)	3,582,104	3,489,803	(92,301)
<b>Total revenues</b>	<u>15,350,112</u>	<u>14,113,699</u>	<u>(1,236,413)</u>	<u>12,610,069</u>	<u>12,649,614</u>	<u>39,545</u>
<b>Expenditures:</b>						
<b>General government</b>						
Debt service	-	-	-	135,581	135,581	-
Capital outlay	2,319,500	-	(2,319,500)	866,200	348,389	(517,811)
Public safety - EMS and Fire Protection	11,892,612	9,205,150	(2,687,462)	10,709,743	10,425,123	(284,620)
<b>Total expenditures</b>	<u>14,212,112</u>	<u>9,205,150</u>	<u>(5,006,962)</u>	<u>11,711,524</u>	<u>10,909,093</u>	<u>(802,431)</u>
<b>Other Financing Sources (Uses)</b>	<u>(1,138,000)</u>	<u>31,000</u>	<u>1,169,000</u>	<u>(948,545)</u>	<u>79,481</u>	<u>1,028,026</u>
<b>Change in net position</b>	<u>\$ -</u>	<u>\$ 4,939,549</u>	<u>\$ 4,939,549</u>	<u>\$ (50,000)</u>	<u>\$ 1,820,002</u>	<u>\$ 1,870,002</u>

**Capital Assets**

At the end of 2021 and 2020, the District's investment in capital assets for its governmental activities was \$7,640,758 and \$7,647,117 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements and equipment.

	2021			2020			
	Beginning Balance	Additions/ (Deletions)	Ending Balance	Beginning Balance	Additions/ (Deletions)	Prior Period Adjustment	Ending Balance
Land	\$ 916,891	\$ 497,152	\$ 1,414,043	\$ 939,530	\$ -	\$ (22,639)	\$ 916,891
Construction in progress	-	40,928	40,928	-	-	-	-
Buildings	6,553,215	-	6,553,215	6,530,576	-	22,639	6,553,215
Equipment	5,995,446	22,707	6,018,153	6,082,255	(106,294)	19,485	5,995,446
<b>Total capital assets</b>	<u>13,465,552</u>	<u>560,787</u>	<u>14,026,339</u>	<u>13,552,361</u>	<u>(106,294)</u>	<u>19,485</u>	<u>13,465,552</u>
Accumulated depreciation	5,818,435	567,146	6,385,581	5,749,980	119,957	(51,502)	5,818,435
<b>Total</b>	<u>\$ 7,647,117</u>	<u>\$ (6,359)</u>	<u>\$ 7,640,758</u>	<u>\$ 7,802,381</u>	<u>\$ (226,251)</u>	<u>\$ 70,987</u>	<u>\$ 7,647,117</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2021  
(Continued)**

**Total Capital Assets**

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

**LONG-TERM DEBT**

At the end of 2021 and 2020, the District had total long-term debt outstanding made up of accrued sick and vacation payable, postemployment health care obligation, and capital improvement revenue note payable of \$1,975,024 and \$1,556,389, respectively.

More detailed information about the District's long-term debt can be found in Note 4 of this report.

**ECONOMIC FACTORS**

The District's Board of Commissioners approved \$15,350,112 and \$12,600,069 budgets for the 2021 and 2020 fiscal years. This is an increase of 21.8% for FY 2021 and an increase of 11.7% for FY 2020.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

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

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

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

This page intentionally left blank.

## **BASIC FINANCIAL STATEMENTS**

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2021**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 8,891,026
Investments	2,807,406
Receivables	46,106
Prepaid items	1,055,190
Total current assets	12,799,728

**Non-Current Assets:**

Other assets	
Net pension asset	8,532,561
Capital assets	
Non-depreciable	1,454,971
Depreciable, net	6,185,787
Total non-current assets	16,173,319

Total Assets	28,973,047
--------------	------------

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources	2,104,936
--------------------------------	-----------

**Total Assets and Deferred Outflows**

	\$ 31,077,983
--	---------------

**LIABILITIES**

**Current Liabilities:**

Accrued liabilities	\$ 188,079
Unearned revenue	625,591
Compensated absences	171,536
Total current liabilities	985,206

**Non-current liabilities:**

Compensated absences	514,607
Net pension liability	445,812
Net other postemployment benefits (OPEB) liability	843,069
Total non-current liabilities	1,803,488

Total liabilities	2,788,694
-------------------	-----------

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources	7,144,575
-------------------------------	-----------

**NET POSITION**

Invested in capital assets, net of related debt	7,640,758
Restricted for capital projects	163,127
Unrestricted	13,340,829
Total net position	21,144,714

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

	\$ 31,077,983
--	---------------

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

**Expenditures - Public Safety**

Personnel services	
Salaries	\$ 6,243,009
Retirement, insurance, and payroll taxes	1,090,573
Total personnel services	<u>7,333,582</u>
Other operating expenses	
Maintenance	134,011
Computer hardware and software	41,284
Depreciation expense	619,300
Fees	274,245
Fire prevention	1,259
Incentive program	24,405
Insurance	141,810
Interest	438
Medical and health services	40,699
Miscellaneous	24,063
Office supplies	15,237
Operating supplies and equipment	37,821
Professional services	68,346
Training, education, travel	45,341
Uniforms, clothing & bunker gear	98,325
Utilities	80,135
Vehicle maintenance	224,849
Total other operating expenses	<u>1,871,568</u>
Total program expenses	<u>9,205,150</u>

**Program Revenues:**

Charges for services	2,974,276
Impact fees	19,785
Federal and state grants	741,418
Total program revenues	<u>3,735,479</u>

**General Revenues:**

Property taxes	9,769,405
Tax collector fee rebate	56,414
Tower rental	69,891
Firefighters' educational incentive	13,320
Investment earnings	24,221
Hazmat reimbursement	241,279
Miscellaneous	13,059
Insurance proceeds	190,631
Gain on disposal of assets	31,000
Total general revenues	<u>10,409,220</u>

Change in net position	<u>4,939,549</u>
Net position at beginning of year, as previously reported	18,759,621
Prior period adjustment	<u>(2,554,456)</u>
Net position at beginning of year, as restated	16,205,165
Net position at end of year	<u>\$ 21,144,714</u>

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



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2021**

	General	Capital Projects	Total Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,727,899	\$ 163,127	\$ 8,891,026
Investments	2,807,406	-	2,807,406
Receivables	13,406	-	13,406
Other receivables	32,700	-	32,700
Prepaid items	1,055,190	-	1,055,190
<b>Total Assets</b>	<b>\$ 12,636,601</b>	<b>\$ 163,127</b>	<b>\$ 12,799,728</b>
<b>LIABILITIES</b>			
Accrued liabilities	\$ 188,079	\$ -	\$ 188,079
Deferred revenue	625,591	-	625,591
<b>Total Liabilities</b>	<b>813,670</b>	<b>-</b>	<b>813,670</b>
<b>FUND BALANCES</b>			
Non-spendable			
Prepaid items	1,055,190	-	1,055,190
Restricted			
Equipment and improvements	-	163,127	163,127
Committed			
Vacation and special pay	488,566	-	488,566
Capital improvements	2,581,109	-	2,581,109
Station No. 68	40,000	-	40,000
SCBA	381,618	-	381,618
Unassigned	7,276,448	-	7,276,448
<b>Total Fund Balances</b>	<b>11,822,931</b>	<b>163,127</b>	<b>11,986,058</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,636,601</b>	<b>\$ 163,127</b>	<b>\$ 12,799,728</b>

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2021**

**Fund Balances - Total Governmental Funds** \$ 11,986,058

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

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

Governmental non-depreciable assets	1,454,971	
Governmental depreciable assets	12,571,368	
Less accumulated depreciation	<u>(6,385,581)</u>	7,640,758

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

8,532,561

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

2,104,936

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

Compensated absences	(686,143)	
Net pension liability	(445,812)	
Net other postemployment benefits (OPEB) liability	<u>(843,069)</u>	(1,975,024)

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

(7,144,575)

**Total Net Position - Governmental Activities**

\$ 21,144,714

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2021**

	General	Capital Projects	Total Governmental Funds
<b>Revenues:</b>			
Property taxes	\$ 9,769,405	\$ -	\$ 9,769,405
EMS services	2,954,524	-	2,954,524
Tax collector fee rebate	56,414	-	56,414
Intergovernmental	741,418	-	741,418
Hazmat reimbursement	241,279	-	241,279
Firefighters' educational incentive	13,320	-	13,320
Impact fees	-	19,785	19,785
Investment earnings	23,774	447	24,221
Tower rental	69,891	-	69,891
Charges for services	19,752	-	19,752
Insurance proceeds	190,631	-	190,631
Miscellaneous	13,059	-	13,059
Total revenues	<u>14,093,467</u>	<u>20,232</u>	<u>14,113,699</u>
<b>Expenditures - Public Safety</b>			
Personnel services			
Salaries	6,156,604	-	6,156,604
Retirement	1,548,655	-	1,548,655
Insurance - Employee	1,825,578	-	1,825,578
Payroll Expenses	463,212	-	463,212
Total personnel services	<u>9,994,049</u>	<u>-</u>	<u>9,994,049</u>
Other operating expenses			
Building and equipment maintenance	134,011	-	134,011
Fees	274,245	-	274,245
Fire prevention	1,259	-	1,259
Insurance	141,810	-	141,810
Medical and health services	40,699	-	40,699
Miscellaneous expense	24,036	27	24,063
Supplies	15,237	-	15,237
Operating equipment	37,821	-	37,821
Professional services	68,346	-	68,346
Computer hardware and software	41,284	-	41,284
Training, education, travel	45,341	-	45,341
Incentive program	24,405	-	24,405
Uniforms	98,325	-	98,325
Utilities	80,135	-	80,135
Vehicle maintenance and fuel	224,849	-	224,849
Total other operating expenses	<u>1,251,803</u>	<u>27</u>	<u>1,251,830</u>
Capital outlay	612,941	-	612,941
Debt service			
Principal	66,465	-	66,465
Interest	1,326	-	1,326
Total expenditures	<u>11,926,584</u>	<u>27</u>	<u>11,926,611</u>
Excess of revenues over expenditures	<u>2,166,883</u>	<u>20,205</u>	<u>2,187,088</u>
<b>Other Financing</b>			
<b>Sources (Uses):</b>			
Gain from sale of capital assets	31,000	-	31,000
Net change in fund balances	2,197,883	20,205	2,218,088
<b>Fund Balances:</b>			
Beginning of year	9,625,048	142,922	9,767,970
End of year	<u>\$ 11,822,931</u>	<u>\$ 163,127</u>	<u>\$ 11,986,058</u>

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
YEAR ENDED SEPTEMBER 30, 2021**

**Net change in fund balances - governmental funds** \$ 2,218,088

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

Governmental funds report capital outlay as expenditures.

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

Expenditures for capital assets	612,941	
Less current year depreciation	<u>(619,300)</u>	(6,359)

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

Debt principal payments		66,465
-------------------------	--	--------

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

Change in long-term compensated absences		(86,405)
Change in accrued interest		888

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

Change in Florida Retirement System net pension liability	465,668	
Change in Health Insurance Subsidy Program net pension liability	85,277	
Change in net pension asset	<u>2,173,079</u>	2,724,024

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

		<u>22,848</u>
--	--	---------------

**Change in Net Position - Governmental Activities** \$ 4,939,549

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED SEPTEMBER 30, 2021**

	Original and Final Budget	Actual	Variance with Final Budget - Positive (Negative)
<b>Revenues:</b>			
Property taxes	\$ 9,635,606	\$ 9,769,405	\$ 133,799
EMS services	2,900,506	2,954,524	54,018
Infrastructure sales tax	2,200,000	-	(2,200,000)
Tax collector fee rebate	55,000	56,414	1,414
Intergovernmental	50,000	741,418	691,418
Hazmat reimbursement	145,000	241,279	96,279
Firefighters' educational incentive	-	13,320	13,320
Investment Earnings	15,500	23,774	8,274
Tower rental	66,000	69,891	3,891
Charges for Service	22,000	19,752	(2,248)
Insurance proceeds	235,500	190,631	(44,869)
Miscellaneous	25,000	13,059	(11,941)
Total revenues	<u>15,350,112</u>	<u>14,093,467</u>	<u>(1,256,645)</u>
<b>Expenditures - Public Safety</b>			
Personal services			
Salaries	6,151,870	6,156,604	(4,734)
Retirement	1,544,362	1,548,655	(4,293)
Insurance - Employee	2,241,017	1,825,578	415,439
Payroll Expenses	469,348	463,212	6,136
Total personal services	<u>10,406,597</u>	<u>9,994,049</u>	<u>412,548</u>
Other operating:			
Building and equipment maintenance	288,751	134,011	154,740
Fees	279,261	274,245	5,016
Fire prevention	1,900	1,259	641
Insurance	142,973	141,810	1,163
Medical and health services	42,500	40,699	1,801
Miscellaneous expense	15,000	24,036	(9,036)
Supplies	35,500	15,237	20,263
Operating equipment	35,500	37,821	(2,321)
Professional services	77,500	68,346	9,154
Computer hardware and software	35,280	41,284	(6,004)
Training, education, travel	69,300	45,341	23,959
Incentive program	35,000	24,405	10,595
Uniforms	93,500	98,325	(4,825)
Utilities	91,550	80,135	11,415
Vehicle maintenance and fuel	242,500	224,849	17,651
Total other operating	<u>1,486,015</u>	<u>1,251,803</u>	<u>234,212</u>
Capital outlay	2,319,500	612,941	1,706,559
Debt service			
Principal	-	66,465	(66,465)
Interest	-	1,326	(1,326)
Total expenditures	<u>14,212,112</u>	<u>11,926,584</u>	<u>2,285,528</u>
Excess of revenues over expenditures	<u>1,138,000</u>	<u>2,166,883</u>	<u>1,028,883</u>
<b>Other Financing Sources (Uses):</b>			
Gain from sale of capital assets	27,000	31,000	4,000
Operating reserve	(1,165,000)	-	1,165,000
Total other financing sources (uses)	<u>(1,138,000)</u>	<u>31,000</u>	<u>1,169,000</u>
Net change in fund balances	<u>\$ -</u>	<u>2,197,883</u>	<u>\$ 2,197,883</u>
<b>Fund Balance:</b>			
Beginning of year		<u>9,625,048</u>	
End of year		<u>\$ 11,822,931</u>	

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUND  
SEPTEMBER 30, 2021**

	<u>Firefighters' Retirement Fund</u>
<b>ASSETS</b>	
Investment receivable	\$ 53,864
Prepaid items	2,556
Investments	<u>42,766,273</u>
Total Assets	42,822,693
 <b>LIABILITIES</b>	
Accounts payable	<u>45,638</u>
 <b>NET POSITION</b>	
Restricted for pension benefits	<u><u>\$ 42,777,055</u></u>

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUND  
YEAR ENDED SEPTEMBER 30, 2021**

	<u>Firefighters' Retirement Fund</u>
<b>ADDITIONS:</b>	
Contributions	
Employer	\$ 1,336,383
Plan members	399,996
State of Florida	477,172
Total contributions	<u>2,213,551</u>
Investment income	
Net realized gain	2,013,437
Unrealized gain	4,288,429
Net increase in fair value of investments	<u>6,301,866</u>
Interest & dividends	531,737
Less investment expense	(140,588)
Net investment income	<u>6,693,015</u>
Total additions	<u>8,906,566</u>
<b>DEDUCTIONS:</b>	
Benefits and refunds paid to plan members and beneficiaries	441,369
Administrative expenses	72,078
Total deductions	<u>513,447</u>
<b>NET INCREASE</b>	8,393,119
<b>NET POSITION RESTRICTED FOR PENSION BENEFITS:</b>	
Beginning of year	<u>34,383,936</u>
End of year	<u>\$ 42,777,055</u>

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

This page intentionally left blank.



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

General Statement

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

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

A. Reporting Entity

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**District Pension Fund**

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

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

**B. Government-Wide and Fund Financial Statements**

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

**B. Government-wide and fund financial statements (Continued)**

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

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

**C. Measurement focus, basis of accounting, and financial statement presentation**

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

D. Basis of Presentation

The District reports the following major governmental funds:

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

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

Additionally, the District reports the following fiduciary fund type:

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

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

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

**Deposits and investments**

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

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

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

**Deposits and Investments (Continued)**

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

**Receivables and Payables**

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

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

**Compensated Absences**

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

**Budgets and Budgetary Accounting**

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

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

Property Taxes - Property taxes represent the major source of operating revenue for the District and are recognized as revenue when they become measurable and available. The budget for the fiscal year ended September 30, 2021 was adopted by the Board of Commissioners in September 2020. At that time a millage rate of 2.0000 per thousand of assessed valuation was approved. Taxes are assessed for the District on January 1 of each year by the Pinellas County Property Appraiser. Taxes are collected for the District by the Pinellas County Tax Collector and are payable from November of the current year through March of the following year. A 1% discount is offered for each month paid in advance beginning with November and ending with February. Taxes become delinquent after April 1 and attach as an enforceable lien on the property.

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

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

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

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

Buildings and improvements	10 - 50
Equipment	5 - 30

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

Long-term obligations - Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

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

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

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

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

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



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

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

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

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

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

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

Government Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" provide financial reporting guidance for Deferred Outflows of Resources and Deferred Inflows of Resources and also identifies Net Position (replacing Net Assets) as the residual of all the elements (Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflow of Resources) presented in a statement of financial position.

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

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

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

Subsequent Events - Management has evaluated subsequent events through August 17, 2022, which is the date the financial statements were officially available to be issued.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

*Deposits:*

At year-end the carrying amount of the District's deposits was \$8,891,026 and the bank balance was \$8,917,058. The bank balance was covered by federal depository insurance and, for the amount in excess of such federal depository insurance, by the State of Florida's Security for Public Deposits Act. Provisions of the Act require that public deposits may only be made at qualified public depositories. The Act requires each qualified public depository to deposit with the State Treasurer eligible collateral equal to or in excess of the required collateral as determined by the provisions of the Act. In the event of a failure by a qualified public depository, losses in excess of federal depository insurance and proceeds from the sale of the securities pledged by the defaulting depository, are assessed against the other qualified public depositories of the same type as the depository in default.

*Investments:*

As of September 30, 2021, the District held the following investments in its governmental and proprietary funds as categorized below in accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosure:

Investment Type	Fair Value
Certificates of Deposits	\$ 2,807,406

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Investments:*

As of September 30, 2021, the Pension Trust Fund had the following investments:

	<u>Bond Rating</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
US Government agency securities	A-AA	347,723	N/A
Corporate bonds	N/A	7,500,688	N/A
Municipal bonds	A-AA	100,021	6.8
Domestic stock	A-AA	29,029,651	8.5
International stock	N/A	2,879,963	2.5
Temporary investment funds	N/A	<u>2,908,227</u>	N/A
Total Investments		<u>\$ 42,766,273</u>	

*Fair Value Measurements:*

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

The following table presents assets carried at fair value at September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Government agency securities	\$	347,723	\$	\$ 347,723
Corporate bonds		7,500,688		7,500,688
Municipal bonds		100,021		100,021
Domestic stock	29,029,651			29,029,651
International stock	2,879,963			2,879,963
Temporary investment funds	<u>2,908,227</u>			<u>2,908,227</u>
Total Investments	<u>\$ 34,817,841</u>	<u>\$ 7,948,432</u>	<u>\$ -</u>	<u>\$ 42,766,273</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

*Fair Value Measurements:*

Securities are valued using the following approaches:

*Money Market Mutual Funds and Exchange-traded Funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Federal Instrumentalities, Corporate Notes and State and Local Government Debt:* Valued based on institutional bond quotes and evaluations based on various market and industry inputs.

*Interest Rate Risk:*

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

*Credit Risk:*

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

*Credit Risk (Continued):*

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

**NOTE 3 - CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 916,891	\$ 497,152	\$ -	\$ 1,414,043
Construction in progress	-	40,928	-	40,928
Total capital assets not being depreciated	<u>916,891</u>	<u>538,080</u>	<u>-</u>	<u>1,454,971</u>
Capital assets being depreciated				
Buildings and improvements	6,553,215	-	-	6,553,215
Furniture, fixtures and equipment	5,995,446	74,861	(52,154)	6,018,153
Total capital assets being depreciated	<u>12,548,661</u>	<u>74,861</u>	<u>(52,154)</u>	<u>12,571,368</u>
Less accumulated depreciation				
Buildings and improvements	(2,531,000)	(138,260)	-	(2,669,260)
Furniture, fixtures and equipment	(3,287,435)	(481,040)	52,154	(3,716,321)
Total accumulated depreciation	<u>(5,818,435)</u>	<u>(619,300)</u>	<u>52,154</u>	<u>(6,385,581)</u>
Total capital assets being depreciated, net	<u>6,730,226</u>	<u>(544,439)</u>	<u>-</u>	<u>6,185,787</u>
Total capital assets, net	<u>\$ 7,647,117</u>	<u>\$ (6,359)</u>	<u>\$ -</u>	<u>\$ 7,640,758</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 4 - NON-CURRENT LIABILITIES**

**Changes in Non-Current Liabilities**

The following is a summary of changes in long-term debt and other non-current liabilities of the District:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital Improvement Revenue Note	\$ 66,465	\$ -	\$ (66,465)	\$ -	\$ -
Compensated absences	599,738	86,405	-	686,143	171,536
Total long term debt and other liabilities	<u>\$ 666,203</u>	<u>\$ 86,405</u>	<u>\$ (66,465)</u>	<u>\$ 686,143</u>	<u>\$ 171,536</u>

**Compensated Absences**

Compensated absence benefits are summarized as follows:

**Annual Leave:**

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

**Sick Leave:**

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

**NOTE 4 - NON-CURRENT LIABILITIES (Continued)**

**Compensated Absences (continued)**

**CASH OUT PEEP**

Option 1: Cash out as per outlined in Section 11 of this article (see maximum hour accumulation requirement). To be eligible for this option the employee must submit written notice at least one (1) month prior to the separation date and receive the payment prior to separation date.

Option 2: Rolled into the employee’s PEEP account as per section 11 of this article (see maximum hour accumulation requirement). To be eligible for this option the employee must submit written notice at least two (2) weeks prior to separation date.

The total liability as of September 30, 2021 for accrued annual leave is recorded as the liability entitled “compensated absences.”

	Vacation Leave	Sick Leave	Total
September 30, 2021	<u>\$ 419,291</u>	<u>\$ 266,852</u>	<u>\$ 686,143</u>

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

**NOTE 5 - DEFERRED COMPENSATION PLAN**

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

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

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 6 - GOVERNMENTAL FUND BALANCES**

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

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

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

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

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

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

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

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

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

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

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



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan*

A. Plan Description

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

B. Contribution and Funding Policy

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

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

Effective July 1, 2020, the actuarially determined contribution rates, expressed as a percentage of covered payroll, including the required employee 3% contribution are 28.89% for police officer and firefighter (special risk) employees, 13.82% for regular employees, and 18.34% for DROP.

The District contributed 100% of its statutorily required contributions for the current and preceding three years. Contributions for the year ended September 31, 2021 totaled \$91,399.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

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

At September 30, 2021, the District reported a net pension liability of \$203,972 for its proportionate share of the FRS Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of net pension liability was based on the District's fiscal year 2021 contributions relative to the fiscal year 2021 contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.0002700238%, which was a decrease of 0.000298556% from its proportionate share measured at June 30, 2020.

For the year ended September 30, 2021, the District recognized pension benefit of \$341,849 related to the FRS Pension Plan. In addition, 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	\$ 34,961	\$ -
Change in assumptions	139,568	-
Net difference between projected and actual earnings on FRS Pension Plan investments	-	711,608
Changes in proportion and differences between City FRS Pension Plan contributions and proportionate share of FRS Pension Plan contributions	-	864,756
City FRS Pension Plan contributions subsequent to measurement date	20,952	-
	<u>\$ 195,481</u>	<u>\$ 1,576,364</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

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

The deferred outflows of resources related to pensions totaling \$20,952 resulting from District contributions to the FRS Pension Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30		
2022		\$ (403,453)
2023		(350,991)
2024		(327,919)
2025		(309,172)
2026		(10,300)
		\$ (1,401,835)

D. Actuarial Assumptions

The total pension liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.80%, net of pension plan investment expense, including inflation

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

D. Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2013 through June 30, 2018.

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

	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00%	2.70%	2.10%	1.10%
Fixed income	20.00%	3.80%	3.70%	3.30%
Global equity	54.20%	8.20%	6.70%	17.80%
Real estate (property)	10.30%	7.10%	6.20%	13.80%
Private equity	10.80%	11.70%	8.50%	26.40%
Strategic investments	3.70%	5.70%	5.40%	8.40%
	<u>100.00%</u>			
Assumed inflation - Mean			2.40%	1.20%

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*FRS Pension Plan (Continued)*

E. Discount Rate

The discount rate used to measure the total pension liability was 6.80%. The FRS Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

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

The following table presents the District's proportionate share of net pension liability calculated using the discount rate of 6.80% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.80%) or 1% point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
District's proportionate share of the net pension liability (asset)	\$ 912,178	\$ 203,972	\$ (388,008)

G. Pension Plan Fiduciary Net Position

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan*

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

At September 30, 2021, the District reported a net pension liability of \$241,839 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021.

The District's proportionate share of net pension liability was based on the District's fiscal year 2021 contributions relative to the fiscal year 2021 contributions of all participating members. At June 30, 2021, the District's proportionate share was 0.001971540%, which was a decrease of 0.000125545% from its proportionate share measured at June 30, 2020.

For the year ended September 30, 2021, the District recognized pension benefit of \$71,356 related to the HIS Plan. In addition, 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	\$ 8,093	\$ 9,965
Change in assumptions	19,003	9,965
Net difference between projected and actual earnings on HIS Plan investments	252	101
Changes in proportion and differences between City HIS Plan contributions and proportionate share of HIS Plan contributions	-	267,416
City HIS Plan contributions subsequent to measurement date	2,331	-
	\$ 29,679	\$ 277,482

The deferred outflows of resources related to pensions totaling \$2,331 resulting from District contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2022.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan (Continued)*

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

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

Year Ending September 30		
2022	\$	(78,534)
2023		(66,082)
2024		(44,988)
2025		(34,175)
2026		(22,084)
Thereafter		(4,271)
	<u>\$</u>	<u>(250,134)</u>

E. Actuarial Assumptions

Actuarial valuations for the HIS Plan are conducted biennially. The June 30, 2018 HIS valuation is the most recent actuarial valuation and was used to develop the total pension liability amount as of June 30, 2021. The June 30, 2018 actuarial valuation was determined using the following actuarial assumptions at the June 30, 2021 measurement date:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Municipal Bond Rate	2.16%

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Florida Retirement System - General Employees (Continued)*

*HIS Pension Plan (Continued)*

F. Discount Rate

The discount rate used to measure the total pension liability was 2.16%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

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

The following table presents the District's proportionate share of net pension liability calculated using the discount rate of 2.16% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (1.16%) or 1% point higher (3.16%) than the current rate:

	1% Decrease 1.16%	Current Discount Rate 2.16%	1% Increase 3.16%
District's proportionate share of the net pension liability	\$ 279,589	\$ 241,840	\$ 210,911

H. Pension Plan Fiduciary Net Position

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



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

The District maintains a single employer defined benefit pension plan (Palm Harbor Special Fire Control and Rescue Firefighters' District Pension Plan) (Plan) covering all Firefighters hired on or after January 1, 1996, as a condition of employment.

During the fiscal year ended September 30, 2014 the District adopted Governmental Accounting Standards Board (GASB) Statement 67, Financial Reporting for Pension Plans. During the fiscal year ended September 30, 2015 the District adopted (GASB) Statement 68, Accounting and Financial Reporting for Pensions. Since separate trust financial statements have not been issued for this fire pension plan and are only reported as a fiduciary fund in these statements all of the disclosures required by GASB 67 and 68 have been reported in these statements. Further, the District has chosen to use September 30, 2021 as the measurement date for GASB 68 reporting purposes.

Plan Description

*Plan Administration*

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

- a. Two commission appointees,
- b. Two members of the Plan elected by the membership, and a
- c. Fifth member elected by the other 4 and appointed by the Commission.

*Plan Membership as of October 1, 2020:*

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	9
Inactive Plan Members Entitled to But Not Receiving Benefits	1
Active Plan Members	56
Total	66

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

*Benefits Provided:*

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

A summary of the benefits can be found in the October 1, 2020 Actuarial Valuation Report for the Palm Harbor Special Fire Control and Rescue District Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

*Chapter 175 Share Accounts:*

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

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

Vesting Schedule: Same as for other benefits (see above).

*Contributions:*

Member Contributions:

1.0% of Salary (3.0% Benefit Accrued Rate)

4.3% of Salary (3.5% Benefit Accrued Rate)

7.6% of Salary (4.0% Benefit Accrued Rate)

District and State Contributions:

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

Net Pension Liability

The measurement date is September 30, 2021.

The measurement period for pension expense was October 1, 2020 to September 30, 2021.

The reporting period is October 1, 2020 through September 30, 2021.

The Sponsor's Net Pension Liability was measured as of September 30, 2021.

The Total Pension Liability used to calculate the Net Pension Liability was determined as of that date.

*Actuarial Assumptions:*

The Total Pension Liability was determined by an actuarial valuation as of October 1, 2020 updated to September 30, 2021 using the following actuarial assumptions.

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

GASB 68

*Mortality Rate Healthy Active Lives:*

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

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

Mortality Rate Healthy Retiree Lives:

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

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

Mortality Rate Beneficiary Lives:

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

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

Mortality Rate Disabled Lives:

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

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

All rates are projected generationally with Mortality Improvement Scale MP-2018. We feel this assumption sufficiently accommodates future mortality improvements.

The previously described mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumptions used in either of the two most recent valuations of the Florida retirement System (FRS). The above rates are those outlined in Milliman's July 1, 2020 FRS valuation report for special risk employees, with appropriate adjustments made based on plan demographics.

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

The most recent actuarial study used to review the other significant assumptions was dated July 1, 2016.

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

For 2021 the inflation rate assumption of the investment advisor was 2.50%. These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Range	Long-Term Expected Real Rate of Return
Domestic Equity	55%	40%-75%	4.90%
International Equity	15%	0%-25%	7.00%
Intermediate Fixed	30%	25%-45%	2.50%
	<u>100%</u>		

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

Discount Rate:

The Discount Rate used to measure the Total Pension Liability was 7.50 percent.

The projection of cash flows used to determine the Discount Rate assumed that Plan Member contributions will be made at the current contribution rates and that Sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the Member rate. Based on these assumptions, the 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.

Concentrations:

The Plan did not hold investments in any one organization that represents 5% or more of the Pension Plan's Fiduciary Net Position.

Rate of Return:

For the year ended September 30, 2021, the annual money-weighted average rate of return on Pension Investments, net of Pension Plan investment expense, was 18.88 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actuarially invested.

Deferred Retirement Option Program

Eligibility: Satisfaction of Normal Retirement requirements.

Participation: Not to exceed 60 months.

Rate of Return: At Member's election:

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

**BAC-DROP**

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

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

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

The DROP balance as of September 30, 2021 is \$0.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

The components of Net Pension Liability on September 30, 2021 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance as of September 30, 2020	\$ 29,546,235	\$ 34,383,936	\$ (4,837,701)
Change due to:			
Service cost	1,680,261	-	1,680,261
Interest	2,326,188	-	2,326,188
Share plan	64,949	-	64,949
Difference between expected and actual experience	1,068,230	-	1,068,230
Employer contributions	-	1,336,383	(1,336,383)
State contributions	-	477,172	(477,172)
Employee contributions	-	399,996	(399,996)
Net investment income	-	6,693,015	(6,693,015)
Benefit payments, including refunds of employee contributions	(441,369)	(441,369)	-
Administrative expenses	-	(72,078)	72,078
Balance as of September 30, 2021	<u>\$ 34,244,494</u>	<u>\$ 42,777,055</u>	<u>\$ (8,532,561)</u>

Plan Fiduciary Net Position as a percentage of	
Total Pension Liability (Asset)	-124.92%

The Long-Term Expected Rate of Return on Pension Plan Investments can be determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Pension Plan investment expenses and inflation) are developed for each major asset class.

The following table presents the District's proportionate share of net pension liability calculated using the discount rate of 7.5% as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.5%) or 1% point higher (8.5%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension asset	<u>\$ (8,447,235)</u>	<u>\$ (8,532,561)</u>	<u>\$ (8,617,887)</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

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 benefit of \$359,524. At September 30, 2021 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
Difference between expected and actual experience	\$ 1,549,590	\$ 410,193
Changes of assumptions	78,128	606,870
Net difference between projected and actual earnings in pension plan assets	-	4,252,878
	\$ 1,627,718	\$ 5,269,941

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

Year Ending September 30			
2022			(1,173,677)
2023			(938,292)
2024			(1,157,659)
2025			(735,246)
2026			96,901
Thereafter			265,750
			\$ (3,642,223)

Payables to the Pension Plan

At September 30, 2021 the District had no payable to the pension plan required for the year ended September 30, 2021.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

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

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

Required Supplementary Information

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

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

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

A. Plan Description

Employees who retire from the District (District), and eligible dependents and survivors, are eligible to continue to participate in the District's health insurance programs at the "blended" employee group rate which is determined annually by the District and approved by the District Board. Retirees have 31 days to elect to enroll in the District's health insurance plan in which they were participating at the time of retirement unless otherwise stated in a plan document or collective bargaining agreement. As of September 30, 2020, nine eligible retirees were participating in the District's health program.

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



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

At September 30, 2021, plan membership consisted of the following:

Retired employees currently receiving health benefits	9
Active employees	66
Total	75

Benefits Provided

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

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post-employment benefits (OPEB) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Since GASB Statement 75 only requires an actuarial valuation every year, the District's last valuation was for the fiscal year ended September 30, 2021.

Total OPEB Liability

The measurement date is September 30, 2021.

The measurement period for the OPEB expense was October 1, 2020 to September 30, 2021.

The reporting period is October 1, 2020 through September 30, 2021

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

***Economic Assumptions:***

The Total OPEB Liability was determined by an actuarial valuation as of October 1, 2020 using the following assumptions:

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

Rate of Inflation	2.5%
Rate of Growth in Real Income / GDP per capita	1.5%
Extra Trend due to Technology and other factors	1.1%
Expected Health Share of GDP in 2029	20.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

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

***Discount Rate:***

The discount rate used to determine the liabilities under GASB 75 depends upon Palm Harbor Fire Rescue's funding policy. The discount rate for governments that do not refund benefits is based on 20-year general obligation bond (GO bond) rates.

The discount rate assumption for disclosure purposes for the fiscal year ended September 30, 2021 is 2.19%, the 20-year GO bond index as of September 30, 2021.

The discount rate assumption for disclosure purposes for the 2020 fiscal year is 2.41%, the 20-year GO bond index as of September 30, 2020. The rate at the beginning of the year 2019 fiscal was 2.75%, the 20-year GO bond index as of September 30, 2019.

***Funding Policy***

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

***OPEB Expense:***

For the year ended September 30, 2021, the District recognized OPEB expense of \$78,026.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

*Changes in the total OPEB liability*

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of October 1, 2020	\$ 890,186	\$ -	\$ 890,186
Change for the year:			
Service cost	25,048	-	25,048
Interest cost	20,238	-	20,238
Changes in assumptions or other inputs	8,471	-	8,471
Trust contribution - Employer		100,874	(100,874)
Benefit payments	(100,874)	(100,874)	-
Balances as of September 30, 2021	<u>\$ 843,069</u>	<u>\$ -</u>	<u>\$ 843,069</u>

*Sensitivity Analysis*

The following table represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (1.19%) or 1% point higher (3.19%) than the current discount rate.

	1% Decrease 1.19%	Current Discount Rate 2.19%	1% Increase 3.19%
District's total OPEB Liability	<u>\$ 881,853</u>	<u>\$ 843,069</u>	<u>\$ 804,848</u>

The following table represents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (4 3.00%) or 1% point higher (5.00%) than the current rate.

	1% Decrease 3.00%	Healthcare Cost Trend Rates 4.00%	1% Increase 5.00%
District's total OPEB Liability	<u>\$ 776,311</u>	<u>\$ 843,069</u>	<u>\$ 920,416</u>

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021**

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

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

At September 30, 2021 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	\$ 218,372	\$ -
Change in assumptions	33,686	20,788
	\$ 252,058	\$ 20,788

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

Year Ending September 30			
2022	\$	(32,740)	
2023		(32,740)	
2024		(32,740)	
2025		(32,740)	
2026		(32,740)	
Thereafter		(67,570)	
	\$	(231,270)	

**NOTE 9 - TOWER RENTAL INCOME**

The District currently leases certain property under the terms of two land lease agreements expiring variously through 2023. The leases require monthly payments of \$2,622 to the District. These leases are automatically extended for four additional five-year periods unless terminated by the lessee at the end of any five-year term. Revenues received during the year ended September 30, 2021 under these leases were \$69,891. The annual rent will increase at 3% of the previous year's annual rental.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**NOTE 10 - PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment has been recorded in the statement of activities totaling \$2,625,443 to properly state beginning net pension liability, deferred inflows and outflows related to the Florida Retirement System.

A prior period adjustment has been recorded in the in the statement of activities totaling \$70,987 to properly state beginning capital asset balances and related accumulated depreciation.

This page intentionally left blank.

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

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

	2021	2020	2019	2018	2017	2016	2015
Palm Harbor Special Fire Control and Rescue District proportion of net pension liability	0.002700238%	0.002998794%	0.005092236%	0.007015218%	0.008316990%	0.001214908%	0.001356860%
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability	\$ 203,972	\$ 1,299,722	\$ 1,753,695	\$ 2,113,020	\$ 2,460,109	\$ 3,067,652	\$ 1,752,572
Palm Harbor Special Fire Control and Rescue District covered payroll	\$ 606,115	\$ 746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,625,426	\$ 1,516,088	\$ 841,235
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability as a percentage of its covered payroll	33.65%	174.02%	68.21%	68.29%	66.07%	49.42%	48.00%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	78.85%	82.61%	92.61%	83.89%	84.88%	91.99%

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2015 was not available.



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

	2021	2020	2019	2018	2017	2016	2015
Palm Harbor Special Fire Control and Rescue District proportion of net pension liability	0.001971540%	0.002097085%	0.003451749%	0.004464855%	0.004983282%	0.006428462%	0.007735524%
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability	\$ 241,840	\$ 256,051	\$ 386,216	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235
Palm Harbor Special Fire Control and Rescue District covered payroll	\$ 606,115	\$ 746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235
Palm Harbor Special Fire Control and Rescue District proportionate share of net pension liability as a percentage of its covered payroll	39.90%	0.342833004	32.29%	100.00%	100.00%	100.00%	100.00%
Plan fiduciary net position as a percentage of the total pension liability	3.56%	3.00%	2.63%	0.92%	0.81%	0.98%	0.49%

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2015 was not available.

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

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

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

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

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

**Notes to Schedule:**

***Changes of assumptions:***

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

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 91,399	104,304	157,896	199,928	216,512	296,275	330,815
Contributions in relation to the contractually required contribution	<u>91,399</u>	<u>104,304</u>	<u>157,896</u>	<u>199,928</u>	<u>216,512</u>	<u>296,275</u>	<u>330,815</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Palm Harbor Special Fire Control and Rescue District covered payroll **	\$ 606,115	\$ 746,868	\$ 1,196,127	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235
Contribution as a percentage of covered payroll	15.08%	13.97%	13.20%	13.86%	13.34%	19.54%	39.32%

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2015 was not available.

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution \$	10,062	11,483	19,167	24,213	26,373	32,950	32,735
Contributions in relation to the contractually required contribution	<u>10,062</u>	<u>11,483</u>	<u>19,167</u>	<u>24,213</u>	<u>26,373</u>	<u>32,950</u>	<u>32,735</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Palm Harbor Special Fire Control and Rescue District covered payroll **	\$ 606,115	\$ 746,868	1,196,127	\$ 1,442,946	\$ 1,623,426	\$ 1,516,088	\$ 841,235
Contribution as a percentage of covered payroll	1.66%	1.54%	1.60%	1.68%	1.62%	2.17%	3.89%

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2015 was not available.

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

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

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

**Notes to Schedule**

Valuation Date: 10/1/2019

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 can be found in the October 1, 2019 Actuarial Valuation for the Palm Harbor Special Fire Control and Rescue District Firefighters' Pension Plan prepared by Foster & Foster Actuaries and Consultants.

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

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

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

\* The amounts presented for each fiscal year were determined as of June 30. Information provided above was obtained from an actuarial valuation; information prior to fiscal year 2014 was not available.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT  
BENEFITS (OPEB) LIABILITY**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 25,048	\$ 27,416	\$ 22,062	\$ 22,441
Interest	20,238	16,751	22,063	20,510
Differences between expected and actual experience	-	-	-	-
Changes in assumptions or other inputs	8,471	(17,878)	37,364	(11,470)
Experienced gains	-	280,764	-	-
Benefit payments	<u>(100,874)</u>	<u>(51,962)</u>	<u>(44,899)</u>	<u>(37,966)</u>
Net change in total OPEB liability	(47,117)	255,091	36,590	(6,485)
Total OPEB liability - beginning	890,186	635,095	598,505	604,990
Total OPEB liability - ending	<u><u>\$ 843,069</u></u>	<u><u>\$ 890,186</u></u>	<u><u>\$ 635,095</u></u>	<u><u>\$ 598,505</u></u>
Funded status	0%	0%	0%	0%

NOTE: Because the OPEB Plan does not depend on salary, we do not have salary information.



**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
PLAN FIDUCIARY NET POSITION**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contributions - Employer	\$ 51,962	\$ 51,962	\$ 44,899	\$ 37,966
Net investment income	-	-	-	-
Administrative expenses	-	-	-	-
Benefit payments (net of retiree contributions)	<u>(51,962)</u>	<u>(51,962)</u>	<u>(44,899)</u>	<u>(37,966)</u>
Net change in total OPEB liability	-	-	-	-
Fiduciary Net Position - beginning	-	-	-	-
Fiduciary Net Position - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
 Net OPEB Liability	 <u><u>\$ 843,069</u></u>	 <u><u>\$ 890,186</u></u>	 <u><u>\$ 635,095</u></u>	 <u><u>\$ 598,505</u></u>
 Fiduciary Net Position as a % of Net OPEB Liability	 0%	 0%	 0%	 0%

NOTE: Because the OPEB Plan does not depend on salary, we do not have salary information.

**PALM HARBOR SPECIAL FIRE CONTROL & RESCUE DISTRICT  
SCHEDULE OF DISCOUNT RATE**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Change of assumptions	2.19%	2.41%	2.75%	3.83%

NOTE: Because the OPEB Plan does not depend on salary, we do not have salary information.

This page intentionally left blank.

#### **IV. COMPLIANCE SECTION**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the budgetary comparisons for the general fund and the aggregate remaining fund information of the Palm Harbor Special Fire Control and Rescue District, Florida, as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Palm Harbor Special Fire Control and Rescue District, Florida's (the District) basic financial statements, and have issued our report thereon dated August 17, 2022.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

A handwritten signature in cursive script that reads "Saltmarsh Cleveland & Lund".

Tampa, Florida  
August 17, 2022

# Saltmarsh

Saltmarsh, Cleaveland & Gund

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## MANAGEMENT LETTER

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

### Report on the Financial Statements

We have audited the financial statements of the Palm Harbor Special Fire Control and Rescue District, Florida, (the District) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated August 17, 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 Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedules, which are dated August 17, 2022, should be considered in conjunction with this management letter.

### Prior Audit Findings

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

-75-

*Saltmarsh, Cleaveland & Gund*

saltmarshcpa.com | Since 1944 | (800) 477-7458

*Destin • Nashville • Orlando • Pensacola • Tampa*

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

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This disclosure has been included in the District's Comprehensive Annual Financial Report for the fiscal year ended September 30, 2021.

### **Financial Condition and Management**

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

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

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

### **Independent Special District**

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 76.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 2.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$6,997,071.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$27,459.
- e. There were no 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.



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

- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as a favorable variance of \$2,285,528.

**Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material, but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

**Purpose of this Letter**

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



Tampa, Florida  
August 17, 2022

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

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

We have examined the Palm Harbor Special Fire Control and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 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 and, accordingly, included examining, on a test bases, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

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

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

*Saltmarsh Cleaveland & Gund*

Tampa, Florida  
August 17, 2022