



**Ocean City-Wright Fire Control
District**

Financial Statements

September 30, 2023



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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information other than management's discussion and analysis on pages 4 - 9 and 49 – 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 4, 2024

Management's Discussion and Analysis

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

This discussion and analysis (MD&A) of the Ocean City-Wright Fire Control District's ("the District") financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical services to the northern boundaries of the Greater Fort Walton Beach areas in Ocean City and Wright, Florida. The District covers approximately 13 square miles and serves approximately 49,900 residents. The District operates and maintains three fire stations covering the service area. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required by Florida statutes to ensure that the District has sufficient reserve funds for future operations and anticipated capital acquisitions.

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

HIGHLIGHTS

- Total assets increased \$1,465,581
- Total liabilities decreased \$3,234,844
- Net position increased by \$3,067,417
- Total revenue increased \$1,520,215 and total expenses decreased \$74,273. Revenue increased due to an increase in ad valorem tax revenue received. Expenses decreased due to lower personal service costs.

USING THE ANNUAL REPORT

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments, as amended by Statement 37. The Statement of Net Position and the Statement of Activities on pages 10 – 11 provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 12. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's funds. The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.

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

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

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

CONDENSED STATEMENT OF NET POSITION

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

<i>As of September 30,</i>	2023	2022	Change
Assets			
Current and other assets	\$ 7,410,497	\$ 5,715,460	\$ 1,695,037
Capital assets, net	<u>8,013,271</u>	<u>8,242,727</u>	<u>(229,456)</u>
Total assets	<u>15,423,768</u>	<u>13,958,187</u>	<u>1,465,581</u>
Deferred outflows of resources	<u>1,408,635</u>	<u>3,230,388</u>	<u>(1,821,753)</u>
Total assets and deferred outflows of resources	<u>\$ 16,832,403</u>	<u>\$ 17,188,575</u>	<u>\$ (356,172)</u>
Liabilities			
Current liabilities	790,118	966,561	\$ (176,443)
Other liabilities	<u>7,398,965</u>	<u>10,457,366</u>	<u>(3,058,401)</u>
Total liabilities	<u>8,189,083</u>	<u>11,423,927</u>	<u>(3,234,844)</u>
Deferred inflows of resources	<u>580,880</u>	<u>769,625</u>	<u>(188,745)</u>
Net position			
Net investment in capital assets	6,538,406	6,552,295	(13,889)
Restricted - impact fees	362,111	284,873	77,238
Unrestricted (deficit)	<u>1,161,923</u>	<u>(1,842,145)</u>	<u>3,004,068</u>
Total net position	<u>8,062,440</u>	<u>4,995,023</u>	<u>3,067,417</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 16,832,403</u>	<u>\$ 17,188,575</u>	<u>\$ (356,172)</u>

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

Total assets increased \$1,465,581 or 11% during the fiscal year ended September 30, 2023 due to the current year excess in the General Fund. Capital assets decreased in the amount of \$229,456 or 3% as a result of current year depreciation expense in excess of additions. Total liabilities decreased \$3,234,844 or 28% from prior year as a result of an decrease in the net pension and OPEB liabilities.

CONDENSED STATEMENTS OF ACTIVITIES

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

<i>For the year ended September 30,</i>	2023	2022	Change
Program revenue:			
Charges for services	\$ 1,134,417	\$ 1,092,587	\$ 41,830
Impact fees	76,587	51,913	24,674
State retirement contributions	403,963	369,637	34,326
Grants and contributions	398,199	246,672	151,527
Total program revenue	<u>2,013,166</u>	<u>1,760,809</u>	<u>252,357</u>
General revenue:			
Ad Valorem taxes	8,915,511	7,780,805	1,134,706
Investment interest	124,862	2,137	122,725
Miscellaneous	27,719	2,274	25,445
Gain on disposal of capital assets	-	15,018	(15,018)
Total general revenue	<u>9,068,092</u>	<u>7,800,234</u>	<u>1,267,858</u>
Total revenue	<u>11,081,258</u>	<u>9,561,043</u>	<u>1,520,215</u>
Program expenses:			
Public safety			
Personal services	6,308,686	6,486,918	(178,232)
Operating services	1,213,621	1,126,746	86,875
Depreciation	491,534	474,450	17,084
Total public safety expenses	<u>8,013,841</u>	<u>8,088,114</u>	<u>(74,273)</u>
Increase (decrease) in net position	3,067,417	1,472,929	1,594,488
Net position, beginning	<u>4,995,023</u>	<u>3,522,094</u>	<u>1,472,929</u>
Net position, ending	<u>\$ 8,062,440</u>	<u>\$ 4,995,023</u>	<u>\$ 3,067,417</u>

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

Ad valorem tax revenue increased \$1,134,706 or 15% from the previous year as a result of the increase in the taxable base. Investment income increased \$122,725 over the prior year, due to the opening of various certificates of deposit earning a greater rate of return. In addition, grants and contributions increased \$151,527 due to mutual aid reimbursements received in connection with hurricane clean-up efforts. Public safety expenses decreased \$74,273 or 1% from the previous year as a result of changes in assumptions related to the net pension and OPEB liabilities. Overall, net position increased \$3,067,417.

GOVERNMENTAL FUND

As of September 30, 2023, the District's governmental funds (as presented on pages 12 - 16) reported a fund balance of \$7,141,018 which is an increase of \$1,861,305 or 35% as compared to the prior year.

During fiscal year 2023, the District incurred debt service payments including principal and interest totaling \$280,612. The District also incurred \$262,078 in capital outlay which is a decrease of \$27,964 or 10% from prior year capital outlay of \$290,042.

GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

The District experienced a favorable variance in revenue as compared to the final budget in the amount of \$18,051.

The District experienced a favorable decrease in expenditures as compared to the final budget in the amount of \$1,042,297. This decrease occurred primarily as a result of conservative spending for salaries and payroll taxes, employee health insurance, retirement plan contributions, education and training, repairs and maintenance, and other miscellaneous expenses as compared to budgeted expectations.

Overall, the Governmental Fund has a favorable excess over budgeted net revenue and expenditures in the amount of \$1,060,348 as reported in the Budgetary Comparison Schedule – Governmental Fund.

FUTURE FINANCIAL FACTORS

Ocean City-Wright Fire Control District, an independent fire control district under the provisions of Chapter 191, Florida Statutes provides fire prevention and control as provided under Chapter 633. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the millage rate. The District has taxing authority as revenues are generated by ad valorem taxes. The Board has approved 2.75 for the millage rate assessed in fiscal year 2024 which is anticipated to provide the District adequate funds necessary for normal operations and future capital requirements. The District's maximum millage rate is 3.75.

CAPITAL ASSETS

At September 30, 2023, the District had \$8,013,271 invested in capital assets (net of depreciation). This amount represents a net decrease (including additions and reductions) of \$229,456 or 3% from the fiscal year 2022 total primarily as the result of new equipment and vehicle purchases.

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

<u>September 30,</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Land	\$ 1,171,316	\$ 1,171,316	\$ -
Construction in progress	40,310	30,604	9,706
Buildings	522,932	522,932	-
Improvements	482,517	454,348	28,169
Furniture and fixtures	8,637	8,637	-
Vehicle/Apparatus	4,426,804	4,364,415	62,389
Other equipment	1,852,562	1,710,231	142,331
Leased asset - building	3,055,266	3,055,266	-
Leased asset - vehicle	409,410	409,410	-
Total, prior to depreciation and amortization	11,969,754	11,727,159	242,595
Accumulated depreciation and amortization	(3,956,483)	(3,484,432)	(472,051)
Net capital assets	<u>\$ 8,013,271</u>	<u>\$ 8,242,727</u>	<u>\$ (229,456)</u>

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

LONG-TERM LIABILITIES

At September 30, 2023, the District has long-term liabilities which include compensated absences and an estimated liability for other postemployment benefits ("OPEB"), and the net pension liability. The District's long-term liabilities decreased \$3,058,401 as compared to 2022 primarily due to a decrease in the OPEB and net pension liabilities.

<u>September 30,</u>	<u>2023</u>	<u>2022</u>	<u>Change</u>
Compensated absences, due in more than one year	\$ 196,954	\$ 195,968	\$ 986
Other postemployment liability	1,047,818	1,338,236	(290,418)
Lease liability, due in more than one year	1,305,900	1,487,442	(181,542)
Net pension liability	4,848,293	7,435,720	(2,587,427)
Total long-term liabilities	<u>\$ 7,398,965</u>	<u>\$ 10,457,366</u>	<u>\$ (3,058,401)</u>

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

BOARD OF FIRE COMMISSIONERS

John Johnston
Chairman

Jason Monroe
Vice-Chairman

John Bostick
Secretary/Treasurer

Edward Tras
Commissioner

Aaron Brown
Commissioner

RETIREMENT BOARD OF TRUSTEES

Brad Sasser

Jennifer Benedict

Michael Taylor

Clint Aden

William Evans

MANAGEMENT

Jeff Wagner
Fire Chief

Jennifer Benedict
Financial Administrator

Basic Financial Statements

Ocean City-Wright Fire Control District
Statement of Net Position

September 30,

2023

Assets

Cash and cash equivalents	\$	6,766,872
Due from other governments		454,732
Prepaid expenses		188,893
Capital assets, net		8,013,271
Total assets		15,423,768

Deferred outflows of resources

Pension		1,408,635
Total deferred outflows of resources		1,408,635

Liabilities

Accounts payable and accrued salaries		61,291
Health reimbursement liability		184,274
Due to pension fund		23,914
Accrued interest payable		21,736
Compensated absences - due within one year		329,938
Lease liability - due within one year		168,965
Other postemployment liability		1,047,818
Compensated absences - due in more than one year		196,954
Lease liability - due in more than one year		1,305,900
Net pension liability		4,848,293
Total liabilities		8,189,083

Deferred inflows of resources

Pension		580,880
Total deferred inflows of resources		580,880

Net position

Net investment in capital assets		6,538,406
Restricted - impact fees		362,111
Unrestricted (deficit)		1,161,923
Total net position		\$ 8,062,440

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

Ocean City-Wright Fire Control District
Statement of Activities

For the year ended September 30,

2023

Expenses	
Public safety - fire protection	
Personal services	\$ (6,308,686)
Operating services	(1,213,621)
Unallocated depreciation	(491,534)
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Total program expenses	(8,013,841)
<hr/>	
Program Revenue	
Charges for services	1,134,417
Impact fees	76,587
State retirement contributions	403,963
Grants and contributions	398,199
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Total program revenue	2,013,166
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Net program expense	(6,000,675)
<hr/>	
General revenue	
Ad valorem taxes	8,915,511
Investment interest	124,862
Miscellaneous	27,719
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Total general revenue	9,068,092
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Change in net position	3,067,417
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Net position - beginning of year	4,995,023
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Net position - end of the year	\$ 8,062,440
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The accompanying notes are an integral part of these financial statements.

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

September 30,

2023

	General Fund
Assets	
Cash and cash equivalents	\$ 6,766,872
Due from other governments	454,732
Prepaid insurance	188,893
Total assets	\$ 7,410,497
Liabilities and Fund Balances	
Liabilities	
Accounts payable and accrued salaries	\$ 61,291
Health reimbursement liability	184,274
Due to pension fund	23,914
Total liabilities	269,479
Fund balances	
Nonspendable	188,893
Restricted	362,111
Committed	1,007,238
Unassigned	5,582,776
Total fund balances	7,141,018
Total liabilities and fund balances	\$ 7,410,497

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

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

<i>September 30,</i>	2023
Total fund balances, governmental funds	\$ 7,141,018
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	8,013,271
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds balance sheet.	
Deferred outflows of resources - pensions	1,408,635
Deferred inflows of resources - pensions	(580,880)
Interest payable on long-term liabilities does not consume current resources and therefore is not reported in the governmental funds balance sheet.	(21,736)
Other postemployment liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.	(1,047,818)
Capital lease obligation liabilities do not consume current resources and therefore are not reported in the governmental funds balance sheet.	(1,474,865)
Net pension liability does not consume current resources are not reported in the governmental funds balance sheet.	(4,848,293)
Compensated absences that are not currently due do not consume current resources and therefore, are not reported in the governmental funds balance sheet.	(526,892)
Total net position - governmental activities	\$ 8,062,440

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

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

For the year ended September 30,

2023

	General Fund
Revenue	
Ad valorem taxes, net of discounts	\$ 8,915,511
Investment interest	124,862
State retirement contributions	403,963
Grants	398,199
Impact fees	76,587
Proceeds from other governments	1,111,498
Other fees	50,638
Total revenue	
	11,081,258
Expenditures	
Public safety	
Personal services:	
Salaries	4,204,717
Group employee life and health insurance	641,617
Employees' retirement contribution	
Section 175 plan - District	1,566,701
Section 175 plan - State	403,963
401(a) and 457(b) plans	58,634
Taxes - payroll	322,610
Workers compensation	139,766
Education	275,836
Operating services:	
Professional services	139,019
Central dispatch	7,164
Bunker gear	4,941
Fuel	65,432
Insurance	141,788
Advertising	2,523
Small equipment	83,604
Miscellaneous	42,783
Property appraiser	91,655

(continued)

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

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

For the year ended September 30,

2023

	General Fund
Expenditures	
Repairs and maintenance	\$ 182,931
Administrative supplies	4,123
Building supplies	12,098
Uniforms	30,746
Utilities	75,053
Tax collector fee	179,559
 Capital Outlay	
Building Improvements	50,729
Vehicles and Equipment	211,349
 Debt Service	
Debt payments - principal	215,565
Debt payments - interest	65,047
Total expenditures	9,219,953
Net change in fund balance	1,861,305
Fund balance, beginning of year	5,279,713
Fund balance, end of year	\$ 7,141,018

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

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

<i>For the year ended September 30,</i>	2023
Net change in fund balance - governmental funds	\$ 1,861,305
Capital outlay, reported as expenditures in the governmental fund, is shown as capital assets in the Statement of Net Position.	262,078
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported in the governmental funds.	(491,534)
Current change in other postemployment liabilities does not consume current resources and therefore is not reported in the governmental funds.	290,418
Deferred pension adjustments per actuarial calculations are applicable to future periods and, therefore, are not reported in the governmental funds.	954,419
The change in accrued interest between the current and prior year is recorded in the Statement of Activities but not in the fund financial statements.	4,122
Current year change in debt and capital lease obligation utilizes (provides) current financial resources of the governmental funds, but reduces (increases) long-term liabilities in the Statement of Net Position.	215,567
Current year change in compensated absence liability does not consume current resources so therefore it is not reflected in the governmental funds.	(28,958)
Change in net position of governmental activities	\$ 3,067,417

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

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

<i>September 30,</i>	2023
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Assets	
Investments	\$ 20,527,475
Due from general fund	86,809
Accrued investment income	41,314
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Total Assets	20,655,598
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Liabilities	
Accounts payable	30,369
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Total Liabilities	30,369
<hr/>	
Net Position	
Net position restricted for pensions	\$ 20,625,229
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The accompanying notes are an integral part of these financial statements.

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

<i>For the year ended September 30,</i>	2023
Additions	
Contributions - District	\$ 1,566,701
Contributions - Plan members	270,144
Contributions - State	403,963
Total contributions	2,240,808
Investment Income	
Net change in fair value of investments	2,377,661
Interest	321,800
Total net investment income	2,699,461
Total additions	4,940,269
Deductions	
Administrative expense	147,269
Benefit payments	1,470,832
Total deductions	1,618,101
Change in net position restricted for pensions	3,322,168
Net position restricted for pensions, beginning of year	17,303,061
Net position restricted for pensions, end of year	\$ 20,625,229

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Government-Wide Financial Statements

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

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

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

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

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

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

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

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

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

Ad valorem taxes, reimbursements for incidents and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

The District reports the following major governmental fund:

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

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

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

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

Budgetary Information

Budgetary basis of accounting

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information (Continued)

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

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

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

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

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cash and Cash Equivalents

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

Cash and Cash Equivalents at September 30, 2023 consisted of \$6,766,872 in interest bearing checking accounts and certificates of deposit. The District maintains deposits with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities in accordance with collateral requirements determined by the State's Chief Financial Officer. In the event of default by a Qualified Public Depository, the State Treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories.

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

Investments

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-side and fund financial statements. These items will be expensed over the applicable usage period.

Accounts Receivable

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Compensated Absences

Unpaid vacation pay and sick leave is accrued for all employees. The District has accrued the unpaid compensation due its employees in the financial statements at September 30, 2023. The current and long-term portion of vested leave payable is recorded as an expense and a liability in the government-wide financial statements.

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

The current portion of compensated absences accrued is \$329,938. This amount plus the long-term portion of \$196,954 is reported in the government-wide financial statements. When combined, the District has a total accrued compensated absence liability of \$526,892 as of September 30, 2023.

Long-Term Obligations

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

Pension

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

Other Post-Employment Benefits (OPEB) Liability

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Categories and Classification of Net Position and Fund Balance

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

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

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

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

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

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

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

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

Program revenues

Amounts reported as program revenues include 1) charges to customers who directly benefit from services provided by the District and 2) grants and contributions that are restricted to meeting the

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Ad Valorem Property Tax Revenue

Property taxes attach as an enforceable lien on real property and significant dates relative to ad valorem tax revenue are as follows:

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

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

Encumbrances

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 4, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements

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

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

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

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

Ocean City-Wright Fire Control District
Notes to Financial Statements

NOTE 2: CHANGES IN CAPITAL ASSETS

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

	September 30, 2022	Additions	Retirements and Transfers	September 30, 2023
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
CIP	\$ 30,604	\$ 22,560	\$ (12,854)	\$ 40,310
Land	1,171,316	-	-	1,171,316
Total capital assets not being depreciated	1,201,920	22,560	(12,854)	1,211,626
<i>Capital assets being depreciated:</i>				
Buildings	522,932	-	-	522,932
Improvements	454,348	28,169	-	482,517
Furniture and fixtures	8,637	-	-	8,637
Vehicles/Apparatus	4,364,416	49,535	12,854	4,426,805
Other equipment	1,710,230	161,814	(19,483)	1,852,561
Total capital assets being depreciated	7,060,563	239,518	(6,629)	7,293,452
<i>Less accumulated depreciation:</i>				
Buildings	(236,172)	(90,239)	-	(326,411)
Improvements	(53,630)	(14,787)	-	(68,417)
Furniture and fixtures	(7,486)	(59)	-	(7,545)
Vehicles/Apparatus	(1,664,231)	(231,658)	-	(1,895,889)
Other equipment	(863,991)	(154,791)	19,483	(999,299)
Total accumulated depreciation	(2,825,510)	(491,534)	19,483	(3,297,561)
Total capital assets being depreciated, net	4,235,053	(252,016)	12,854	3,995,891
<i>Capital assets being amortized</i>				
Leased assets - building	3,055,266	-	-	3,055,266
Leased assets - vehicle	409,410	-	-	409,410
Less accumulated amortization - building	(420,099)	-	-	(420,099)
Less accumulated amortization - vehicle	(238,823)	-	-	(238,823)
Total capital leased assets being amortized, net	2,805,754	-	-	2,805,754
Governmental activities capital assets, net	\$ 8,242,727	\$ (229,456)	\$ -	\$ 8,013,271

Unallocated depreciation and amortization expense totaled \$491,534 for governmental activities for fiscal year ended September 30, 2023.

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

NOTE 3: DEBT

Lease Liabilities – Direct Borrowings

Fire Truck

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

Fire Station

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

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

<i>For the year ending September 30,</i>	Principal	Interest	Total
2024	\$ 168,965	\$ 58,456	\$ 227,421
2025	176,103	51,322	227,425
2026	182,508	44,401	226,909
2027	189,681	37,228	226,909
2028	197,135	29,774	226,909
2029 - 2031	560,473	41,607	602,080
Total minimum payments	1,474,865	\$ 262,788	\$ 1,737,653
Less current portion	(168,965)		
Lease liability - due in more than one year	\$ 1,305,900		

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 4: CHANGES IN LONG-TERM LIABILITIES

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

	September 30, 2022	Additions	Reductions	September 30, 2023	Due Within One Year
Government-wide activities:					
Liability for compensated absences	\$ 497,934	\$ 28,958	\$ -	\$ 526,892	\$ 329,938
Liability for OPEB obligation	1,338,236	-	(290,418)	1,047,818	-
Net pension liability	7,435,720	-	(2,587,427)	4,848,293	-
Notes from direct borrowings:					
Lease liability - truck	40,411	-	(40,411)	-	-
Lease liability - station	1,650,021	-	(175,156)	1,474,865	168,965
Total long-term liabilities	\$ 10,962,322	\$ 28,958	\$ (3,093,412)	\$ 7,897,868	\$ 498,903

NOTE 5: RETIREMENT PLANS

Defined Contribution Plan

The District sponsors a voluntary 457(b) defined contribution plan for all non-firefighter employees. Employees are eligible beginning on the first day of the calendar year after their hire date. The District contributed \$58,634 in retirement benefits for the year ended September 30, 2023. Contributions to the plan for the year ended September 30, 2023 were based on 18% of the employee's base salary. This plan is also available to firefighter personnel on a voluntary basis, but no District contribution is made. Each participant's account is immediately 100% vested.

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

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

Plan Description

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

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

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

Salary

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

Vesting

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

Eligibility for Retirement

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

Benefits

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

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

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

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

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

At September 30, 2023, the Plan had a total of 87 members with 51 active members, of which none were participating in DROP. The Plan has 27 members currently receiving benefits including disability retirees and death benefits, and 9 members entitled to refunds.

Deferred Retirement Option Program

The Plan offers a deferred retirement option program (DROP) to any member satisfying the normal retirement requirements. Participation in DROP may not exceed 60 months. Upon entering DROP, a member may choose from the following two rate of return options: (a) the actual net rate of investment return (total return net of brokerage commissions, management fees and transaction costs) credited each fiscal quarter, or (b) 6.5% per annum compounded annually. At September 30, 2023, the District has no employees currently participating in DROP. During the period of DROP participation, deferred monthly benefits are held in the Plan and accrue interest.

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits, refunds, and administrative costs are recognized when due and payable in accordance with the terms of the plan. On-behalf payments, made by the State totaling \$403,963 are recognized as revenue and expenditures in the General Fund during the year ended September 30, 2023.

Method Used to Value Investments

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Rate of Return

For the year ended September 30, 2023, the annual money-weighted rate of return on Plan investments, net of Plan investment expense, was 14.90 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Funding Policy

The plan members are required to contribute 7% of their annual covered salary to the Plan. The District/State is required to contribute at an actuarially determined rate. The rate required of the District/State for the year ended September 30, 2023 is 28% of employees' salaries for a combined contribution rate of 35% of annual covered payroll. This rate was determined from an actuarial valuation as of October 1, 2022, using the entry age normal actuarial cost method. Plan members can earn credited service for prior years of employment or for military service by contributing additional amounts based on past time served. These contributions are referred to as "buy-back" contributions.

Annual Pension Cost

Florida Statute Chapter 175 authorized special fire control districts to levy a tax upon certain insurance companies who engage in the business of property insurance. The proceeds from this tax are used in partial support of the Chapter 175 Plan. For the year ended September 30, 2023, the District received \$403,963 from the State of Florida as proceeds from this tax. This amount was used to help fund the required contribution.

The District's required contribution of \$1,142,399 was determined as part of the actuarial valuation as of October 1, 2022 using the entry age normal actuarial cost method. While contributions to the Plan are currently funded through these various sources, it is ultimately the responsibility of Ocean City-Wright Fire Control District to fund the Plan.

Net Pension Liability of the Sponsor

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

Total Pension Liability	\$ 25,475,910
Plan Fiduciary Net Position	<u>(20,627,617)</u>
Sponsor's Net Pension Liability	<u>\$ 4,848,293</u>
Plan Fiduciary Net Position as a percentage of Total Pension Liability	80.97%

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

Actuarial Assumptions

For the year ended September 30, 2023, the actuarial assumptions used to determine the Annual Required Contribution included a 6.80% investment rate of return (net of investment related expenses) compounded annually and salary increase assumptions use a service-based table obtained from a study performed on June 6, 2022. Projected salary increase at retirement is increased 20% to account for or non-regular pay.

The mortality assumption rates were mandated by Chapter 2015-157, Laws of Florida. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates listed below are those outlined in Milliman's July 1, 2021 FRS valuation report for special risk employees, with appropriate risk and collar adjustments made based on plan demographics. We feel this assumption sufficiently accommodates future mortality improvements.

Healthy Retiree Lives:

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

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

Beneficiary Lives:

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

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

Disabled Lives:

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

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

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

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

NOTE 5: RETIREMENT PLANS (CONTINUED)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2023 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sponsor's Net Pension Liability

1% decrease of discount rate to 5.80%	\$ 8,241,479
Current discount rate of 6.80%	\$ 4,848,293
1% increase of discount rate to 7.80%	\$ 2,065,937

For the year ended September 30, 2023, the District contributed \$1,566,701 plus State contributions of \$403,963. Per the actuarial report, the District recognized a pension expense of \$1,039,314 for the year ended September 30, 2023. Additionally, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 209,268	\$ 466,948
Changes of assumptions	548,759	113,932
Net difference between projected and actual earnings on pension plan investments	650,608	-
Total	\$ 1,408,635	\$ 580,880

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

NOTE 5: RETIREMENT PLANS (CONTINUED)

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

For the year ended September 30:	Amount
2024	\$ 174,774
2025	353,029
2026	651,923
2027	(329,370)
2028	(22,601)

Investments

The Plan limits the aggregate investment in corporate equities to 75% of the Plan assets at fair market value. At September 30, 2023, this percentage was approximately 73% which falls within the threshold established by the Plan. In addition, the Plan limits equity positions in any single company to 5% of the Plan assets at fair market value. At September 30, 2023, the Plan did not hold any equity positions that were greater than 5% of the Plan's total assets at fair market value. At September 30, 2023, none of the investments listed in the investment schedule are exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

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

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

	Amortized Cost	Fair Value Measurements Using			Investment Totals	Percentage of Plan Net Assets
		Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		
<i>Investments valued at</i>						
<i>Amortized Cost</i>						
Goldman Sachs						
Money Market Fund	\$ 879,734	n/a	n/a	n/a	\$ 879,734	4%
<i>Investments for which</i>						
<i>Fair Value was Determined</i>						
Corporate & Foreign Stocks	\$ -	\$ 14,910,625	\$ -	\$ -	\$ 14,910,625	73%
Corporate & Foreign Bonds	-	4,737,116	-	-	4,737,116	23%
	<u>\$ 879,734</u>	<u>\$ 19,647,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,527,475</u>	<u>100%</u>

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 5: RETIREMENT PLANS (CONTINUED)

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

Credit Risk: The District's Investment Policy for the Retirement Plan does not explicitly address credit risk (CR). The investment policy specifies the market sectors and the benchmark for each sector. The Plan's investment in the Goldman Sachs Financial Square Treasury Obligation Fund was rated AAAM/Aaa and has a weighted average maturity of 3 days. See below for a schedule of investments held by the District as of September 30, 2023 subject to credit risk.

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

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

See below for a schedule of investments held by the District as of September 30, 2023 subject to interest rate and credit risk.

Maturity schedule (IRR)	Reported Value	Less than 1 year	1 - 5 years	6 - 10 years	10+ years
Money Markets	\$ 879,734	\$ 879,734	\$ -	\$ -	\$ -
Corporate Bonds	4,616,164	815,366	1,861,996	1,699,920	238,882
Foreign Bonds - NTS Debt	120,952	-	-	120,952	-
	\$ 5,616,850	\$ 1,695,100	\$ 1,861,996	\$ 1,820,872	\$ 297,612

S & P Rating (CR)	Reported Value	AAA to A-	BBB+ to B-	CCC+ to CCC-	NR
Money Markets	\$ 879,734	\$ 879,734	\$ -	\$ -	\$ -
Corporate Bonds	4,616,164	280,634	4,085,255	-	250,275
Foreign Bonds - NTS Debt	120,952	-	120,952	-	-
	\$ 5,616,850	\$ 1,160,368	\$ 4,206,207	\$ -	\$ 250,275

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

NOTE 5: RETIREMENT PLANS (CONTINUED)

Changes in Pension Liability

<u>September 30,</u>	<u>2023</u>
Total Pension Liability	
Service Cost	\$ 688,685
Interest	1,677,490
Differences Between Expected and Actual Experience	(135,606)
Changes of Assumptions	-
Contributions - Buy Backs	-
Benefit Payments, including Refunds of Employee Contributions	<u>(1,469,899)</u>
Net Change in Total Pension Liability	760,670
Total Pension Liability - Beginning	<u>24,715,240</u>
Total Pension Liability - Ending	<u><u>\$ 25,475,910</u></u>

NOTE 6: RISK MANAGEMENT

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

Unemployment Compensation

The District retains the entire risk for unemployment compensation claims. As of September 30, 2023, the District had no reserve for unemployment compensation. Because the amount of future loss cannot be estimated, no liability for these claims has been recognized in the financial statements. No claims were incurred or paid in the current year.

Other

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 6: RISK MANAGEMENT (Continued)

Health Reimbursement Arrangement

The District has a Health Reimbursement Arrangement (HRA) that is funded solely through District contributions. The HRA allows eligible participants to be reimbursed tax free for qualified medical expenses up to a maximum dollar amount for a coverage period. 100% of the amounts remaining at the end of the calendar year are carried over to the next year. The District is not permitted to refund any part of the balance to the employee, the account cannot be used for anything other than reimbursements for qualified medical expenses, and remaining amounts are not portable upon termination but maybe utilized until depleted if the employee retires and retains the high deductible insurance plan. No further District contributions are permitted once the employee retires. For the year ended September 30, 2023, the District contributed \$2,000 for employee only and \$4,000 to multi-enrollment health coverage with a rolling cap at the maximum “in-network” out of pocket amount based on coverage selection. The District has recognized a liability in the amount of \$184,274 as of September 30, 2023 as reported in the accompanying Statement of Net Position.

Cancer Coverage

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

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

NOTE 7: COMMITMENTS AND CONTINGENCIES

Accrued Leave

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 7: COMMITMENTS AND CONTINGENCIES

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

The District adopted a new compensated absence policy in October 2021 impacting both annual and sick leave. Sick leave is no longer offered, but any accumulated sick leave will remain available for illness until balances are utilized on an individual employee basis. As of September 30, 2023, there were eight (8) employees with sick leave balances received prior to November 2015. Annual leave is now called paid time off (“PTO”) and will accumulate using the following schedule:

Shift Employees

13 hours pay period/Max 500 Hours

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

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

Probationary firefighters hired after October 1, 2021 will receive 6 hours of leave beginning the first pay period in their first year of employment.

Forty hour personnel will receive 8 hours of leave beginning the first full pay period.

Employees will receive payment of 50% paid time off after the completion of five years of full-time service and 100% after the completion of ten years of full-time service upon separation of service by way of resignation, after retirement, or death. Payment will be calculated based on the employee’s base rate of pay.

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

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 7: COMMITMENTS AND CONTINGENCIES

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

The total amount of the unpaid accrued leave at September 30, 2023, was \$526,892 with \$329,938 estimated to be payable within one year and the remaining \$196,954 due in more than one year.

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Funding Policy

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

Funded Status and Funding Progress

As of September 30, 2021, the most recent measurement date (for reporting period September 30, 2023), the actuarial accrued liability for benefits was \$1,047,818 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,047,818. The covered payroll (annual payroll of active participating employees) was \$3,597,924 from the 2022-2023 fiscal year, and the ratio of unfunded actuarial accrued liability to the covered payroll was 29.12%.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Membership

As of September 30, 2021, the most recent available census information, the plan was comprised of 60 active participants and 9 inactive participants with 7 covered spouses receiving benefits.

Actuarial Method and Assumptions

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

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

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

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

The District's OPEB interim actuarial valuation as of September 30, 2023 (measurement date as of September 30, 2021), used the Entry Age Cost actuarial method with amortization on a level percentage basis, to estimate the unfunded and funded actuarial liability as of September 30, 2023 and to estimate the District's 2022-2023 fiscal year liability. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4.77% discount rate which is based on the September 30, 2022 S&P Municipal Bond 20-Year High Grade Rate Index rate as published by the S&P Dow Jones Indices.

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

NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

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

For fiscal year ended September 30, 2023, the District recognized an OPEB revenue of \$290,418.

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

<i>Year ended September 30,</i>	2023
Service costs	\$ 52,809
Interest	32,803
Change of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(293,275)
Benefit payments	(82,755)
Annual OPEB Cost (Expense)	(290,418)
Net OPEB Obligation, beginning of year	1,338,236
Net OPEB Obligation, end of year	\$ 1,047,818
Covered Employee Payroll	\$ 3,597,924
Net OPEB Liability as a Percentage of Covered Employee Payroll	29.12%

Changes of assumptions. Changes of assumptions and other inputs reflects updated assumed retiree health care claims costs and premiums, and updated health care trend rates. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate used changed from 2.43% to 4.77%.

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

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

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	3.77%	4.77%	5.77%
Total OPEB Liability	\$1,159,041	\$1,047,818	\$953,047

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	3.00% - 6.50%	4.00% - 7.50%	5.00% - 8.50%
Total OPEB Liability	\$944,801	\$1,047,818	\$1,169,651

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

NOTE 9: CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TYPES

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

	Balance at September 30, 2022	Excess of Revenue and Other Uses Over Expenditures and Other Sources	Transfers and Changes in Encumbrances and Prepaids	Balance at September 30, 2023
Nonspendable				
Prepaids	\$ 70,242	\$ -	\$ 118,651	\$ 188,893
Restricted				
Impact fees	284,873	77,238	-	362,111
Committed				
Committed for working capital	280,711	-	469,289	750,000
Committed for vehicles	94,445	-	162,793	257,238
Unassigned	4,549,442	1,314,778	(281,444)	5,582,776
Totals	\$ 5,279,713	\$ 1,392,016	\$ 469,289	\$ 7,141,018

NOTE 10: INTERLOCAL AGREEMENT

The District entered into an Interlocal agreement with the City of Mary Esther (“the City”) for fire services within the boundaries of the City. The City has transferred the responsibility of furnishing fire services including Advanced Life Support (ALS) medical services to Ocean City-Wright Fire Control District. The District agrees to provide twelve (12) firefighter personnel to staff services for the City. The agreement is effective October 1, 2019 through September 30, 2029 with an option to extend for an additional five (5) years. The agreement may be terminated at any time by either party with a minimum twelve (12) month notice prior to the requested termination.

As of September 30, 2023, the District recorded \$1,079,498 of contractual charges for services and the District has a receivable from the City in the amount of \$269,874 which is included in Due from other governments in the accompanying Statement of Net Position.

Ocean City-Wright Fire Control District Notes to Financial Statements

NOTE 11: IMPACT FEES

Impact fees (as authorized under Florida Statute 191.009(2) and the District's Charter) may be assessed to pay for the cost of new facilities and equipment for fire protection and emergency services. Impact fees are calculated using a flat fee of \$170.16 for residential units, \$0.53 per square foot for commercial entities, \$0.13 per square foot for industrial warehouses, and \$1.00 per square foot for assembly/institutional entities. The District assessed \$11,741 in residential impact fees and \$64,846 in commercial, industrial, and other entity impact fees for the year ended September 30, 2023. The District does not allow impact fee waivers for construction or developments.

NOTE 12: UNCERTAINTIES

Litigation

During the current year, a former employee filed a lawsuit against the District alleging violations of the Americans with Disabilities Act. The matter is currently in the discovery phase and is scheduled for mediation in March 2024. The District is vigorously contesting the allegations in this case. The financial impact is unknown as of the date of this report.

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

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

For the year ended September 30,

2023

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Revenue				
Ad valorem taxes collected	\$ 8,735,346	\$ 8,915,511	\$ 8,915,511	\$ -
Investment interest	2,500	124,862	124,862	-
State retirement contributions	275,000	403,963	403,963	-
Capital grants	416,277	398,202	398,199	(3)
Impact fees	-	76,587	76,587	-
Proceeds from other governments	1,111,498	1,111,498	1,111,498	-
Other fees	20,000	32,584	50,638	18,054
Total revenue	10,560,621	11,063,207	11,081,258	18,051
Expenditures				
Personal services:				
Salaries	4,622,000	4,622,000	4,204,717	417,283
Employee life and health insurance	752,000	752,000	641,617	110,383
Employees' retirement contribution				
Section 175 plan - District	1,572,332	1,572,332	1,566,701	5,631
Section 175 plan - State	275,000	403,963	403,963	-
401(a) and 457(b) plans	70,000	70,000	58,634	11,366
Taxes - payroll	353,583	353,583	322,610	30,973
Workers compensation	153,913	153,913	139,766	14,147
Education	352,945	371,058	275,836	95,222
Operating services:				
Professional services	164,200	164,200	139,019	25,181
Central dispatch	8,000	8,000	7,164	836
Bunker gear	35,000	35,000	4,941	30,059
Fuel	83,000	83,000	65,432	17,568
Insurance	150,000	150,000	141,788	8,212
Advertising	2,500	2,550	2,523	27
Small equipment	125,900	125,900	83,604	42,296
Miscellaneous	37,700	37,815	42,783	(4,968)
Property appraiser	122,521	122,521	91,655	30,866
Repairs and maintenance	291,225	291,225	182,931	108,294
Supplies				
Administrative	12,000	12,000	4,123	7,877
Building	20,000	20,000	12,098	7,902
Uniforms	35,000	35,000	30,746	4,254
Utilities	83,895	83,895	75,053	8,842
Tax collector fee	174,707	179,560	179,559	1

(continued)

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

For the year ended September 30,

2023

	Original Budget	Final Budget	Actual Amounts	Variance Favorable (Unfavorable)
Capital Outlay				
Land and building	65,000	65,000	50,729	14,271
Equipment	208,200	257,735	211,349	46,386
Debt Service				
Debt payments - Principal	223,119	223,119	215,565	7,554
Debt payments - Interest	66,881	66,881	65,047	1,834
Total expenditures	10,060,621	10,262,250	9,219,953	1,042,297
Excess of revenue over expenditures	500,000	800,957	1,861,305	1,060,348
Fund balances, beginning of year	5,279,713	5,279,713	5,279,713	-
Fund balances, end of year	\$ 5,779,713	\$ 6,080,670	\$ 7,141,018	\$ 1,060,348

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

September 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability										
Service Cost	\$ 688,685	\$ 697,264	\$ 589,172	\$ 545,529	\$ 373,451	\$ 372,837	\$ 372,747	\$ 356,559	\$ 324,974	\$ 334,644
Interest	1,677,490	1,672,852	1,619,891	1,540,248	1,531,397	1,484,764	1,405,503	1,305,113	1,235,278	1,188,991
Change in Excess State Money	-	-	-	-	-	-	-	-	-	85,747
Changes of Benefit Terms	-	-	-	-	(1,123)	112,173	101,759	-	(358,128)	-
Differences Between Expected and Actual Experience	(135,606)	(505,618)	(33,727)	627,802	(774,466)	(125,914)	219,507	(51,218)	(466,348)	-
Changes of Assumptions	-	329,360	658,374	(341,795)	-	601,446	437,658	362,326	-	-
Benefit Payments, Including Refunds of Employee Contributions	(1,469,899)	(1,389,879)	(1,353,191)	(1,280,614)	(1,080,159)	(933,361)	(839,338)	(751,402)	(574,097)	(543,077)
Net Change in Total Pension Liability	760,670	803,979	1,480,519	1,091,170	49,100	1,511,945	1,697,836	1,221,378	161,679	1,066,305
Total Pension Liability - Beginning	24,715,240	23,911,261	22,430,742	21,339,572	21,290,472	19,778,527	18,080,691	16,859,313	16,697,634	15,631,329
Total Pension Liability - Ending	<u>\$ 25,475,910</u>	<u>\$ 24,715,240</u>	<u>\$ 23,911,261</u>	<u>\$ 22,430,742</u>	<u>\$ 21,339,572</u>	<u>\$ 21,290,472</u>	<u>\$ 19,778,527</u>	<u>\$ 18,080,691</u>	<u>\$ 16,859,313</u>	<u>\$ 16,697,634</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$ 1,613,514	\$ 1,304,852	\$ 1,299,605	\$ 1,248,996	\$ 951,325	\$ 911,984	\$ 869,937	\$ 767,020	\$ 751,628	\$ 675,794
Contributions - State	380,219	369,467	341,369	287,907	260,766	243,014	281,985	296,666	293,054	271,575
Contributions - Employee	270,138	278,641	229,370	213,459	175,244	153,260	112,767	103,249	98,883	98,300
Net Investment Income	2,587,818	(2,984,482)	2,936,160	1,921,852	514,898	1,462,671	1,546,972	955,354	(511,711)	886,217
Benefit Payments, Including Refunds of Employee Contributions	(1,469,899)	(1,421,283)	(1,353,191)	(1,280,614)	(1,080,159)	(933,361)	(839,338)	(751,402)	(574,097)	(543,077)
Administrative Expense	(33,693)	(44,971)	(30,782)	(33,608)	(38,628)	(65,504)	(68,321)	(26,287)	(31,115)	(16,744)
Net Change in Plan Fiduciary Net Position	3,348,097	(2,497,776)	3,422,531	2,357,992	783,446	1,772,064	1,904,002	1,344,600	26,642	1,372,065
Plan Fiduciary Net Position - Beginning	17,279,520	19,777,296	16,354,765	13,996,773	13,213,327	11,441,263	9,537,261	8,192,661	8,166,019	6,793,954
Plan Fiduciary Net Position - Ending	<u>\$ 20,627,617</u>	<u>\$ 17,279,520</u>	<u>\$ 19,777,296</u>	<u>\$ 16,354,765</u>	<u>\$ 13,996,773</u>	<u>\$ 13,213,327</u>	<u>\$ 11,441,263</u>	<u>\$ 9,537,261</u>	<u>\$ 8,192,661</u>	<u>\$ 8,166,019</u>
Net Pension Liability - Ending	<u>\$ 4,848,293</u>	<u>\$ 7,435,720</u>	<u>\$ 4,133,965</u>	<u>\$ 6,075,977</u>	<u>\$ 7,342,799</u>	<u>\$ 8,077,145</u>	<u>\$ 8,337,264</u>	<u>\$ 8,543,430</u>	<u>\$ 8,666,652</u>	<u>\$ 8,531,615</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.97%	69.91%	82.71%	72.91%	65.59%	62.06%	57.85%	52.75%	48.59%	48.91%
Covered Payroll	\$ 3,859,456	\$ 3,531,618	\$ 3,276,718	\$ 3,049,411	\$ 2,503,490	\$ 2,189,434	\$ 2,255,348	\$ 2,064,973	\$ 1,977,651	\$ 1,965,995
Net Pension Liability as a Percentage of Covered Payroll	125.62%	210.55%	126.16%	199.25%	293.30%	368.91%	369.67%	413.73%	438.23%	433.96%

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

<u>September 30,</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,142,399	\$ 1,179,560	\$ 1,228,769	\$ 1,536,903	\$ 1,189,157	\$ 954,593	\$ 902,139	\$ 830,119	\$ 761,399	\$ 829,650
Contributions in Relation to the										
Actuarially Determined Contributions	1,993,773	1,674,319	1,640,974	1,536,903	1,212,091	1,154,998	1,151,922	1,063,686	1,044,682	861,622
Contribution Deficiency (Excess)	<u>\$ (851,374)</u>	<u>\$ (494,759)</u>	<u>\$ (412,205)</u>	<u>\$ -</u>	<u>\$ (22,934)</u>	<u>\$ (200,405)</u>	<u>\$ (249,783)</u>	<u>\$ (233,567)</u>	<u>\$ (283,283)</u>	<u>\$ (31,972)</u>
Covered Payroll	\$ 3,859,456	\$ 3,531,618	\$ 3,276,718	\$ 3,049,411	\$ 2,503,490	\$ 2,189,434	\$ 2,255,348	\$ 2,064,973	\$ 1,977,651	\$ 1,965,995
Contributions as a Percentage of Covered Payroll	51.66%	47.41%	50.08%	50.40%	48.42%	52.75%	51.08%	51.51%	52.82%	43.83%

Notes to Schedule

Valuation Date: 10/01/2022

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

Methods and assumptions used to determine contribution rates:

- Funding Method: Entry Age Normal Actuarial Cost Method
- Actuarial Asset Method: Each year, the prior Actuarial Value of Assets is brought forward utilizing the historical geometric four-year average Market Value return (net of fees). It is possible that over time this technique will produce an insignificant bias above or below Market Value of Assets.
- Salary Increases: This assumption was adopted in conjunction with the experience study dated June 8, 2022. Projected salary at retirement is increased 20% to account for non-regular pay.
- Payroll Increase: Up to 5.0% per year annually. Assumption is limited by historical 10-year payroll growth.
- Interest Rate: 6.80% per year compounded annually, net of investment expenses. This is supported by the target asset class allocation of the trust and the expected long-term return by asset class.
- Retirement Age: Earlier of 1) Age 50 and 25 years of service or 2) age 55 and 10 years of service. This assumption is deemed reasonable based on plan provisions.
- Early Retirement: It is assumed that Members who are eligible for Early Retirement will retire at the rate of 5% per year. This assumption is deemed reasonable based on plan provisions.

Ocean City-Wright Fire Control District Schedule of Pension Contributions

Termination Rates:	See Table Below. This assumption was adopted in conjunction with the experience study dated June 6, 2022.
Disability Rates:	See Table Below. It is assumed that 90% of disablements are service related.
Mortality:	<p><u>Healthy Lives (Inactive)</u>: Female: PubS.H-2010 for Healthy Retirees, set forward one year. Male: PubS.H-2010 (Below Median) for Healthy Retirees, set forward one year.</p> <p><u>Beneficiary Lives</u>: Female: PubG.H-2010 (Below Median) for Healthy Retirees. Male: PubG.H-2010 (Below Median) for Healthy Retirees, set back one year.</p> <p><u>Healthy Lives (Active)</u>: Female: PubS.H-2010 (Below Median) for Employees, set forward one year. Male: PubS.H-2010 (Below Median) for Employees, set forward one year.</p> <p><u>Disabled Lives</u>: 80% PubG.H-2010 for Disabled Retirees / 20% PubS.H-2010 for Disabled Retirees.</p>

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

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

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

<u>Fiscal Year Ended</u>	<u>Annual Money-Weighted Rate of Return Net of Investment Expense</u>
September 30, 2023	14.90%
September 30, 2022	-15.03%
September 30, 2021	17.89%
September 30, 2020	13.68%
September 30, 2019	3.89%
September 30, 2018	12.75%
September 30, 2017	16.06%
September 30, 2016	11.55%
September 30, 2015	-6.14%
September 30, 2014	12.85%

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

<i>Year ended September 30,</i>	2023	2022	2021	2020	2019	2018
Service costs	\$ 52,809	\$ 54,478	\$ 41,294	\$ 35,457	\$ 38,379	\$ 41,882
Interest	32,803	24,336	35,844	42,717	38,798	34,241
Change of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	-	483,169	-	142,492	-	-
Changes of assumptions	(293,275)	(271,455)	113,036	(187,903)	(66,594)	(78,256)
Benefit payments	(82,755)	(69,692)	(64,830)	(53,830)	(49,499)	(45,516)
Annual OPEB Cost (Expense)	(290,418)	220,836	125,344	(21,067)	(38,916)	(47,649)
Net OPEB Obligation, beginning of year	1,338,236	1,117,400	992,056	1,013,123	1,052,039	1,099,688
Net OPEB Obligation, end of year	\$ 1,047,818	\$ 1,338,236	\$ 1,117,400	\$ 992,056	\$ 1,013,123	\$ 1,052,039
Covered Employee Payroll	\$ 3,597,924	\$ 3,510,169	\$ 3,031,868	\$ 2,957,920	\$ 2,166,817	\$ 2,113,968
Net OPEB Liability as a Percentage of Covered Employee Payroll	29.12%	38.12%	36.86%	33.54%	46.76%	49.77%

Notes to Schedule:

See Note 8 to the financial statements for additional disclosures.

Changes of assumptions:

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

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

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

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

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

Supplementary Information

**INDEPENDENT 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Ocean City-Wright Fire Control District, (“the District”) as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated March 4, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 4, 2024

MANAGEMENT LETTER

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

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

Report on the Financial Statements

We have audited the financial statements of the Ocean City-Wright Fire Control District (“the District”) as of and for the fiscal year ended September 30, 2023, and have issued our report thereon dated March 4, 2024.

Auditor’s Responsibility

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

Other Reporting Requirements

We have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Accountants’ Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which is dated March 4, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Official Title and Legal Authority

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

Financial Condition and Management

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

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

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 59.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 0.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$4,204,755.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes, as a favorable variance of \$1,361,305.

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

- a. The millage rate or rates imposed by the District as 2.75.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$8,915,511.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as \$0.

Additional Matters

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

Purpose of this Letter

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 4, 2024



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

INDEPENDENT ACCOUNTANTS' REPORT

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

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

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

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

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

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

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

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

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

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 4, 2024