

LIBERTY FIRE DISTRICT
DEFUNIAK SPRINGS, FLORIDA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2021

EDWARD CHAPMAN

Certified Public Accountant

Springville, Alabama

June 6, 2022, except as to note B, which is as of October 30, 2023

LIBERTY FIRE DISTRICT

FIRE CHIEF

JOHN DUNHAM

BOARD MEMBERS

JOHN HINSON(VICE-CHAIRMAN)

TONY ROY (SECRETARY)

PHILLIP CANTERBERRY (BOARD MEMBER)

JOHN BOTTOMS (TREASURER)

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INDEPENDENT AUDITORS' REPORT

To:
Board of Commissioners
Liberty Fire District
Defuniak Springs, Florida

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Liberty Fire District (the "District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which comprise Liberty Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Liberty Fire District, as of September 30, 2021, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

After the issuance of the September 30, 2021 audited financial statements, my post audit review procedures identified new information that made the June 6, 2022 issued Audit Report to be not in conformity with accounting principles generally accepted in the United States of America. The financial statements have been updated as described in Note B. My opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison schedule (in Required Supplementary Information), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The budget comparison schedule was not adopted by the board and is not presented in the Required Supplementary Information section of the audit report. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated June 6, 2022 on my consideration of Liberty Fire District's internal control over financial reporting and on my 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 my 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Liberty Fire District's internal control over financial reporting and compliance.



Edward E. Chapman
Certified Public Accountant
Springville, Alabama
June 6, 2022, except as to note B, which is as of October 30, 2023

Management Discussion and Analysis (MD&A)

The MD&A of the District's financial performance provides an overview of the District's financial activities for the fiscal year. The District is a volunteer fire department, and the primary purpose of the District is to provide fire, rescue and emergency medical assistance for the District. This discussion and analysis should be read in conjunction with the District's financial statements.

Overview of the Financial Statements

The District's financial statements comprise the following elements:

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the District's overall financial condition. Changes in the District's financial position may be measured over time by increases and decreases in the Statement of Net Position. Information on how the District's net position changed during the fiscal year is presented in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on the individual parts of the District, reporting the District's operations in more detail than government-wide and fund financial statements. Fund financial statements include the statements for governmental funds.

Notes to Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Refer to Note A to the financial statements for more detailed information on the elements of the financial statements.

Financial Analysis of the District as a Whole

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. You can think of the district's net assets as the difference between assets and liabilities-as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need also to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation.

The District had \$25,043 cash in the bank at the end of the year (unrestricted \$21,900).

The District's total assets \$2,499,315 and total net assets \$2,321,805 are displayed in condensed statement of net assets (Table 1).

Table 1

| | <u>2020</u> | <u>2021</u> |
|----------------------------|-------------|-------------|
| Capital Assets | \$2,426,886 | \$2,434,704 |
| Current Assets | \$93,021 | \$64,611 |
| Total Assets | \$2,519,907 | \$2,499,315 |
| Short Term Debt | \$37,896 | \$38,377 |
| Long Term Debt | \$174,618 | \$139,133 |
| Total Debt | \$212,514 | \$177,510 |
| Net Assets | | |
| Invested in Capital Assets | | |
| Net of Related Debt | \$2,216,282 | \$2,260,049 |
| Unrestricted | \$48,668 | \$21,900 |
| Restricted | \$42,443 | \$39,856 |
| Total Net Assets | \$2,307,393 | \$2,321,805 |

Changes in District's net assets can be determined by reviewing the following condensed Statement of Activities (Table 2).

Table 2

| | <u>2020</u> | <u>2021</u> |
|---------------------------------|-------------|-------------|
| Taxes | \$172,481 | \$179,110 |
| Grants | \$456,832 | \$37,581 |
| Impact Fees | \$7,500 | \$6,825 |
| Interest Income | \$9 | \$9 |
| Donations | \$185 | \$12,165 |
| Insurance Proceeds | \$0 | \$68,500 |
| Miscellaneous | \$0 | \$64 |
| Total Revenues | \$637,007 | \$304,254 |
| Operating Expenses | \$280,369 | \$289,842 |
| Change in Net Assets | \$356,638 | \$14,412 |
| Net Assets at Beginning of Year | \$1,950,755 | \$2,307,393 |
| Net Assets at End of Year | \$2,307,393 | \$2,321,805 |

The District's Funds

The District has one fund, the General Fund, from which all activities are carried out. The General Fund is used to report the cost of services provided to the residents of the District. The District continues to apply for grants to purchase equipment needed to provide improved services to residents of the district.

Capital Assets

At the end of 2021, the District had \$2,434,704 invested in capital assets net of accumulated depreciation.

Capital asset increases were \$167,058 for equipment as described below. Capital assets decreased \$159,240 for depreciation. The following summarizes Capital Assets net of depreciation.

Table 3

| | <u>2020</u> | <u>2021</u> |
|----------------------|--------------------|--------------------|
| Land | \$224,415 | \$278,024 |
| Equipment | \$334,574 | \$331,984 |
| Improvements | \$2,880 | \$2,160 |
| Buildings | \$877,415 | \$854,250 |
| Vehicles | \$987,169 | \$968,121 |
| Office Equipment | \$433 | \$165 |
| Total Capital Assets | <u>\$2,426,886</u> | <u>\$2,434,704</u> |

The following table summarizes the changes in capital assets. These changes are presented in more detail in Note E to the financial statements.

Table 4

| | <u>2020</u> | <u>2021</u> |
|------------------------------|----------------------|----------------------|
| Balance at Beginning of Year | \$1,843,117 | \$2,426,886 |
| Additions | \$715,902 | \$167,058 |
| Depreciation | (<u>\$132,133</u>) | (<u>\$159,240</u>) |
| Total Capital Assets | <u>\$2,426,886</u> | <u>\$2,434,704</u> |

This year's capital asset additions were as follows:

| <u>Description</u> | <u>Category</u> | <u>Cost</u> |
|--------------------|-----------------|------------------|
| Garage doors | Building | \$2,950 |
| Stairs | Building | \$2,256 |
| Spreader | Equipment | \$13,260 |
| Cutter | Equipment | \$12,515 |
| Scene lights | Equipment | \$13,815 |
| Generator | Equipment | \$1,841 |
| AED | Equipment | \$7,500 |
| Wycoff RD | Land | \$53,609 |
| Attack 7 | Vehicle | \$59,312 |
| | | <u>\$167,058</u> |

Note: No asset retirements for FY 2021.

Debt

At September 30, 2021, the District has one loan. On 01/22/2020 the District obtained a loan from Ameris Bank for \$233,721 to purchase a new pumper truck. During the FY 2021 principal of \$35,949 was paid. The balance on the loan as of The end of FY was \$174,655.

Economic Factors and Next Year's Budget

FY2014 was the last year that Walton County provided quarterly funding to the District. Walton County no longer provided a funding distribution beginning in fiscal year 2015. To replace the Walton County funding, on August 26, 2015, the voters of Liberty Fire District approved an increase in the Municipal Service Benefit (MSBU) non-ad valorem fire assessment fee to \$75 for residential properties and \$163 for commercial properties.

As more residents move into the District's service area, additional equipment and manpower will be needed to service all of these residents.

The District has an impact fee in place to help offset these costs, plus the District is applying for various grants to help offset these additional costs.

The district applied for several grants from the Federal Emergency Management Agency (FEMA) for the next FY. These grants would help the District deal with the impact of Covid, retain volunteers, and purchase needed equipment. Some grants applied for may require a 50% match from the District.

Contacting the District's Financial Management

This financial report is designed to provide the residents of the District, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Chief at 3278 US Hwy 90 W, Defuniak Springs, Florida 32433.

BASIC FINANCIAL STATEMENTS

LIBERTY FIRE DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS

| | |
|---------------------------|-----------------|
| Unrestricted Assets: | |
| Cash | \$21,900 |
| Restricted Assets: | |
| Cash | \$3,143 |
| Accounts Receivable (net) | \$1,479 |
| Utility Deposit | \$75 |
| Prepaid Insurance | \$38,014 |
| Total Current Assets | <u>\$64,611</u> |

CAPITAL ASSETS

| | |
|----------------------|--------------------|
| Non-depreciable | \$278,024 |
| Depreciable, net | \$2,156,680 |
| Total Capital Assets | <u>\$2,434,704</u> |

| | |
|---------------------|---------------------------|
| TOTAL ASSETS | <u><u>\$2,499,315</u></u> |
|---------------------|---------------------------|

LIABILITIES

| | |
|----------------------|------------------|
| Accounts Payable | \$2,855 |
| Short Term Liability | \$35,522 |
| Long Term Liability | \$139,133 |
| Total Liabilities | <u>\$177,510</u> |

NET POSITION

| | |
|--|--------------------|
| Investments in Capital Assets, Net of Debt | \$2,260,049 |
| Unrestricted | \$21,900 |
| Restricted | \$39,856 |
| Total Net Position | <u>\$2,321,805</u> |

| | |
|---|---------------------------|
| TOTAL LIABILITIES & NET POSITION | <u><u>\$2,499,315</u></u> |
|---|---------------------------|

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

| FUNCTION/PROGRAMS | PROGRAM EXPENSES | | | | NET (EXPENSE) |
|--------------------------|------------------|----------------------|------------------------------------|----------------------------------|-----------------------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS | REVENUE AND CHANGES IN NET ASSETS |
| | | | | | PRIMARY GOVERNMENTAL ACTIVITIES |
| PRIMARY GOVERNMENT | | | | | |
| Governmental Activities | | | | | |
| General Government | \$289,842 | \$0 | \$0 | \$0 | \$289,842 |
| Total Primary Government | \$289,842 | \$0 | \$0 | \$0 | \$289,842 |

| | |
|--|-------------|
| GENERAL Revenues | |
| Taxes | \$179,110 |
| Impact Fees | \$6,825 |
| Unrestricted Investment Income | \$9 |
| Grants | \$37,581 |
| Donations | \$12,165 |
| Miscellaneous | \$64 |
| Insurance Proceeds | \$68,500 |
| Total General Revenues and Special Items | \$304,254 |
| Change in Net Position | \$14,412 |
| NET POSITION - BEGINNING OF YEAR | \$2,307,393 |
| NET POSITION - END OF YEAR | \$2,321,805 |

See accompanying notes to the financial statements.

**LIBERTY FIRE DISTRICT
BALANCE SHEET -
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021**

ASSETS

| | |
|---------------------------|-----------------|
| Cash | \$21,900 |
| Restricted Assets: | |
| Cash | \$3,143 |
| Accounts Receivable (net) | \$1,479 |
| Utility Deposit | \$38,014 |
| Prepaid Insurance | \$75 |
| Total Assets | <u>\$64,611</u> |

LIABILITIES AND FUND BALANCES

LIABILITIES

| | |
|-------------------|----------------|
| Accounts Payable | \$2,855 |
| Total Liabilities | <u>\$2,855</u> |

FUND BALANCES

| | |
|---------------------|-----------------|
| General Fund: | |
| Nonspendable | \$36,713 |
| Unassigned | \$21,900 |
| Restricted | \$3,143 |
| Total Fund Balances | <u>\$61,756</u> |

| | |
|--|------------------------|
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$64,611</u></u> |
|--|------------------------|

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

| | |
|--|--------------------|
| Total Fund Balances, governmental fund balance sheet | \$61,756 |
| Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet. | \$2,434,704 |
| Short-Term and Long-Term liabilities used to finance capital assets are not reported in the governmental funds balance sheet. | |
| Short-Term Loans | (\$35,522) |
| Long-Term Loans | (\$139,133) |
| Total net position – Statement of Activities | <u>\$2,321,805</u> |

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2021

Revenues:

| | |
|--------------------|------------------|
| Taxes | \$179,110 |
| Impact Fees | \$6,825 |
| Interest | \$9 |
| Grants | \$37,581 |
| Donations | \$12,165 |
| Miscellaneous | \$64 |
| Insurance Proceeds | \$68,500 |
| Total Revenues | <u>\$304,254</u> |

Expenditures:

Operating Services:

| | |
|--|------------------|
| Appreciation Meals & Awards | \$1,483 |
| Advertising | \$292 |
| Accounting & Auditing Services | \$11,050 |
| Contracted Services | \$1,050 |
| Dues | \$835 |
| Interest | \$8,250 |
| Utilities and Telephone | \$10,152 |
| Insurance & Bonds | \$31,778 |
| Repair & Maintenance | \$23,446 |
| Fuel | \$12,133 |
| Expendable Tools & equipment | \$9,990 |
| Travel | \$624 |
| Taxes, Licenses, & Fees | \$468 |
| Office & Misc. Supplies | \$10,829 |
| Training & Fitness | \$220 |
| Volunteer Reimbursement | \$8,003 |
| Total General Government, excluding Depreciation | <u>\$130,603</u> |

Capital Outlay:

| | |
|--|-----------|
| Equipment purchased | \$167,058 |
| Plus, long-term debt principal paid down | \$35,485 |

| | |
|--------------------------------------|------------------|
| Total Expenditures | <u>\$333,146</u> |
| Excess of revenues over expenditures | (\$28,892) |
| Fund balance, beginning of year | \$90,648 |
| Fund balance, end of year | <u>\$61,756</u> |

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2021**

| | |
|--|-----------------|
| Net change in fund balances - governmental fund | (\$28,892) |
| Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position | \$167,058 |
| 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 as an expenditure in the governmental fund | (\$159,240) |
| Repayment of principal on debt is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position. | \$35,485 |
| Change in net position of Statement of Activities | <u>\$14,412</u> |

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Liberty Fire District (the District) is an independent, all volunteer fire district. It was created and is governed by House Bill 1685, dated July 15, 2003. It operates for the benefit of the residents of Walton County who reside within the geographical limits of the Liberty Fire District. The Board members are elected by the voters in the Liberty Fire District.

The accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

Measurement Focus, Basis of Accounting and Basis of Presentation

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.

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 expenditures are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include grant revenues that are restricted to meeting the operations or capital requirements of a particular grant program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of grant direct expenditures with grant program revenues identifies the extent to which grant direct expenses are self-financing and draw from the grant revenues.

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 – investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in capital assets – This component of net position consists of capital assets, included 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 unspent proceeds.

Restricted – This component of net position consists of constraints placed on net positions 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, net of related debt”.

Fund Financial Statements:

Government Funds are used to account for the general government activities. Governmental fund types use the flow of current financial 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 un-matured interest on 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.

Non-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 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.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Non-spendable fund balance includes amounts that are not in a spendable form (such as prepaid insurance) or are required to be maintained intact.

Restricted fund balance includes amounts restricted by creditor, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. The restricted balance at the end of this fiscal year end consists of impact fees, which are restricted for purchase or construction of new facilities, or equipment, to provide fire protection and emergency services.

Committed fund balance can be used only for specific purposes as imposed by formal action of the Fire District’s board. There are no committed funds at the end of this fiscal year.

Assigned fund balance includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose by the District board. There are no assigned funds as of the end of this fiscal year.

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. Unassigned funds include the unrestricted fund balance.

Restricted resources are only used for their specific designation and with approval from the District’s board. 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 of the expense. In the event that expenditures for new facilities, fire protection and emergency services exceeds available restricted funds, the expenditure will be funded out of restricted funds to the extent of the restricted fund balance, and the remainder will be funded by the unrestricted fund balance.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 unrestricted fund balance classification could be used.

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. The District currently has no fiduciary funds or trust funds.

Cash, Deposits and Investments

The District is authorized to invest in financial instruments as established in Section 218.415, Florida Statutes. The District maintains deposits with “Qualified Public Depositories” as defined in Chapter 280 Florida Statutes. The District has an investment policy that places the highest priority on the safety of principal and liquidity of funds. Funds in excess of amounts needed to meet current expenses are invested in money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation. Investments in money market funds are reported at fair value. Funds in the Impact Fund are restricted for purchase of capital assets.

Interest Rate Risk

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and investing primarily in short-term security such as money market accounts.

Concentration of Credit Risk

As mentioned above, the District limits investments to money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and equipment are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the district as assets with an initial/individual cost of more than \$1,000. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value at the date of donation.

The cost 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, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|------------------|--------------|
| Buildings | 15 – 39 |
| Equipment | 7 – 15 |
| Improvements | 25 |
| Office Equipment | 5 |

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

Ad Valorem Tax Revenue

The Walton County Property Tax Calendar Significant dates relative to ad valorem tax revenue are as follows:

- Assessment date, Lien date – January 1
- Levy date – November 1
- Due Date – November 1
- Maximum Discount – November 30
- Past Due or Delinquent date – April 1
- Tax Certificates Sold – June 1

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Budgets and Budgetary Accounting

The Fire District did not adopt a formal budget for the fiscal year. A Budgetary Comparison Schedule is not included in the Required Supplementary Information.

Estimates

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

NOTE B – REISSUANCE OF FINANCIAL STATEMENTS DUE TO POST AUDIT FINDINGS

After the issuance of the September 30, 2020 audited financial statements, the District had a performance audit conducted by the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) that produced certain compliance findings. There have also been some additional changes made to the previously issued financial statements, at the discretion of the firm, to update certain presentations and disclosures to better conform to the financial statement presentation requirements. A summary of the changes are noted below:

- The budgetary comparison schedule, which is required supplementary information, was removed due to the fact the budget was not formally adopted by the Board. Disclosure of the omission of the schedule was added to the required supplementary paragraph with in the audit report.
- Compliance findings that were discovered as a result of the performance audit of the District's policies and procedures by the OPPAGA were added to the managements letter at page 33 and were reported as significant deficiencies and/or material weaknesses in the 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 ACCOTDANCE WITH GOVERNMENT AUDITING STANDARDS on page 31.
- The tables located in the Management's Discussion & Analysis beginning on page 8 were updated to show comparative basis.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

- Balance Sheet – Governmental Funds and the associated Reconciliation of the Governmental Fund Balance Sheet to Statement of Net Position was update with correct balances. See pages 14 & 15.
- Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds and the associated Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities was updated with correct balances. See pages 16 &17.
- Note A – Summary of Significant Accounting Policies, section Budgets and Budgetary Accounting was updated to note the District did not formally adopt a budget. See page 23.
- Note G – Long Term Debt was updated to include a table showing future interest and principal on a yearly basis. See page 27.
- Note I – Subsequent Events was updated to include my post audit discovery of the Florida Office of Program Analysis and Government Accountability performance audit findings. See page 28.
- Note J Related Part Transactions was added to disclose information related to related party transactions. See page 28.

NOTE C - DEPOSITS AND INVESTMENTS

Liberty Fire District, Inc. has not adopted a written policy for deposits or investing surplus funds. Regarding the investment of surplus funds, the Florida State Statutes were followed. Restricted Fund cash in the Impact Fund is restricted for purchase of capital assets.

NOTE D – CONTINGENCY

The District receives most of its support from fire taxes and impact fees. A reduction in growth of new construction would affect the District’s ability to fund its programs and activities.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE E - CAPITAL ASSETS

Capital asset activity for the fiscal year was as follows:

| GOVERNMENTAL ACTIVITIES: | Balance | Current Year: | | Balance |
|--|------------------|------------------|------------------|------------------|
| | <u>9/30/2020</u> | <u>Additions</u> | <u>Deletions</u> | <u>9/30/2021</u> |
| Capital assets, not being depreciated: | | | | |
| Land | \$224,415 | \$53,609 | \$0 | \$278,024 |
| Total capital assets, not being depreciated | \$224,415 | \$53,609 | \$0 | \$278,024 |
| Capital assets, being depreciated: | | | | |
| Equipment | \$881,416 | \$48,931 | \$0 | \$930,347 |
| Improvements | \$18,000 | \$0 | \$0 | \$18,000 |
| Buildings | \$1,081,315 | \$5,206 | \$0 | \$1,086,521 |
| Vehicles | \$1,576,348 | \$59,312 | \$0 | \$1,635,660 |
| Office Equipment | \$6,165 | \$0 | \$0 | \$6,165 |
| Total capital assets, being depreciated | \$3,563,245 | \$113,449 | \$0 | \$3,676,694 |
| Total Capital Assets before depreciation: | \$3,787,660 | \$167,058 | \$0 | \$3,954,718 |
| Less Accumulated Depreciation for: | | | | |
| Equipment | \$546,842 | \$51,521 | \$0 | \$598,363 |
| Improvements | \$15,120 | \$720 | \$0 | \$15,840 |
| Buildings | \$203,900 | \$28,371 | \$0 | \$232,271 |
| Vehicles | \$589,180 | \$78,361 | \$0 | \$667,541 |
| Office Equipment | \$5,732 | \$267 | \$0 | \$5,999 |
| Total Accumulated Depreciation | \$1,360,774 | \$159,240 | \$0 | \$1,520,014 |
| Total Capital Assets, being depreciated, net | \$2,202,471 | (\$45,791) | \$0 | \$2,156,680 |
| Governmental activities capital assets, net | \$2,426,886 | \$7,818 | \$0 | \$2,434,704 |

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE F - GRANTS

The district received \$37,581 of federal grants from the Federal Emergency Management Agency (FEMA)

FEMA grant no. EMW-2019-FG-008686.

Assistance to Firefighters grant: To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

| | |
|---|----------------|
| Grant funds received on 03/15/2021. | \$37,581 |
| Grant funds expended to purchase equipment and offset cost of volunteer cost. | \$39,590 |
| District funded (minimum \$1,879). | <u>\$2,009</u> |

Grant funds were expended as follows:

| <u>Description</u> | <u>Vendor</u> | <u>Expended</u> |
|--------------------|---------------------|-----------------|
| Cutter | Ten-8 Fire & Safety | \$12,515 |
| Spreader | Ten-8 Fire & Safety | \$13,260 |
| Scene Lights | Ten-8 Fire & Safety | \$13,815 |
| Total expended | | <u>\$39,590</u> |

Note: This grant requires proof of purchase prior to disbursement and a minimum 5% match.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE G - LONG-TERM DEBT

The only loan-term debt that the District has is the new Ameris Bank loan that was used to partly finance the new Pumper 7 vehicle. The loan was finalized on 01/22/2020.

| | |
|--------------------------------|---------------------------|
| Loan Amount: | \$233,721 |
| Monthly Payment Amount: | \$3,683 |
| Loan Balance on 09/30/2021: | \$174,655 |
| Interest Paid in FY 2021: | \$8,250 |
| Terms: | 6 Years at 4.19% Interest |
| Short-Term | \$35,522 |
| Long-Term | \$139,133 |
| Loan Balance as of 09/30/2021: | <u>\$174,655</u> |

| <u>Year Ending September 30</u> | <u>Interest</u> | <u>Principal</u> | <u>Balance</u> |
|---------------------------------|-----------------|------------------|----------------|
| 2021 | \$8,250 | \$35,949 | \$174,655 |
| 2022 | \$6,601 | \$35,522 | \$139,133 |
| 2023 | \$4,997 | \$38,926 | \$100,207 |
| 2024 | \$3,327 | \$40,796 | \$59,411 |
| 2025 | \$1,583 | \$42,540 | \$16,871 |
| 2026 | \$128 | \$16,871 | \$0 |

NOTE H – RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, theft, damage to, and destruction of assets, errors, and omissions, injuries to volunteer firefighters, and natural disasters. The District purchases insurance through commercial carriers and participates in the Florida Municipal Insurance Trust for workmen’s compensation coverage. The District maintains minimal insurance deductibles for insurance policies from its carriers. There has been no significant reduction in insurance coverage from the prior fiscal year. Insurance coverage has been sufficient to cover all claims made in the past two years.

LIBERTY FIRE DISTRICT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE I – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 2022, the date these financial statements were available to be issued with the exception of the following subsequent event, which came to my attention after the September 30, 2021 audit report had been issued.

In June 2023 the Florida Office of Program Policy Analysis and Government Accountability (OPPAGA) issued a performance audit report. The report documented multiple non-compliance issue with various Florida Statutes. Based on the nature and number of findings, we determined it necessary to re-issue the September 30, 2021 financial statements in order to disclose the findings.

No other event was deemed to warrant recognition or disclosure.

NOTE J-RELATED PARTY TRANSACTIONS

Disbursements to board members and the family of board member were identified as related party transactions. Incentive disbursement paid based on responding to emergency call is paid quarterly. These disbursements are made as part of the District's recruiting and retention plan. The District also was awarded a SAFER Grant to encourage recruiting and retention within the district. Board members did not abstain from voting on related party disbursement. See Findings 2020-06 & 2021-05 for additional details.

COMPLIANCE SECTION

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**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH SECTION
218.415, FLORIDA STATUTES, LOCAL GOVERNMENT INVESTMENT POLICIES**

Board of Directors
Liberty Fire District
Defuniak Springs, Florida

I have examined the Liberty Fire District's (the District) compliance with the following requirements for the year ended September 30, 2021.

(1) Section 218.415, Florida Statutes, regarding the investment of public funds

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

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. I believe that my examination provides a reasonable basis for my opinion. My examination does not provide a legal determination on the District's compliance with specified requirements.

In my opinion, the Liberty Fire District did comply, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

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



Edward Chapman, CPA
Springville, Alabama
June 6, 2022, except as to note B, which is as of October 30, 2023

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

Board of Directors
Liberty Fire District
Defuniak Springs, Florida

I have audited 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, the financial statements of the governmental activities of Liberty Fire District ("the District"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 6, 2022, except as to note B which is as of October 30, 2023.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the Management Letter, we did identify deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. I consider finding's 2021-01, 2021-05, & 2021-06 to be material weaknesses. 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. I consider finding 2021-03 to be a significant deficiency.

Compliance and Other Matters

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

District's Responses to Findings

The District's responses to the findings identified in our audit is described in the Managements Response to Findings. The District's responses was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly we express no opinion on them.

Purpose of this Report

This purpose of this report is solely to describe the scope of my 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, and accordingly, this communication is not suitable for any other purpose.



Edward Chapman
Certified Public Accountant
Springville, Alabama
June 6, 2022, except as to note B, which is as of October 30, 2023

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MANAGEMENT LETTER UPDATED October 30, 2023

To the Board of Directors
Liberty Fire District
Defuniak Springs, Florida

Report on the Financial Statements

I have audited the financial statements of the Liberty Fire District, as of and for the fiscal year ended September 30, 2021, and have issued my report thereon dated June 6, 2022, except as to note B, which is as of October 30, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated June 6, 2022 except as to note B which is as of October 30, 2023, 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 I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The last audit for Liberty Fire District was in FY 2020. There were seven findings in the 2020 financial audit report. In my FY 2021 audit, I have found that the District corrected 1 of 7 FY 2020 findings listed below.

Audit Finding, 2020-01, Compliance with FL Section 218.415 (Public Depositor Annual Report and Public Deposit Identification and Acknowledgement Form)

The District could not provide evidence that the Public Depositor Annual Report had been filed by the November 30, 2020 due date. The District could not provide evidence that the Public Deposit Identification and Acknowledgement Forms were maintained on file.

Recommendation: is for the District to file the Public Depositor Annual Report as soon as possible and for the District to complete and maintain the Public Deposit Identification and Acknowledgement Form on file.

Status of Finding: During my FY 2021 audit I obtained and reviewed evidence and noted that the District did comply with FL Section 218.415. Finding 2020-01 is closed.

Audit Finding, 2020-02, Budget was not formally adopted by the Board

The budget that the District presented was not formally adopted by the entire Board. The District could not provide evidence that a budget was adopted by the Board. Expenditures were in excess of budgeted amounts.

Recommendation: is for the District's Board to formally adopt a budget as directed in the Florida Statutes.

Status of Finding: During my FY 2021 audit I could not obtained evidence that the District adopted a formal budget. Finding 2020-02 remains open.

Audit Finding, 2020-03, The District has no Board approved written five-year plan

The District could not provide evidence of a Board approved five-year written plan. Florida Statutes require a formal Board approved written five-year plan. Additional schedules maybe maintained to support the five-year plan, but they cannot replace the formal written plan that is board approved.

Recommendation: is for the District's Board to formally adopt a five-year plan as directed in the Florida Statutes.

Status of Finding: During my FY 2021 audit I could not obtained evidence that the District approved a five-year plan. Finding 2020-03 remains open.

Audit Finding, 2020-04, The District has no functioning website in which to make required public notices.

The District's website was not functioning properly and required information disclosures were not available to the public as required by Florida Statutes.

Recommendation: is for the District to obtain information technology assistance with maintaining the District's website. The District should also undergo a study of missing required information, Any missing required information should be disclosed on the District's functioning website. The District should also develop a plan to ensure all required information is disclosed going forward as directed in Florida Statutes.

Status of Finding: During my FY 2021 audit I could not obtained evidence that the District has a functioning website in which to make public notices. Finding 2020-04 remains open.

Audit Finding, 2020-05, The District did not obtain a \$10,000.00 surety bond for the Treasurer.

The District obtained \$5,000 surety bonds for all board members. According to the District's Charter Statute the Treasurer should have been bonded for \$10,000.

Recommendation: is for the District to obtain surety bonds in accordance with the District's Charter Statutes.

Status of Finding: During my FY 2021 audit I could not obtained evidence that the District has obtained a \$10,000 surety bond for the Treasurer. Finding 2020-05 remains open.

Audit Finding, 2020-06, Board members voted on District disbursements involving related parties. Potential Code of Ethics violations.

Board members voted to approve disbursements for recruiting and retention incentives which benefited themselves and family members. Board members did not abstain from votes benefiting themselves or family members. The Board still had enough votes to approve the recruiting and retention incentives if the related board members had abstained from voting on specific disbursements instead of approving all recruiting and retention disbursements in one vote.

Recommendation: is for the District to contact the Florida Ethics Commission for an official ruling on the District's specific conflict in regards to disbursing district funds to board members and related parties. The District has specific conflicts due to the SAFER Grant that are complex. The District should consult legal assistance as needed.

Status of Finding: During my FY 2021 audit I reviewed the board meeting minutes and noted board members voted on related party transactions. Finding 2020-06 remains open.

Audit Finding, 2020-07, Failure to maintain personnel, training and grant documents.

The Florida Office of Program Analysis and Government Accountability (OPPAGA) performed a performance audit on the District for years 2019, 2020, 2021 & 2022. The performance audit report was issued by OPPAGA in June of 2023. During their audit the auditors were unable to obtain requested documents related to personnel, training, and grants.

Recommendation: is for the District to maintain detailed records as defined in the Florida Statutes. The district should cooperate with all federal and state agencies to resolve outstanding questions related to personnel, certifications, and grants.

Status of Finding: During my FY 2021 audit I could not obtain evidence that the District has maintained personnel, training, and grant documentations. Finding 2020-05 remains open.

Other 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. Liberty Fire District has no component units.

Financial Condition

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, requires that I apply appropriate procedures and communicate the results of my determination as to whether or not the Liberty Fire District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with my audit, I determined that the Liberty Fire 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, I applied financial condition assessment procedures for the Liberty Fire District. It is management's responsibility to monitor the Liberty Fire District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. I performed this assessment as of the fiscal year end and I did not find any deteriorating conditions.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I communicate any recommendations to improve financial management. In connection with my audit of fiscal year 2020, I have seven audit finding/recommendation as noted below.

Audit Finding, 2021-01, Budget was not formally adopted by the Board (Repeat 2020-02) (Material Weakness)

The budget that the District presented was not formally adopted by the entire Board. The District could not provide evidence that a budget was adopted by the Board. Expenditures were in excess of budgeted amounts.

The recommendation is for the District's Board to formally adopt a budget as directed in the Florida Statutes. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

Audit Finding, 2021-02, The District has no Board approved written five-year plan (Repeat 2020-03)

The District could not provide evidence of a Board approved five-year written plan. Florida Statutes require a formal Board approved written five-year plan. Additional schedules maybe maintained to support the five-year plan, but they cannot replace the formal written plan that is board approved. The recommendation is for the District's Board to formally adopt a five-year plan as directed in the Florida Statutes. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

Audit Finding, 2021-03, The District has no functioning website in which to make required public notices. (Repeat 2020-04) (Significant Deficiency)

The District's website was not functioning properly and required information disclosures were not available to the public as required by Florida Statutes.

The recommendation is for the District to obtain information technology assistance with maintaining the District's website. The District should also undergo a study of missing required information, Any missing required information should be disclosed on the District's functioning website. The District should also develop a plan to ensure all required information is disclosed going forward as directed in Florida Statutes. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

Audit Finding, 2021-04, The District did not obtain a \$10,000.00 surety bond for the Treasurer. (Repeat 2020-05)

The District obtained \$5,000 surety bonds for all board members. According to the District's Charter Statute the Treasurer should have been bonded for \$10,000.

The recommendation is for the District to obtain surety bonds in accordance with the District's Charter Statutes. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

Audit Finding, 2021-05, Board members voted on District disbursements involving related parties. Potential Code of Ethics violations. (Repeat 2020-06) (Material Weakness)

Board members voted to approve disbursements for recruiting and retention incentives which benefited themselves and family members. Board members did not abstain from votes benefiting themselves or family members. The Board still had enough votes to approve the recruiting and retention incentives if the related board members had abstained from voting on specific disbursements instead of approving all recruiting and retention disbursements in one vote.

The recommendation is for the District to contact the Florida Ethics Commission for an official ruling on the District's specific conflict in regards to disbursing district funds to board members and related parties. The District has specific conflicts due to the SAFER Grant that are complex. The District should consult legal assistance as needed. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

Audit Finding, 2021-06, Failure to maintain personnel, training and grant documents. (Repeat 2020-07) (Material Weakness)

The Florida Office of Program Analysis and Government Accountability (OPPAGA) performed a performance audit on the District for years 2019, 2020, 2021 & 2022. The performance audit report was issued by OPPAGA in June of 2023. During their audit the auditors were unable to obtain requested documents related to personnel, training, and grants.

The recommendation is for the District to maintain detailed records as defined in the Florida Statutes. The district should cooperate with all federal and state agencies to resolve outstanding questions related to personnel, certifications, and grants. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with my audit, I did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes. Liberty Fire District is not a component unit and has no components.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that I 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 the reissuance of my audit, I became aware of the Office of Program Policy Analysis and Government Accountability (OPPAGA) audit issue in June of 2023. I reviewed the OPPAGA report with the current board. Current year findings are updated based on my inquiry.

Purpose of this letter

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

A handwritten signature in cursive script that reads "Edward Chapman".

Edward Chapman
Certified Public Accountant
Springville, Alabama
June 6, 2022, except as to note B, which is as of October 30, 2023

Liberty Fire District
3278 US Highway 90
Defuniak Springs, FL. 32433
Phone (850) 892-5833

June 6, 2022, except as to note B, which is as of October 30, 2023

To: Edward Chapman, CPA
7224 US Hwy 11
Springville, AL. 35146

Subject: The District's response to the FY 2021 Audit Findings

Audit Finding, 2021-01, Budget was not formally adopted by the Board

The budget that the District presented was not formally adopted by the entire Board. The District could not provide evidence that a budget was adopted by the Board. Expenditures were in excess of budgeted amounts. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

District's response: The Board felt that the working budget was sufficient to comply with state statutes. We now know that a formal budget must be adopted by the Board in order to comply with state statutes. The Board is currently reviewing our procedures and will adopt annual budgets going forward.

Audit Finding, 2021-02, The District has no Board approved written five-year plan

The District could not provide evidence of a Board approved five-year written plan. Florida Statutes require a formal Board approved written five-year plan. Additional schedules maybe maintained to support the five-year plan, but they cannot replace the formal written plan that is board approved. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

District's response: The Board was not aware that a five-year plan had to be Board approved. The Board has now developed a five-year plan.

Audit Finding, 2021-03, The District has no functioning website in which to make required public notices.

The District's website was not functioning properly and required information disclosures were not available to the public as required by Florida Statutes. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

District's response: The Board has engaged assistance to ensure that the District has a functioning website. The Board is also reviewing the website content to ensure all required public disclosures are available to the public.

Audit Finding, 2021-04, The District did not obtain a \$10,000.00 surety bond for the Treasurer. The District obtained \$5,000 surety bonds for all board members. According to the District's Charter Statute the Treasurer should have been bonded for \$10,000. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

District's response: The District has now obtained a \$10,000 surety bond for the Treasurer.

Audit Finding, 2021-05, Board members voted on District disbursements involving related parties. Potential Code of Ethics violations.

Board members voted to approve disbursements for recruiting and retention incentives which benefited themselves and family members. Board members did not abstain from votes benefiting themselves or family members. The Board still had enough votes to approve the recruiting and retention incentives if the related board members had abstained from voting on specific disbursements instead of approving all recruiting and retention disbursements in one vote. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

District's response: The Board will contact the Florida Ethics Commission for an official ruling on the District's specific conflict in regards to disbursing district funds to board members and related parties. The District has specific conflicts due to the SAFER Grant that are complex.

Audit Finding, 2021-06, Failure to maintain personnel, training and grant documents.

The Florida Office of Program Analysis and Government Accountability (OPPAGA) performed a performance audit on the District for years 2019, 2020, 2021 & 2022. The performance audit report was issued by OPPAGA in June of 2023. During their audit the auditors were unable to obtain requested documents related to personnel, training, and grants.

The recommendation is for the District to maintain detailed records as defined in the Florida Statutes. The district should cooperate with all federal and state agencies to resolve outstanding questions related to personnel, certifications, and grants. Note: additional information became available after the issuance of the June 6, 2022 audit report which caused this finding to be added to this reissued audit report.

District's response: The Board is currently exploring solutions to ensure records are maintained. A full review of record keeping has begun and additional resources will be devoted to the project to ensure all required records are readily available on a timely basis.

Signed by



Title

Board member at large