

**BLACKMAN FIRE DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2020**

**BLACKMAN FIRE DISTRICT  
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SEPTEMBER 30, 2020**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners  
Blackman Fire District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Blackman Fire District (the District) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

### **Opinions**

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

**Other Matters***Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Fort Walton Beach, Florida  
June 25, 2021

**BLACKMAN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Blackman Fire District (the District), we offer readers of the financial statements this narrative overview and analysis of the District's financial activities the fiscal year ended September 30, 2020.

**FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities by \$293,365 (net position) and represents a decrease of \$1,708 from the prior year. Of this amount, \$237,498 represents investments in capital assets (e.g. land, building, machinery and equipment), \$3,494 is restricted for capital expansion projects, and \$52,373 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's governmental fund reported an ending fund balance of \$55,867, a decrease of \$2,639 from the previous fiscal year.
- At the end of the 2020 fiscal year, unassigned fund balance for the general fund was \$46,067 or 51% of the total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

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

**BLACKMAN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by taxes and intergovernmental revenues. The governmental activities of the District include public safety services (fire and emergency medical services). The government-wide financial statements are found on pages 9 -10 of this report.

## **FUND FINANCIAL STATEMENTS**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has a governmental fund.

## **FUNDS**

### ***Governmental Funds***

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

Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 11 - 14 of this report.

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

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

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

## **NOTES TO THE FINANCIAL STATEMENTS**

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 15 of this report are the notes to the financial statements.

**BLACKMAN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$293,365 (net position) as of September 30, 2020, as reported in Table 1.

The largest portion of the District's net position, \$237,498, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Table 1  
BLACKMAN FIRE DISTRICT  
STATEMENTS OF NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Current and other assets	\$ 58,486	\$ 58,506
Capital assets	237,498	236,567
<b>Total assets</b>	<b>295,984</b>	<b>295,073</b>
Other liabilities	2,619	-
<b>Total liabilities</b>	<b>2,619</b>	<b>-</b>
Net position		
Net investment in capital assets	237,498	236,567
Restricted	3,494	2,079
Unrestricted	52,373	56,427
<b>Total net position</b>	<b>\$ 293,365</b>	<b>\$ 295,073</b>

**BLACKMAN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

**Table 2  
BLACKMAN FIRE DISTRICT  
STATEMENTS OF CHANGE IN NET POSITION  
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
Program revenues		
Charges for services	\$ 3,415	\$ 5,473
Operating grants and contributions	1,000	-
Capital grants and contributions	29,500	3,570
General revenues		
Fire assessment taxes	72,891	72,245
Other revenue	2,629	3,635
Total revenues	<u>109,435</u>	<u>84,923</u>
<b>EXPENSES</b>		
Public safety	111,143	87,308
Debt service interest	-	16
Total expenses	<u>111,143</u>	<u>87,324</u>
<b>CHANGE IN NET POSITION</b>	(1,708)	(2,401)
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>295,073</u>	<u>297,474</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 293,365</u>	<u>\$ 295,073</u>

Governmental activities decreased the District's net position by \$1,708. Reported in Table 2 are the key elements of this increase.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budget versus actual comparisons are reported on page 23 of these financial statements. Other financial highlights are addressed in the notes to the financial statements.



**BLACKMAN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

The District's investment in capital assets for its governmental activities as of September 30, 2020, amounts to \$237,498 (net of accumulated depreciation). Capital assets include land, buildings, improvements, machinery and equipment, etc. The increase in accumulated depreciation totaled \$39,459 for fiscal year 2020.

**Table 3  
BLACKMAN FIRE DISTRICT  
CAPITAL ASSETS  
(Net of Depreciation)  
AS OF SEPTEMBER 30, 2020 AND 2019**

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	<b>Governmental Activities</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 20,000	\$ 20,000
Buildings	80,906	85,109
Improvements other than buildings	14,263	15,182
Computers	93	274
Equipment	27,993	15,821
Furniture and fixtures	1,040	1,560
Vehicles and trucks	93,203	98,621
<b>Total</b>	<b>\$ 237,498</b>	<b>\$ 236,567</b>

Additional information on the capital assets of the District can be found in Note 4 of this report.

***Outstanding Debt***

At the end of the current fiscal year, the District had no debt outstanding.

**BLACKMAN FIRE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2020**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District relies on the fire assessment taxes and a limited array of permitted other sources (such as impact fees, nonrecurring grants, and charges for services) for its governmental activities. Florida's continued economic uncertainty and the rise in fuel and equipment costs will continue to affect the District's operational funding.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District. Questions regarding any of the information provided in this report should be directed to Jim Lawson, Treasurer, Blackman Fire District, 1850 Highway 2, P.O. Box 279, Baker, Florida 32531.

## **BASIC FINANCIAL STATEMENTS**

**BLACKMAN FIRE DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash	\$ 41,398
Due from other governments	7,500
Prepaid items	6,094
Restricted cash	3,494
Capital assets	
Non-depreciable	20,000
Depreciable, net	217,498
<b>TOTAL ASSETS</b>	<b>295,984</b>
<b>LIABILITIES</b>	
Accounts payable	2,619
<b>NET POSITION</b>	
Net investment in capital assets	237,498
Restricted for capital outlay	3,494
Unrestricted	52,373
<b>TOTAL NET POSITION</b>	<b>\$ 293,365</b>

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
<b>Function/Program activities</b>					
Governmental activities					
Public safety	\$ 111,143	\$ 3,415	\$ 1,000	\$ 29,500	\$ (77,228)
General revenues					
Fire assessment taxes					72,891
Miscellaneous					2,629
Total general revenues					<u>75,520</u>
<b>CHANGE IN NET POSITION</b>					(1,708)
<b>NET POSITION AT BEGINNING OF YEAR</b>					<u>295,073</u>
<b>NET POSITION AT END OF YEAR</b>					<u>\$ 293,365</u>

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT  
GOVERNMENTAL FUND  
BALANCE SHEET  
SEPTEMBER 30, 2020**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash	\$ 41,398
Due from other governments	7,500
Prepaid items	6,094
Restricted cash	3,494
<b>TOTAL ASSETS</b>	<b>\$ 58,486</b>
<b>LIABILITIES</b>	
Accounts payable	\$ 2,619
<b>FUND BALANCE</b>	
Nonspendable – prepaid items	6,094
Restricted for capital outlay	3,494
Assigned for firefighter fund	212
Unassigned	46,067
Total fund balance	55,867
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 58,486</b>

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT  
GOVERNMENTAL FUND  
RECONCILIATION OF THE BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2020**

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Fund balance – total governmental fund (page 11)		\$ 55,867
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental fund.		
Governmental non-depreciable assets	20,000	
Governmental depreciable assets	738,540	
Less accumulated depreciation	<u>(521,042)</u>	
		<u>237,498</u>
Net position of governmental activities (page 9)		<u><u>\$ 293,365</u></u>

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT  
GOVERNMENTAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>General Fund</b>
<b>REVENUES</b>	
Taxes	\$ 72,891
Intergovernmental	7,500
Impact fees	3,415
Miscellaneous	3,629
Total revenues	87,435
<b>EXPENDITURES</b>	
Current	
Public safety	71,684
Capital outlay	18,390
Total expenditures	90,074
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	(2,639)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	58,506
<b>FUND BALANCE AT END OF YEAR</b>	\$ 55,867

See notes to the financial statements.



**BLACKMAN FIRE DISTRICT  
GOVERNMENTAL FUND  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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Net change in fund balance - governmental fund (page 13) \$ (2,639)

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

The governmental fund reports capital outlays as expenditures; however, in the statement of activities, the cost of those assets are depreciated over the estimated useful lives of the assets.

Expenditures for capital assets	18,390	
Less current year depreciation	<u>(39,459)</u>	
		<u>(21,069)</u>

Governmental funds do not report capital assets on the balance sheet; however, they are reported in the government-wide financial statements. Accordingly, donated capital assets are not reported in the governmental fund.

Acquisition value of donated capital assets		<u>22,000</u>
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Change in net position of governmental activities (page 10)		<u><u>\$ (1,708)</u></u>
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See notes to the financial statements.

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE DISTRICT**

Blackman Fire District (the District) is an independent special district originally established by Ordinance 98-07 of the Okaloosa County Board of County Commissioners in 1998, and amended in 2007 by Chapter 2007-289, Laws of Florida, House Bill 1099 of the Florida House of Representatives. The District was created for the purpose of providing fire control and protection services as well as rescue and emergency medical services within the territorial bounds of the District as defined by the State of Florida. The district operates one fire house and its related equipment and has only volunteer workers. The District is governed by an elected five-member board of commissioners serving four-year terms.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Section 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the District:

**The Reporting Entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government. In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, be included within the District's financial statements. As of September 30, 2020, the District had no component units.

**Government-Wide and Fund Financial Statements**

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the District has no business-type activities to report on the government-wide financial statements), which rely, to a significant extent, on fees and charges for support.

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

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Measurement Focus and Basis of Accounting**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

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

The following is the current property tax calendar:

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

Discounts of 1% are granted for each month taxes are paid prior to March 1st.

Revenue recognition criteria for property taxes requires that property taxes expected to be collected within 30 days of the current period be accrued. No accrual has been made for 2020 fire assessment taxes because the taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to uncollectibility and therefore, are not recorded as a receivable at the balance sheet date.

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Basis of Presentation**

The financial transactions of the District are recorded using fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

The following classification is used to categorize the fund used by the District:

**Governmental**

Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income. The District has the following major governmental fund.

*General Fund* – This is the District's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

**Assets, Liabilities, and Net Position or Fund Balance**

***Cash and Cash Equivalents***

The District's cash on hand, demand deposits and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Impact fee revenues are classified as restricted cash and can only be used for the acquisition, purchase, or construction of new facilities and equipment required to provide services to new users in the District.

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Assets, Liabilities, and Net Position or Fund Balance – Continued**

***Deposits and Investments***

The District maintains its deposits only with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All "Qualified Public Depositories" must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the state treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments among all "Qualified Public Depositories."

The District does not have a formal written investment policy, but has adopted the investment policy as defined in Section 218.415, Florida Statutes, which requires the investment of surplus public funds and prescribes certain allowable investments including the Local Government Surplus Funds Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit quality rating from the nationally recognized rating agency, interest-bearing time deposits or savings accounts in qualified public depositories or direct obligations of the U.S. Treasury. The District had no investments at September 30, 2020.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and governmental fund financial statements.

***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life of longer than one year. Capital assets are recorded at cost where historical costs records are available and at an estimated historical cost when no historical records exist. Donated fixed assets are valued at their estimated acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	39 years
Improvements other than buildings	15-39 years
Furniture and fixtures	5 years
Vehicles and equipment	5-15 years

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Assets, Liabilities, and Net Position or Fund Balance – Continued**

***Classification of Fund Balance***

GASB guidance establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are comprised of the following:

- *Nonspendable* – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: prepaid items.
- *Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal resolution of the District's highest level of decision-making authority, the Commission. Commitments may be changed or lifted only by the District taking the same formal resolution that imposed the constraint originally.
- *Assigned* – comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. *Intent* can be expressed by (a) the Commission or (b) a body (for example: a budget or finance committee) or official to which the Commission has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned* – 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.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. The District does not have a formal fund balance policy.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally considered to be expended from the most restrictive classification first.

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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

**Assets, Liabilities, and Net Position or Fund Balance – Continued**

***Net Position***

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

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The District has evaluated events and transactions that occurred between September 30, 2020 and June 25, 2021, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The District prepares an annual operating budget for the fiscal year commencing October 1st. Prior to September 1st of each year, the Secretary/Treasurer of the District's Board of Commissioners prepares a proposed budget for the upcoming fiscal year. The budget is based on an analysis of prior year actual revenues and expenditures, along with anticipated spending and revenue sources. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval. Budget amendments are approved by the Board of Commissioners.

**Encumbrances**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. For the year ended September 30, 2020, the District had no encumbrances.

**3. CASH DEPOSITS**

At September 30, 2020, the value of the District's deposits was \$45,097, all of which were held by Qualified Public Depositories under Chapter 280, Florida Statutes.

**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**4. CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total capital assets not being depreciated	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Capital assets being depreciated				
Buildings	163,914	-	-	163,914
Improvements other than buildings	21,724	-	-	21,724
Computers	1,111	-	-	1,111
Equipment	192,375	18,390	-	210,765
Furniture and fixtures	5,100	-	-	5,100
Vehicles and trucks	313,926	22,000	-	335,926
Total capital assets being depreciated	<u>698,150</u>	<u>40,390</u>	<u>-</u>	<u>738,540</u>
Less accumulated depreciation				
Buildings	(78,805)	(4,203)	-	(83,008)
Improvements other than buildings	(6,542)	(919)	-	(7,461)
Computers	(837)	(181)	-	(1,018)
Equipment	(176,554)	(6,218)	-	(182,772)
Furniture and fixtures	(3,540)	(520)	-	(4,060)
Vehicles and trucks	(215,305)	(27,418)	-	(242,723)
Total accumulated depreciation	<u>(481,583)</u>	<u>(39,459)</u>	<u>-</u>	<u>(521,042)</u>
Total capital assets being depreciated, net	<u>216,567</u>	<u>931</u>	<u>-</u>	<u>217,498</u>
<b>Governmental activities, net</b>	<u>\$ 236,567</u>	<u>\$ 931</u>	<u>\$ -</u>	<u>\$ 237,498</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental Activities**

Public safety	<u>\$ 39,459</u>
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**BLACKMAN FIRE DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

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**5. RELATED PARTIES**

The District requires volunteer firefighters to reimburse the District for the personal usage of cell phones owned by the District. During the year ended September 30, 2020, a total of \$125 was reimbursed to the District by the firefighters.

**6. COMMITMENTS AND CONTINGENCIES**

**Dispatch Services Agreement**

The District has an interlocal agreement with Okaloosa County, Florida, for use of communications equipment received via a U.S. Department of Homeland Security grant. The agreement provides for Okaloosa County, Florida, to provide dispatch services on a designated radio system at no cost (besides those outlined in the agreement). The District reimburses the County for costs in adding additional response zones, running card changes and set-up costs.

**7. EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS**

The general fund had an excess of expenditures over final budgeted appropriations for the year ended September 30, 2020 in the amount of \$14,274.

**REQUIRED SUPPLEMENTARY INFORMATION**

**BLACKMAN FIRE DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET TO ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 70,200	\$ 70,200	\$ 72,891	\$ 2,691
Intergovernmental	-	-	7,500	7,500
Impact fees	-	-	3,415	3,415
Miscellaneous	5,600	5,600	3,629	(1,971)
Total revenues	<u>75,800</u>	<u>75,800</u>	<u>87,435</u>	<u>11,635</u>
<b>EXPENDITURES</b>				
Current				
Public safety	52,038	52,038	71,684	(19,646)
Capital outlay	13,000	13,000	18,390	(5,390)
Debt service	10,762	10,762	-	10,762
Total expenditures	<u>75,800</u>	<u>75,800</u>	<u>90,074</u>	<u>(14,274)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	-	-	(2,639)	(2,639)
<b>FUND BALANCE, BEGINNING</b>	-	-	58,506	58,506
<b>FUND BALANCE, ENDING</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,867</u>	<u>\$ 55,867</u>

See independent auditors' report.

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

To the Board of Fire Commissioners  
Blackman Fire District

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 and the general fund of the Blackman Fire District (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 25, 2021.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Fort Walton Beach, Florida  
June 25, 2021

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

To the Board of Fire Commissioners  
Blackman Fire District

We have examined Blackman Fire District's (the District's) compliance with Section 218.415, Florida Statutes in regards to investments for the year ended September 30, 2020.

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

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

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

In our opinion, the Blackman Fire District complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2020.

*Warren Averett, LLC*

Fort Walton Beach, Florida  
June 25, 2021

## MANAGEMENT LETTER

To the Board of Fire Commissioners  
Blackman Fire District

### **Report on the Financial Statements**

We have audited the financial statements of the Blackman Fire District (the District) as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 25, 2021.

### **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 Reports**

We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; and the Independent Accountants' Report on an Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports, which are dated June 25, 2021, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., *Rules of the Auditor General* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings were identified in the preceding financial 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. This information can be found in Note 1 to the financial statements. There are no component units related to the District.

**Financial Condition and Management**

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures for the District as of September 30, 2020. 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 address in the management letter any recommendations to improve financial management. In connection with our audit, we did not make any such recommendations to improve financial management.

**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 fire commissioners and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Fort Walton Beach, Florida  
June 25, 2021



**Blackman Fire District  
P.O. Box 279  
1850 Highway 2  
Baker Florida 32531**

BEFORE ME, the undersigned authority, personally appeared James L Lawson who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of **Blackman Fire District** which is a **local governmental entity** of the State of Florida;
2. The governing body of Blackman Fire District adopted Chapter 2007-289 Florida House Bill #1099 Section 9.4 implementing an impact fee
3. Blackman Fire District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.

James L Lawson  
(Chief Financial Officer of the Entity)

STATE OF FLORIDA  
COUNTY OF (Name of County) OKALOOSA

SWORN TO AND SUBSCRIBED before me this 15 day of October, <sup>2021</sup> 20XX.

Melody T. Irwin  
NOTARY PUBLIC  
Print Name Melody T. Irwin

Personally known  or produced identification \_\_\_\_\_

Type of identification produced: \_\_\_\_\_

My Commission Expires:

8/31/2022

