

FLOROSA FIRE CONTROL DISTRICT

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2021

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Nicholson, Reeder & Reynolds, P.A.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Florosa Fire Control District ("the District") as of and for the year ended September 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 20, be presented to supplement the basic financial statements. Such information, although not 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 response 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 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 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nicholson Reeder & Reynolds

Fort Walton Beach, Florida
June 15, 2022

FLOROSA FIRE CONTROL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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

Financial Highlights

The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3,243,328 (*net position*) which represents an increase of \$249,449 over the prior year. Of the total net position, \$5,575,126 (*unrestricted net position*) may be used to meet the ongoing obligation to citizens and creditors.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances 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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

The government-wide financial statements distinguish between functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) and other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activity of the District is public safety and impact fees. The District does not have a business-type activity.

The government-wide financial statements can be found on pages 8 and 9 of this report.

FLOROSA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District only has one category; governmental 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 the District's near-term financing requirements.

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

The District maintains two governmental funds: a general fund and a special revenue fund. Information is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance for the two funds. The General Fund is considered to be a major fund.

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

The basic governmental fund financial statements can be found on pages 10 and 12 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Florosa Fire Control District, assets exceeded liabilities by \$3,243,328 at the close of the most recent fiscal year.

**FLOROSA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

A large portion of the District's net position (52 percent) is reflected in its investment in capital assets (e.g., land, buildings, improvements other than buildings, and machinery and equipment) less any outstanding debt related to the acquisition of those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**FLOROSA FIRE CONTROL DISTRICT
SEPTEMBER 30, 2021
RECAPPED FROM PAGE 8**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 5,573,636
Restricted cash and cash equivalents	96,584
Prepaid Expenses	-
Due from Other Governments	1,490
Capital Assets (Net of Accumulated Depreciation)	
Land	762,000
Buildings	2,868,578
Equipment/Machinery	109,341
Improvements Other Than Buildings	46,314
Total Assets	<u>9,457,943</u>
LIABILITIES	
Accounts Payable	-
Due to Other Governments	1,490
Non-Current Liabilities	
Due within one year	-
Due in more than one year	6,213,125
Total Liabilities	<u>6,214,615</u>
NET POSITION	
Investment in Capital Assets, Net of Related Debt	(2,426,892)
Restricted - Impact Fees	95,094
Unrestricted	5,575,126
Total Net Position	<u>\$ 3,243,328</u>

At the end of the current fiscal year, the District is able to report positive balances in both categories of net position. The same situation held true for the prior fiscal year.

Governmental Activities

Governmental activities increased the District's net position by \$249,449 thereby, accounting for 100 percent of the total growth in the net position.

**FLOROSA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**FLOROSA FIRE CONTROL DISTRICT
SEPTEMBER 30, 2021
RECAPPED FROM PAGE 9**

Function/Program	Expenses	Program Revenue Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities
Primary Government			
Governmental Activities			
Public Safety	\$ 567,997	\$ -	\$ (567,997)
Total Governmental Activities	567,997	-	(567,997)
Total Primary Government	<u>\$ 567,997</u>	<u>\$ -</u>	<u>\$ (567,997)</u>
General Revenues			
Taxes			786,922
Ad Valorem Tax, levied for general purposes			
Impact Fees			15,215
Miscellaneous			<u>15,309</u>
Total General Revenues			<u>817,446</u>
Change in Net Position			249,449
Net Position - Beginning of Year			<u>2,993,879</u>
Net Position - Ending of Year			<u>\$ 3,243,328</u>

Financial Analysis of the Government's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported ending fund balance of \$5,670,220, a decrease of \$1,970,481, compared with the prior year. The \$5,575,126 constitutes unreserved fund balance, which is available for spending at the government's discretion.

**FLOROSA FIRE CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2021, amounts to \$3,786,233 (net of accumulated depreciation). This investment in capital assets includes land, buildings and machinery and equipment.

Fire equipment and improvements for building were the major capital asset purchased during the current fiscal year.

FLOROSA FIRE CONTROL DISTRICT CAPITAL ASSETS
(Net of Depreciation)

	Governmental Activities		Totals	
	2021	2020	2021	2020
Land	\$ 762,000	\$ 762,000	\$ 762,000	\$ 762,000
Building	2,868,578	577,144	2,868,578	577,144
Machinery/Equipment	109,341	178,558	109,341	178,558
Improvements Other Than Bldgs	46,314	48,601	46,314	48,601
Total	<u>\$ 3,786,233</u>	<u>\$ 1,566,303</u>	<u>\$ 3,786,233</u>	<u>\$ 1,566,303</u>

Economic Factors and Next Year's Budgets and Rates

Florosa Fire Control District receives the majority of its funds from Property Taxes based on value (Ad Valorem). There is currently a system set in place within the Ad Valorem Taxation process that "protects" the taxpayers within our district. It is called Roll-Back Rate. When a taxing authority chooses to levy a roll-back rate millage, it is levying a rate that will bring in the same amount of property taxes as was collected the previous year. So, the taxpayers do not pay any more into the budget. Thus, the taxing authority is depending on any new construction to bring in new or additional revenues. For the Fiscal Year 2021/2022, new construction will not bring in enough new revenues for the needed budget increase to match the same amount of property taxes. Therefore, it is projected that the maximum millage rate of 2.250 will be levied.

Request for Information

This financial report is designed to provide a general overview of the Florosa Fire Control District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Board of Directors, 1900 Highway 98 W, Florosa Fire Control District, Mary Esther, Florida, 32569.

**FLOROSA FIRE CONTROL DISTRICT
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021**

EXHIBIT A

	<u>Governmental Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 5,573,636
Restricted cash and cash equivalents	96,584
Prepaid Expenses	-
Due from Other Governments	1,490
Capital Assets (Net of Accumulated Depreciation)	
Land	762,000
Buildings	2,868,578
Equipment/Machinery	109,341
Improvements Other than Buildings	<u>46,314</u>
Total Assets	9,457,943
LIABILITIES	
Accounts Payable	-
Due to Other Governments	1,490
Non-Current Liabilities	
Due within one year	-
Due in more than one year	<u>6,213,125</u>
Total Liabilities	<u>6,214,615</u>
NET POSITION	
Investments in Capital Assets, Net of Related Debt	(2,426,892)
Restricted - Impact Fees	95,094
Unrestricted	<u>5,575,126</u>
Total Net Position	<u><u>\$ 3,243,328</u></u>

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

**FLOROSA FIRE CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT B

		Program Revenues	Net (Expense) Revenue and Changes In Net Assets
<u>Function/Programs</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary Government			
Governmental Activities			
Public Safety	\$ 567,997	\$ -	\$ (567,997)
Total Governmental Activities	567,997	-	(567,997)
Total Primary Government	<u>\$ 567,997</u>	<u>\$ -</u>	<u>(567,997)</u>
General Revenues			
Taxes			
Ad Valorem Tax, levied for general purposes			786,922
Impact Fees			15,215
Miscellaneous			15,309
Total General Revenues			<u>817,446</u>
Change in Net Position			249,449
Net Position - Beginning of Year			<u>2,993,879</u>
Net Position - End of Year			<u>\$ 3,243,328</u>

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

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

EXHIBIT C-1

	General	Special Revenue	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 5,573,636	\$ 96,584	\$ 5,670,220
Prepaid Expenses	-		-
Due from Other Governments	1,490	-	1,490
TOTAL ASSETS	<u>\$ 5,575,126</u>	<u>\$ 96,584</u>	<u>\$ 5,671,710</u>
 LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Governments	-	1,490	1,490
TOTAL LIABILITIES	<u>-</u>	<u>1,490</u>	<u>1,490</u>
 FUND BALANCE			
Fund Balance			
Restricted	-	95,094	95,094
Unassigned	5,575,126	-	5,575,126
TOTAL FUND BALANCE	<u>5,575,126</u>	<u>95,094</u>	<u>5,670,220</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 5,575,126</u>	<u>\$ 96,584</u>	<u>\$ 5,671,710</u>

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

**FLOROSA FIRE CONTROL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT C-2

Fund Balances - Total Governmental Funds - Exhibit C-1 \$ 5,670,220

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

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

Those assets consist of:

Land	\$ 762,000	
Building, Net of \$171,505 accumulated depreciation	2,868,578	
Machinery & Equipment, Net of \$1,615,187	109,341	
accumulated depreciation		
Improvements Other than Buildings, Net of \$43,311	46,314	3,786,233
accumulated depreciation		

Capital lease obligation liabilities do not consume current resources and therefore, are not reported in the governmental funds balance sheet.

(6,213,125)

Net Position of Governmental Activities - Exhibit A

\$ 3,243,328

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

FLOROSA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENSES & CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT D-1

	General	Special Revenue	Total Governmental Fund
REVENUES			
Taxes			
Ad Valorem Taxes	\$ 786,922	\$ -	\$ 786,922
Licenses & Permit			
Other Licenses, Fees & Permits	3,043	-	3,043
Miscellaneous Revenues			
Interest Earnings	12,266		12,266
Impact Fees	-	15,215	15,215
TOTAL REVENUES	<u>802,231</u>	<u>15,215</u>	<u>817,446</u>
EXPENDITURES			
Public Safety - Fire Control			
Operating Expenses			
Professional Services	22,106	-	22,106
Other Contractual Services	58,155	-	58,155
Utility Services	16,897	-	16,897
Insurance	22,503	-	22,503
Repair & Maintenance Services	15,875	-	15,875
Promotional Activities	1,072	-	1,072
Other Current Changes & Obligations	4,089	-	4,089
Operating Supplies	116,465	-	116,465
Books, Publications & Memberships	625	-	625
Capital Outlay			
Machinery & Equipment	-		-
Building	2,298,890	-	2,298,890
Debt Services			
Principal	-		-
Interest	231,250	-	231,250
TOTAL EXPENDITURES	<u>2,787,927</u>	<u>-</u>	<u>2,787,927</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,985,696)	15,215	(1,970,481)
FUND BALANCE - Beginning of Year	<u>7,560,822</u>	<u>79,879</u>	<u>7,640,701</u>
FUND BALANCE - End of Year	<u><u>\$ 5,575,126</u></u>	<u><u>\$ 95,094</u></u>	<u><u>\$ 5,670,220</u></u>

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

**FLOROSA FIRE CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES & CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

EXHIBIT D-2

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

Net Change in Fund Balances - Governmental Fund - Exhibit D-1	\$ (1,970,481)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$2,298,890) exceeded depreciation (\$78,960) in the current period.	2,219,930
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Current year change in debt and capital lease obligation utilizes (provides) current financial resources of the governmental fund, but reduces (increases) long-term liabilities in the Statement of Net Position.	-
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Changes in Net Position of Governmental Activities - Exhibit B	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">\$ 249,449</div>
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The accompanying notes are an integral part of these financial statements.

**FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Florosa Fire Control District (the District) was created as an independent special fire control district as defined under Section 189.403, Florida Statutes, by House Bill Chapter 74-543. The legal name of the district is Florosa Fire Control District. The district operates one fire house and its related equipment and has only volunteer workers.

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:

Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present Florosa Fire Control 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, whether such should be included within the District's financial statements. Management has utilized criteria set forth in GASB No. 61 for determining financial accountability of potential component units in evaluating all potential component units.

In accordance with GASB No. 61, the District (primary government) is financially accountable if a financial benefit or burden relationship exists between the potential component unit and the District. As of September 30, 2020, Florosa Fire Control District had no component units, as defined by GASB 61.

Government-Wide and Governmental Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and governmental 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.

**FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-Wide and Governmental Fund Financial Statements - Continued

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) charge to customers or applicants whom 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.

The following types of funds are employed by the District in accounting for its financial operations:

Governmental Funds

The General Fund is to account for all financial resources except those required to be accounted for in another fund.

The Special Revenue Fund is used to account for the collection and disbursement of earmarked monies.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District utilizes the modified accrual basis of accounting which recognizes revenues in the period in which they become available and measurable, while expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Budgets and Budgetary Accounting

The ordinance creating the District does not mandate an annual budget be adopted, however, the Board of Fire Commissioners adopts one at the start of each fiscal year.

The District generally does not have significant encumbrances (commitments related to unperformed contracts for goods or services) and any such amounts are not recorded in any manner in the accounting books.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand and demand deposits. These are all accounts that can be liquidated without delay or penalties.

FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

Impact fee revenue is 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.

Capital Assets

Capital assets which include land, buildings, machinery and equipment are reported in the governmental-type activities in the government-wide financial statements. Capital assets are defined as acquisitions in excess of \$750 cost and with an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the estimated useful life of the asset as follows:

<u>Type of Asset</u>	<u>Years</u>
Building	39
Machinery & Equipment	5-10
Improvements	39

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for *deferred outflows of resources*. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expenses) until then. The District had no deferred outflows of resources as of September 30, 2021.

In addition to liabilities, the statement of net position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents a acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until then. The District had no deferred inflows of resources as of September 30, 2021.

Fund Balance

The District has implemented GASB No. 54 employing the following terminology and classifications for fund balance.

FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

Fund Balance (continued)

Nonspendable - This category includes the resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. At September 30, 2021, the District had no nonspendable funds.

Restricted - This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The balance as of September 30, 2021, of \$95,094 is from impact fees which are restricted in use to purchase or construct new facilities to provide fire protection and emergency services to new construction and the purchase of a new fire station.

Committed - This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of Commissioners. There are no committed funds as of September 30, 2021.

Assigned - This category includes resources that are intended to be used for specific purposes, but is neither restricted or committed. These resources have been set aside for a specific purpose or encumbered by an authorized government body or official. There are no encumbrances or assigned funds as of September 30, 2021.

Unassigned - This category is the residual classification for the District's fund balance. At September 30, 2021, the District had \$5,575,126 in unassigned funds.

Net Position

Net position is classified in three categories. The general meaning of each is as follows:

Invested in capital assets, net of related debt - represents the difference between the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. At September 30, 2021, the District had \$6,213,125 in outstanding long-term debt.

Restricted - indicates that portion of the net position that is restricted for the purchase of the assets necessary due to new growth in the district.

Unrestricted - indicates that portion of net position that is available for future periods.

NOTE 2 - DETAILED NOTES ON ALL FUNDS

Cash and Investments

Authorization

Investment of surplus funds is governed by Florida State Statute 166.261. At balance sheet date, cash was maintained in an interest bearing checking account.

FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 2 - DETAILED NOTES ON ALL FUNDS (Continued)

Types of Investments

Cash deposits as of the balance sheet date are made with a local financial institution that qualifies as a public depository under the State of Florida, Statute 280. In order for financial institutions to qualify as public depositories, they are required to place collateral with the State Treasurer. Where public deposits are made in accordance with Chapter 280, Florida Statutes, the public depositor is not liable for any loss thereof resulting from the default or insolvency of any qualified depository.

The District had no investments at September 30, 2021.

Deposits

The bank carrying balances at September 30, 2021, were \$5,672,872. FDIC insurance covers \$250,000, with the remaining amount covered by Chapter 280, Florida Statutes. Reconciled book balances were \$5,670,220.

Capital Assets

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

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Primary Government			
Governmental Activities			
Capital asset, being depreciated-			
Buildings	\$ 781,235	\$ 2,298,891	\$ 3,080,126
Land	762,000		762,000
Machinery & Equipment	1,684,484		1,684,484
Improvements	89,625	-	89,625
Less: Depreciation for -			
Buildings	(164,048)	(7,457)	(171,505)
Machinery & Equipment	(1,545,967)	(69,216)	(1,615,183)
Improvements	(41,026)	(2,288)	(43,314)
Governmental Activities, Capital Assets, Net	<u>\$ 1,566,303</u>	<u>\$ 2,219,930</u>	<u>\$ 3,786,233</u>

Depreciation has been charged to the functions/programs of the primary government -

Governmental	
Public Safety	<u>\$ 78,961</u>

FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 3 - OTHER INFORMATION

Risk Management

The Florosa Fire District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to volunteers; and natural disasters. The District participates in the Florida Municipal Insurance Trust which is a public entity risk pool. Participants in the pool include various governmental units in the State of Florida. Coverage through this program is for Workers Compensation and is self sustained through members' premiums. The District does not retain a risk of loss as a participant in the public entity pool. In addition, the District has Automobile, General/Professional Liability, and Real/Personal Property coverage with independent carriers.

NOTE 4 - CHANGES IN FUND BALANCE

The following is a summary of the changes to fund balance for the year ending September 30, 2021.

	Balances at September 30, 2020	Excess of Revenues and Other Sources	Changes in Encumbrances and Prepays	Balance at September 30, 2021
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Nonspendable				
Prepays	\$ 22,503	\$ -	\$ 22,503	\$ -
Restricted				
Impact Fees	79,879	15,215	-	95,094
Unassigned	<u>7,538,319</u>	<u>(1,963,193)</u>	<u>-</u>	<u>5,575,126</u>
Totals	<u><u>\$ 7,640,701</u></u>	<u><u>\$ (1,947,978)</u></u>	<u><u>\$ 22,503</u></u>	<u><u>\$ 5,670,220</u></u>

NOTE 5 - DEBT

New Station

On April 28, 2020, the District entered into a 15 year lease-purchase agreement to to finance the acquisition, construction and equipping of the Fire Station Project. The agreement requires annual lease payments of principal and interest in the amount of \$580,022 beginning on April 28, 2022. The first payment of \$231,250 of interest only is due on April 28, 2021. The interest rate of the lease purchase agreement is 3.67% and the final payment is due April 28, 2035. Title to the building conveys to the District at the end of the agreement for no additional buyout costs.

FLOROSA FIRE CONTROL DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

NOTE 5 - DEBT (CONTINUED)

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

For the year ending September 30,	Principal	Interest	Total
2022	348,773	231,250	\$ 580,023
2023	361,677	218,345	\$ 580,022
2024	375,059	204,963	\$ 580,022
2025	388,936	191,086	\$ 580,022
2026	403,327	176,695	\$ 580,022
2027-2035	4,335,353	847,976	\$ 5,183,329
Total minimum payments	\$ 6,213,125	<u>\$ 1,870,315</u>	<u>\$ 8,083,440</u>
Less current portion	-		
Capital lease obligations- due in more than one	<u>\$ 6,213,125</u>		

NOTE 6 - SUBSEQUENT EVENTS

The District did not have any subsequent events through June 15, 2022 (the date the financial statements were available to be issued) required to be recorded or disclosed in the financial statements for the year ended September 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

FLOROSA FIRE CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, & CHANGES IN
FUND BALANCES - BUDGET & ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT E

	Original	Final	Actual	Variable Favorable (Unfavorable)
REVENUES				
Taxes				
Ad Valorem Taxes	\$ 785,691	\$ 785,691	\$ 786,922	\$ 1,231
Licenses & Permit				
Other Licenses, Fees & Permits	4,000	4,000	3,043	(957)
Charges for Services				
Impact Fees	3,000	3,000	15,215	12,215
Miscellaneous Revenues				
Miscellaneous Revenue	1,000	1,000		(1,000)
Interest Earnings			12,266	12,266
Building Fund	583,594	583,594		(583,594)
Cash Brought Forward	816,015	816,015	-	(816,015)
TOTAL REVENUES	2,193,300	2,193,300	817,446	(1,375,854)
EXPENDITURES				
Public Safety - Fire Control				
Operating Expenses				
Professional Services	21,300	21,300	22,106	806
Other Contractual Services	47,700	47,700	58,155	10,455
Utility Services	24,000	24,000	16,897	(7,103)
Insurance	26,000	26,000	22,503	(3,497)
Repair & Maintenance Services	43,100	43,100	15,875	(27,225)
Promotional Activities	3,000	3,000	1,072	(1,928)
Other Current Changes & Obligations	5,900	5,900	4,089	(1,811)
Printing & Binding	500	500	-	(500)
Operating Supplies	261,500	261,500	116,465	(145,035)
Books, Publications, Subscriptions & Memberships	5,000	5,000	625	(4,375)
Travel	2,000	2,000	-	(2,000)
Capital Outlay	100,000	100,000	2,298,890	2,198,890
Principal Payments	-	-	-	-
Interest Payments	240,000	240,000	231,250	(8,750)
Reserved/Cash Carry Forward	1,413,300	1,413,300	-	(1,413,300)
TOTAL EXPENDITURES	2,193,300	2,193,300	2,787,927	594,627
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,970,481)	(1,970,481)
OTHER FINANCING SOURCES				
Capital Lease Obligation			-	-
NET CHANGE IN FUND BALANCE			(1,970,481)	(1,970,481)
FUND BALANCE - Beginning of Year	-	-	7,640,701	7,640,701
FUND BALANCE - End of Year	\$ -	\$ -	\$ 5,670,220	\$ 5,670,220

See Independent Auditor's Report

COMPLIANCE SECTION

Nicholson, Reeder & Reynolds, P.A.

Certified Public Accountant

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

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Florosa Fire Control District, ("the District") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 15, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The result 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.

Nicholson Reeder & Reynolds

Fort Walton Beach, Florida

June 15, 2022

Nicholson, Reeder & Reynolds, P.A.

Certified Public Accountant

MANAGEMENT LETTER

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

Report on the Financial Statements

We have audited the financial statements of the Florosa Fire Control District ("District"), Mary Esther, Florida, as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 15, 2022.

Auditor's Responsibility

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

Other Reporting Requirements

We have issued our 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*; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General Disclosures in this report, which is dated June 15, 2022, should be considered in conjunction with this management letter.

Prior Audit Findings

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

Office Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Florosa Fire Control District was established by House Bill 74-543 October 1, 1965.

Financial Condition

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

Financial Condition (Continued)

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

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

Specific Information

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

- a. The total number of district employees compensated in the last pay period of the District's fiscal year as 0.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the District's fiscal year as 3.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$42,600.
- e. Each construction project with a total cost of at least \$65,000 approved by the District that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project is estimated at \$4,220,599 for the new Fire Station.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the District amends a final adopted budget under Section 189.016(6), Florida Statutes. The budget variance schedule is presented on page 21.

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

- a. The millage rate imposed by the District as 1.75.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$786,922.
- c. The total amount of outstanding bonds issued by the District as \$0.

Florosa Fire Control District

Page Three

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address 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 any other than these

We greatly appreciate the assistance and cooperation extended to us during our audit.

Nicholson, Reeder & Reynolds

Fort Walton Beach, Florida

June 15, 2022

Nicholson, Reeder & Reynolds, P.A.
Certified Public Accountant

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

To the Board of Commissioners
Florosa Fire Control District
Mary Esther, Florida

We have examined Florosa Fire Control District's compliance with Florida Statute 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

In our opinion, the Florosa Fire Control District complied, in all material respects, with Florida Statute 218.415 with regards to the investments for the year ended September 30, 2021.

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

Nicholson Reeder & Reynolds

Fort Walton Beach, Florida
June 15, 2022

IMPACT FEE AFFIDAVIT

BEFORE ME, the undersigned authority, personally appeared Carol Arrieta, who being duly sworn, deposes and says on oath that:

1. I am the Chief Financial Officer of Florosa Fire Control District which is a local governmental entity of the State of Florida;
2. Florosa Fire Control District adopted (Ordinance No. _____ or Resolution No. 2016-05) implementing an impact fee; and
3. Florosa Fire Control District has complied and, as of the date of this Affidavit, remains in compliance with Section 163.31801, Florida Statutes.

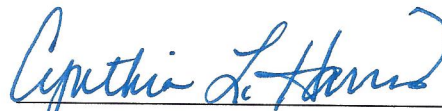
FURTHER AFFIANT SAYETH NAUGHT.



Carol Arrieta - Treasurer

STATE OF FLORIDA
COUNTY OF OKALOOSA

SWORN TO AND SUBSCRIBED before me this 16th day of June, 2022.



NOTARY PUBLIC
Print Name Cynthia L. Harris

Personally known ☒ or produced identification _____

Type of identification produced: _____

My Commission Expires:

6/26/24

