

BLACKMAN FIRE DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2022

**BLACKMAN FIRE DISTRICT
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SEPTEMBER 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Fire Commissioners
Blackman Fire District

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of Blackman Fire District, as of September 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 28, 2023, 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.

Warren Averett, LLC

Fort Walton Beach, Florida
June 28, 2023

**BLACKMAN FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

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, 2022.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by \$299,141 (net position) and represents an increase of \$12,019 from the prior year. Of this amount, \$220,634 represents investments in capital assets (e.g., land, building, machinery, and equipment), \$3,549 is restricted for capital expansion projects, and \$74,958 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 \$78,507, an increase of \$36,277 from the previous fiscal year.
- At the end of the 2022 fiscal year, unassigned fund balance for the general fund was \$70,111, or 83%, 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, 2022**

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, 2022**

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 \$299,141 (net position) as of September 30, 2022, as reported in Table 1.

The largest portion of the District's net position, \$220,634, 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, 2022 AND 2021**

	Governmental Activities	
	2022	2021
Current and other assets	\$ 79,492	\$ 42,677
Capital assets	220,634	244,892
Total assets	300,126	287,569
Other liabilities	985	447
Total liabilities	985	447
Net position		
Net investment in capital assets	220,634	244,892
Restricted	3,549	1,204
Unrestricted	74,958	41,026
Total net position	\$ 299,141	\$ 287,122

Table 2
BLACKMAN FIRE DISTRICT
STATEMENTS OF CHANGE IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
REVENUES		
Program revenues		
Charges for services	\$ 5,074	\$ 2,410
Operating grants and contributions	9,845	7,029
Capital grants and contributions	21,606	25,500
General revenues		
Fire assessment taxes	73,711	73,032
Other revenue	10,972	2,545
Total revenues	<u>121,208</u>	<u>110,516</u>
EXPENSES		
Public safety	<u>109,189</u>	<u>116,759</u>
CHANGE IN NET POSITION	12,019	(6,243)
NET POSITION AT BEGINNING OF YEAR	<u>287,122</u>	<u>293,365</u>
NET POSITION AT END OF YEAR	<u><u>\$ 299,141</u></u>	<u><u>\$ 287,122</u></u>

Governmental activities increased the District's net position by \$12,019. 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.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of September 30, 2022, amounts to \$220,634 (net of accumulated depreciation). Capital assets include land, buildings, improvements, machinery and equipment, etc. The increase in accumulated depreciation totaled \$37,278 for fiscal year 2022.

Table 3
BLACKMAN FIRE DISTRICT
CAPITAL ASSETS
(Net of Depreciation)
AS OF SEPTEMBER 30, 2022 AND 2021

	Governmental Activities	
	2022	2021
Land	\$ 20,000	\$ 20,000
Buildings	72,501	76,703
Improvements other than buildings	12,426	13,344
Equipment	71,957	64,240
Furniture and fixtures	-	520
Vehicles and trucks	43,750	70,085
Total	\$ 220,634	\$ 244,892

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.

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, 2022**

	Governmental Activities
ASSETS	
Cash	\$ 51,096
Due from other governments	20,000
Prepaid items	4,847
Restricted cash	3,549
Capital assets	
Non-depreciable	20,000
Depreciable, net	200,634
TOTAL ASSETS	300,126
LIABILITIES	
Accounts payable	985
NET POSITION	
Net investment in capital assets	220,634
Restricted for capital outlay	3,549
Unrestricted	74,958
TOTAL NET POSITION	\$ 299,141

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<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>
Function/Program activities					
Governmental activities					
Public safety	\$ 109,189	\$ 5,074	\$ 9,845	\$ 21,606	\$ (72,664)
General revenues					
Fire assessment taxes					73,711
Gain on sale of capital assets					6,000
Miscellaneous					4,972
Total general revenues					<u>84,683</u>
CHANGE IN NET POSITION					12,019
NET POSITION AT BEGINNING OF YEAR					<u>287,122</u>
NET POSITION AT END OF YEAR					<u>\$ 299,141</u>

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT
GOVERNMENTAL FUND
BALANCE SHEET
SEPTEMBER 30, 2022**

	General Fund
ASSETS	
Cash	\$ 51,096
Due from other governments	20,000
Prepaid items	4,847
Restricted cash	3,549
TOTAL ASSETS	\$ 79,492
LIABILITIES	
Accounts payable	\$ 985
FUND BALANCE	
Nonspendable – prepaid items	4,847
Restricted for capital outlay	3,549
Unassigned	70,111
Total fund balance	78,507
TOTAL LIABILITIES AND FUND BALANCE	\$ 79,492

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT
GOVERNMENTAL FUND
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022**

Fund balance – total governmental fund (page 11)		\$ 78,507
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	799,514	
Less accumulated depreciation	(598,880)	
		220,634
Net position of governmental activities (page 9)		\$ 299,141

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, 2022**

	General Fund
REVENUES	
Taxes	\$ 73,711
Intergovernmental	28,701
Impact fees	5,074
Miscellaneous	13,722
Total revenues	121,208
EXPENDITURES	
Current	
Public safety	60,911
Capital outlay	24,020
Total expenditures	84,931
EXCESS OF REVENUES OVER EXPENDITURES	36,277
FUND BALANCE AT BEGINNING OF YEAR	42,230
FUND BALANCE AT END OF YEAR	\$ 78,507

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, 2022**

Net change in fund balance - governmental fund (page 13) \$ 36,277

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	24,020	
Less current year depreciation	<u>(48,278)</u>	
		<u>(24,258)</u>

Governmental funds do not report capital assets on the balance
sheet; however, they are reported in the government-wide
financial statements. Accordingly, proceeds received for
disposals of capital assets are shown as income in the
governmental financial statements and a gain or loss is
reported in the statement of activities.

Disposals of capital assets	(11,000)	
Accumulated depreciation/amortization - disposals	<u>11,000</u>	
		<u>-</u>

Change in net position of governmental activities (page 10) \$ 12,019

See notes to the financial statements.

**BLACKMAN FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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, 2022, 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, 2022**

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 2022 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, 2022**

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.

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, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE DISTRICT – 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, 2022.

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 capital assets are reported 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, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE DISTRICT – 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, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE DISTRICT – 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, 2022 and June 28, 2023, 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 Fire 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, 2022, the District had no encumbrances.

3. CASH DEPOSITS

At September 30, 2022, the value of the District's deposits was \$54,709, all of which were held by Qualified Public Depositories under Chapter 280, Florida Statutes.

**BLACKMAN FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

4. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental Activities				
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	253,219	24,020	-	277,239
Furniture and fixtures	5,100	-	-	5,100
Vehicles and trucks	341,426	-	(11,000)	330,426
Total capital assets being depreciated	<u>786,494</u>	<u>24,020</u>	<u>(11,000)</u>	<u>799,514</u>
Less accumulated depreciation				
Buildings	(87,211)	(4,202)	-	(91,413)
Improvements other than buildings	(8,380)	(918)	-	(9,298)
Computers	(1,111)	-	-	(1,111)
Equipment	(188,979)	(16,303)	-	(205,282)
Furniture and fixtures	(4,580)	(520)	-	(5,100)
Vehicles and trucks	(271,341)	(26,335)	11,000	(286,676)
Total accumulated depreciation	<u>(521,042)</u>	<u>(48,278)</u>	<u>11,000</u>	<u>(598,880)</u>
Total capital assets being depreciated, net	<u>265,452</u>	<u>(24,258)</u>	<u>-</u>	<u>200,634</u>
Governmental activities, net	<u>\$ 285,452</u>	<u>\$ (24,258)</u>	<u>\$ -</u>	<u>\$ 220,634</u>

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

Governmental Activities

Public safety	<u>\$ 48,278</u>
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**BLACKMAN FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

5. 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.

Grant Agreements

In the normal course of operations, the District receives grant funds from various federal, state, and local agencies. The grant programs are subject to audit by agents of the granting authority, for the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability, if applicable, for reimbursement which may arise as the result of these audits is not believed to be material.

6. EXPENDITURES IN EXCESS OF BUDGETED APPROPRIATIONS

The general fund had an excess of expenditures over final budgeted appropriations for the year ended September 30, 2022 in the amount of \$9,931.

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, 2022**

	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
REVENUES				
Taxes	\$ 73,000	\$ 73,000	\$ 73,711	\$ 711
Intergovernmental	-	-	28,701	28,701
Impact fees	-	-	5,074	5,074
Miscellaneous	2,000	2,000	13,722	11,722
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>121,208</u>	<u>46,208</u>
EXPENDITURES				
Current				
Public safety	63,000	63,000	60,911	2,089
Capital outlay	12,000	12,000	24,020	(12,020)
Total expenditures	<u>75,000</u>	<u>75,000</u>	<u>84,931</u>	<u>(9,931)</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	36,277	36,277
FUND BALANCE, BEGINNING	-	-	42,230	42,230
FUND BALANCE, ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,507</u>	<u>\$ 78,507</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, 2022, 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 28, 2023.

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. We identified a deficiency in internal control, described in the accompanying schedule of findings and responses as finding 2022-002, that we consider to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-001.

Blackman Fire District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Warren Averett, LLC

Fort Walton Beach, Florida
June 28, 2023

**BLACKMAN FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FINDING 2022-001 – COMPLIANCE WITH STATE STATUTES

Criteria

Section 189.016(3), Florida Statutes, states that a special district may not expend or contract for expenditures in any fiscal year except pursuant to the adopted budget. Section 189.016(4), Florida Statutes, states that the final adopted budget must be posted on the special district's official website within 30 days after adoption and must remain on the website for at least two years.

Condition

The General Fund's total actual expenditures for the year ended September 30, 2022, exceeded budgeted appropriations by \$9,931, and the adopted budget was not posted on the District's official website within 30 days after adoption.

Cause

The District did not adopt a resolution to amend the originally adopted budget for unanticipated grant funding received to purchase protective fire equipment. Furthermore, the District does not have an official website that an adopted budget can be posted to.

Effect

The District may be out of compliance with Sections 189.016(3) and 189.016(4), Florida Statutes.

Recommendation

We recommend that the District's management more closely monitor budgetary performance throughout the year so that the Board can more easily identify when the need for budget amendments may arise. We also recommend that the Board explore options for hosting an official website to stay in compliance with statutory requirements.

Management's Response

Concur. Management will explore options for hosting an official website and formally adopt budget amendments, as necessary, in future periods.

FINDING 2022-002 – RECONCILIATION OF GRANT ACTIVITIES

Criteria

The District's internal control over financial reporting is designed to allow for management, in the normal course of performing their assigned functions, to prevent, or detect and correct, a material misstatement on a timely basis. Pursuant to GASB Statement No. 33, recipients of expenditure-driven grants should recognize revenue as qualifying expenditures are incurred.

Condition

The District provided schedule of grant revenues and expenditures, including unearned revenues and receivables, did not reconcile to the accounting records and other supporting documentation.

**BLACKMAN FIRE DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES – CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

FINDING 2022-002 – RECONCILIATION OF GRANT ACTIVITIES – CONTINUED

Cause

Reconciliation of grant activities for financial reporting purposes was not prepared and reviewed on a timely basis by appropriately experienced and trained personnel. The District does not have a written policy for grant administration activities that provides the guidance necessary to facilitate financial reporting of grant activities in accordance with U.S. generally accepted accounting principles.

Effect

Material audit adjustments were proposed and accepted by management to properly reconcile grant activity for financial reporting purposes.

Recommendation

We recommend that the District's management should adopt written policies and procedures for identifying and reconciling expenditure-driven grant revenues with related qualifying expenditures. These policies should reflect who is responsible for reviewing the reconciliation of grant activities for financial reporting purposes.

Management's Response

Concur. Management will implement policies and procedures for identifying and reconciling expenditure-driven grant revenues with related qualifying expenditures.

**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, with regards to investments for the year ended September 30, 2022.

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.

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

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

In our opinion, Blackman Fire District complied, in all material respects, with the specified requirements for the fiscal year ended September 30, 2022.

Warren Averett, LLC

Fort Walton Beach, Florida
June 28, 2023

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, 2022, and have issued our report thereon dated June 28, 2023.

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 28, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General* requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The table below summarizes uncorrected findings in the current financial audit report.

Tabulation of Uncorrected Audit Findings			
Description	Current Year Finding #	2020-21 FY Finding #	2019-20 FY Finding #
Expenditures in excess of appropriations ⁽¹⁾	2022-001	2021-001	N/A
Grant reconciliations ⁽²⁾	2022-002	N/A	N/A

⁽¹⁾ Noncompliance material to the financial statements

⁽²⁾ Significant deficiency in internal control over financial reporting

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. 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.

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 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 fiscal year as 1.
- 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 \$1,800.
- e) No construction projects with a total cost of at least \$65,000 approved by the district that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f) No budget variances or amendments based on the budget adopted under section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported. However, see finding 2022-001 in the schedule of findings and responses for additional information.

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

- a) The rate of non-ad valorem special assessments imposed by the District as \$104.15 for residential property owners and \$156.22 for non-residential property owners.
- b) The total amount of special assessments collected by or on behalf of the District as \$73,711.
- c) The District has issued no outstanding bonds.

The specific information reported in the previous paragraphs has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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, see the schedule of findings and responses.

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.

Warren Averett, LLC

Fort Walton Beach, Florida
June 28, 2023