



**East Niceville Fire District**

**FINANCIAL STATEMENTS**

**September 30, 2022**



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**BOARD OF FIRE COMMISSIONERS**

Matt Schwab  
Chairman

Kenny Revell  
Vice Chairman

Leo Tisa  
Treasurer

Tony Evans  
Secretary

Charles Mauck  
Commissioner

**MANAGEMENT**

David Birch  
Fire Chief

Jon Kramer  
Deputy Chief

## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
East Niceville Fire District  
Niceville, Florida

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary fund of the East Niceville Fire District (District), as of and for the year ended September 30, 2022, and the related notes to 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, each major fund, and the fiduciary fund of the 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:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–8, schedule of changes in net pension liability and related ratios on page 33, schedule of pension contributions on page 34, schedule of pension investment returns on page 35, and schedule of change in total other postemployment benefits liability and related ratios on page 36, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the

required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Carr, Rigg & Ingram, L.L.C.*

Certified Public Accountants  
Niceville, Florida  
June 28, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

Management's discussion and analysis provide an easily readable analysis of East Niceville Fire District's financial activities. The analysis provides summary financial information and should be read in conjunction with the District's basic financial statements.

The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical services for the following area in Okaloosa County: all sections outside the Niceville city limits bordered on the north by the Eglin Military Reservation, on the east by Rocky Bayou, on the south by the Choctawhatchee Bay, and on the west by the Valparaiso city limits. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

### Financial Highlights

- Total assets decreased by \$41,845.
- Net position decreased by \$97,441.
- Total revenues increased by 5% or \$54,110 and total expenses increased by 8% or \$101,749.

### District Highlights

During the fiscal year ended September 30, 2022, the District responded to 437 calls, including 64 structure fires, 222 medical calls, 48 vehicle accidents, and 103 alarm activations.

The Board of Commissioners approved the fiscal year ending September 30, 2022 budget on September 22, 2021 with an approved millage rate of 3.0176 mils for the 2021 - 2022 fiscal year.

### 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 financial statements*. The *government-wide financial statements* present an overall picture of the District's financial position and results of operations. The *fund financial statements* present financial information for the District's major fund. The *notes to basic financial statements* provide additional information concerning the District's finances that are not otherwise disclosed in the government-wide or fund financial statements.

The remaining statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the government.



## **Government-wide Financial Statements**

The *government-wide financial statements* include the *statement of net position* and *statement of activities*. These statements are designed to provide readers with a broad overview of the District's financial position, in a manner similar to that of private-sector companies. Emphasis is placed on the net position of governmental activities as well as the change in net position.

Governmental activities are the activities where the District's operations are reported. The District does not have any business-type activities.

The *statement of net position* presents information on all assets and liabilities of the District, with the difference between the two reported as *net position*. Increases or decreases in net position over time may serve as a useful indicator of the District's improving or declining financial position.

The *statement of activities* presents information on all revenues and expenses of the District and the change in net position for the 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 the statement of activities for some items that will only result in cash flows in future fiscal periods.

## **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 purposes or objectives. The District's funds include the general fund and the pension fund.

*Fund financial statements* provide financial information for the District's funds and information about the District's activities. Governmental fund financial statements provide information on the *current* assets and liabilities of the funds, changes in *current* financial resources (revenues and expenditures), and *current* available resources. The fiduciary funds statements provide information concerning the assets held in trust by the District for the benefit of parties outside the government.

*Fund financial statements* for all governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balance. The District's general fund includes a statement of revenues and expenditures - budget and actual. A statement of fiduciary net position and a statement of changes in fiduciary net position are presented for the District's fiduciary funds.

The *government-wide financial statements* and the *fund financial statements* provide different presentations of the District's financial position. Categorized by governmental activities, the government-wide financial statements provide an overall picture of the District's financial standing. These statements, which are comparable to private-sector companies, provide a good understanding of the District's overall financial health and present the means used to pay for various activities, or functions provided by the District. All assets of the District, including buildings, land and liabilities are reported in the statement of net position. The statement of activities includes depreciation on all long lived assets of the District. The *fund financial statements* provide a presentation of the District's fund. In the case of governmental activities, outlays for long lived

assets are reported as expenditures and long-term liabilities are not included in the fund financial statements. To facilitate a comparison between the *fund financial statements* and the *government-wide financial statements*, a reconciliation is provided.

*Notes to financial statements* provide additional detail concerning the financial activities and financial balances of the District. Additional information about the accounting practices of the District, capital assets of the District, and noncurrent liabilities are just a few of the items included in the notes to basic financial statements.

### Financial Analysis of the District

The following schedule provides a summary of the assets, liabilities and net position of the District.

#### Net Position Governmental Activities

Net position invested in capital assets (e.g., land, buildings, and equipment), net of any related outstanding long-term debt used to acquire those assets is part of the District's net position at September 30, 2022. Capital assets are used to provide services to citizens; consequently, these assets are not available for future spending.

<i>September 30,</i>	<b>2022</b>	2021	Change
<b>Assets</b>			
Current and other assets	\$ 305,007	\$ 266,577	\$ 38,430
Capital assets, net	617,838	698,113	(80,275)
Total assets	922,845	964,690	(41,845)
Deferred outflows of resources	607,025	255,467	351,558
Total assets and deferred outflows of resources	1,529,870	1,220,157	309,713
<b>Liabilities</b>			
Current liabilities	270,589	192,810	77,779
Noncurrent liabilities	1,181,661	756,815	424,846
Total liabilities	1,452,250	949,625	502,625
Deferred inflows of resources	61,567	157,038	(95,471)
Total liabilities and deferred inflows of resources	1,513,817	1,106,663	407,154
<b>Net position (deficit)</b>			
Net investment in capital assets	268,295	315,132	(46,837)
Unrestricted	(252,242)	(201,638)	(50,604)
Total net position (deficit)	\$ 16,053	\$ 113,494	\$ (97,441)

**Statement of Activities  
Governmental Activities**

The following schedule compares the Statement of Activities for the current and previous fiscal years:

<i>Year ended September 30,</i>	<b>2022</b>	2021	Change
<b>General revenues</b>			
Ad valorem taxes, net	\$ 1,207,370	\$ 1,143,016	\$ 64,354
Interest	420	781	(361)
Gain on sale of capital asset	10,000	-	10,000
Miscellaneous	500	20,383	(19,883)
<b>Total general revenues</b>	<b>1,218,290</b>	1,164,180	54,110
<b>Expenses</b>	<b>1,315,731</b>	1,213,982	101,749
Increase (decrease) in net position	<b>(97,441)</b>	(49,802)	(47,639)
Net position, beginning	<b>113,494</b>	163,296	(49,802)
Net position, ending	<b>\$ 16,053</b>	\$ 113,494	\$ (97,441)

Ad valorem taxes increased by 5.63% or \$64,354 due to an increase in the millage rate and tax base from the prior year.

Expenses increased by 8.38% or \$101,749 from the previous year, due to increases in salaries, retirement, and operating expenses.

**Governmental Fund Budgetary Highlights**

The District experienced a decrease in tax revenues as compared to the budget of \$31,619, which occurred due to lower than expected ad valorem tax collections.

The District had a decrease in expenditures compared to budget in the amount of \$58,321. This decrease was primarily due to lower expenditures for salaries, insurance costs and capital outlay.

Overall, the general fund had a favorable variance compared to budget in the amount of \$36,622.

## Capital Assets Activity

The following schedule provides a summary of the District's capital assets activity. The District's net investment in capital assets activities as of September 30, 2022 was \$268,295 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment.

### Capital Assets (net of depreciation) Governmental Activities

<i>September 30,</i>	<b>2022</b>	2021	Change
Land	\$ 40,337	\$ 40,337	\$ -
Building and improvements	360,009	360,009	-
Vehicles and equipment	1,133,211	1,362,268	(229,057)
Total, prior to depreciation	1,533,557	1,762,614	(229,057)
Accumulated depreciation	(915,719)	(1,064,501)	148,782
Capital assets	617,838	698,113	(80,275)
Lease liability related to capital assets	(349,543)	(382,981)	33,438
Net investment in capital assets	\$ 268,295	\$ 315,132	\$ (46,837)

Additional information about the District's capital assets is presented in note 4 to financial statements.

## Future Financial Factors

East Niceville Fire District, an independent special district created by county ordinance 78-11, Okaloosa County, operates under the provisions of Chapters 189 and 191, Florida Statutes. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the millage rate. On September 21, 2022 the board of commissioners approved a millage rate of 3.40 for fiscal year 2022-2023. The District has taxing authority as revenues are generated by ad valorem taxes. Rates for fiscal year 2023 have been established to provide for the operations of the District and necessary capital and operating requirements.

## Contacting the District

This report was prepared by the District. Questions concerning this report or requests for additional information should be addressed to the East Niceville Fire District 1709 East 27<sup>th</sup> Street Niceville, FL 32578 attention: Fire Chief David Birch. Information for the District can also be obtained at the District's website [www.endf.net](http://www.endf.net).

## **BASIC FINANCIAL STATEMENTS**

**East Niceville Fire District**  
**Statement of Net Position and Governmental Fund Balance Sheet**

<i>September 30, 2022</i>	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 276,068	\$ -	\$ 276,068
Prepays	28,939	-	28,939
Total current assets	305,007	-	305,007
Noncurrent assets			
Capital assets, net	-	617,838	617,838
Total assets	305,007	617,838	922,845
<b>Deferred outflows of resources</b>			
	-	607,025	607,025
Total assets and deferred outflows of resources	\$ 305,007	1,224,863	1,529,870
<b>Liabilities</b>			
Current liabilities			
Accounts payable	\$ 6,040	-	6,040
Accrued salaries and benefits payable	21,798	-	21,798
Accrued compensated absences	35,014	-	35,014
Due to pension fund	173,302	-	173,302
Current portion of financed purchase liability	-	34,435	34,435
Total current liabilities	236,154	34,435	270,589
Noncurrent liabilities			
Accrued compensated absences	-	107,936	107,936
Net pension liability	-	635,894	635,894
Other postemployment benefits liability	-	122,723	122,723
Financed purchase liability	-	315,108	315,108
Total noncurrent liabilities	-	1,181,661	1,181,661
Total liabilities		1,216,096	1,452,250
<b>Deferred inflows of resources</b>			
		61,567	61,567
Total liabilities and deferred inflows of resources	236,154	1,277,663	1,513,817
<b>Fund balance</b>			
Nonspendable	28,939	(28,939)	-
Unassigned	39,914	(39,914)	-
Total fund balance	68,853	(68,853)	-
Total liabilities and fund balance	\$ 305,007		
<b>Net position (deficit)</b>			
Net investment in capital assets		268,295	268,295
Unrestricted net position (deficit)		(252,242)	(252,242)
Total net position		\$ 16,053	\$ 16,053

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

**East Niceville Fire District**  
**Statement of Activities and Governmental Fund Revenues,**  
**Expenditures and Change in Fund Balance**

<i>Year ended September 30, 2022</i>	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Activities</b>
<b>Revenues</b>			
Ad valorem taxes, net	\$ 1,207,370	\$ -	\$ 1,207,370
Interest	420	-	420
Miscellaneous	500	-	500
<b>Total revenues</b>	<b>1,208,290</b>	<b>-</b>	<b>1,208,290</b>
<b>Expenses/Expenditures</b>			
Personnel services			
Group employee life and health insurance	91,121	-	91,121
Salaries	662,247	-	662,247
Section 175 retirement contribution	120,279	-	120,279
Pension	-	60,374	60,374
Payroll taxes	54,768	-	54,768
Compensated absences	82,785	(3,304)	79,481
Other postemployment benefits	-	(44,818)	(44,818)
Operating			
Accounting and auditing	39,519	-	39,519
Insurance	64,330	-	64,330
Office and operating supplies	36,983	-	36,983
Property appraisal and tax collector fees	14,298	-	14,298
Repairs and maintenance	20,351	-	20,351
Travel	70	-	70
Utilities	22,190	-	22,190
Interest	11,413	-	11,413
Debt service principal	33,438	(33,438)	-
Capital outlay	2,850	(2,850)	-
Depreciation and amortization	-	83,125	83,125
<b>Total expenses/expenditures</b>	<b>1,256,642</b>	<b>59,089</b>	<b>1,315,731</b>
<b>Other Financing Sources</b>			
Gain on sale of capital asset	10,000	-	10,000
Change in net position/fund balance	(38,352)	(59,089)	(97,441)
Net position/fund balance, beginning	107,205	6,289	113,494
<b>Net position/fund balance, ending</b>	<b>\$ 68,853</b>	<b>\$ (52,800)</b>	<b>\$ 16,053</b>

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

**East Niceville Fire District**  
**Statement of Revenues and Expenditures – Budget and Actual**  
**General Fund**

<i>Year ended September 30, 2022</i>	<b>Budgeted Amounts</b>			<b>Variance from Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>Revenues</b>				
Ad valorem taxes, net	\$ 1,238,989	\$ 1,238,989	\$ 1,207,370	\$ (31,619)
Interest and miscellaneous	1,000	1,000	920	(80)
<b>Total revenues</b>	<b>1,239,989</b>	<b>1,239,989</b>	<b>1,208,290</b>	<b>(31,699)</b>
<b>Expenditures</b>				
Personnel services				
Group employee life/health insurance	99,631	99,631	91,121	8,510
Salaries	710,820	710,820	662,247	48,573
Section 175 retirement contribution	50,000	50,000	120,279	(70,279)
Payroll taxes	58,356	58,356	54,768	3,588
Compensated absences	52,000	52,000	82,785	(30,785)
Operating				
Accounting and auditing	32,000	32,000	39,519	(7,519)
Legal services	6,000	6,000	-	6,000
Insurance	95,000	95,000	64,330	30,670
Office and operating supplies	46,605	46,605	36,983	9,622
Advertising	2,500	2,500	-	2,500
Property appraisal	33,000	33,000	14,298	18,702
Repairs and maintenance	30,000	30,000	20,351	9,649
Travel	1,000	1,000	70	930
Utilities	23,000	23,000	22,190	810
Debt service	45,051	45,051	44,851	200
Capital outlay	30,000	30,000	2,850	27,150
<b>Total expenditures</b>	<b>1,314,963</b>	<b>1,314,963</b>	<b>1,256,642</b>	<b>58,321</b>
<b>Other Financing Sources</b>				
Gain on sale of capital asset	-	-	10,000	10,000
<b>Excess of expenditures over revenues</b>	<b>\$ (74,974)</b>	<b>\$ (74,974)</b>	<b>\$ (38,352)</b>	<b>\$ 36,622</b>

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



**East Niceville Fire District**  
**Statement of Fiduciary Net Position – Fiduciary Fund**

*September 30, 2022*

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**Assets**

Cash and cash equivalents	\$ 55,564
Investments	1,242,607
Due from other fund	173,302
Due from State of Florida	311

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Total assets	1,471,784
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**Liabilities**

Accrued expenses	6,578
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**Net position**

Held in trust for pension benefits	\$ 1,465,206
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*The accompanying notes are an integral part of these financial statements.*

**East Niceville Fire District**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Fund**

*Year ended September 30, 2022*

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**Additions**

Contributions:

District	\$ 120,279
Plan members	35,932
Florida firefighters' pension trust fund	53,334

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Total contributions 209,545

Investment Income:

Dividends and interest	38,312
Realized loss on investments	(47,725)
Unrealized loss on investments	(279,220)
Investment expenses	(14,500)

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Total additions (93,588)

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**Deductions**

Legal and accounting	3,752
Actuary	28,063
Administrative fees	973
Distributions	32,862

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Total deductions 65,650

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Change in net position (159,238)

Net position, beginning of year 1,624,444

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Net position, end of year \$ 1,465,206

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

## East Niceville Fire District Notes to Basic Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

East Niceville Fire District (District) was created as an independent special district by county ordinance 78-11, in Okaloosa County in 1978. The District operates under an elected Board of Fire Commissioners (Board) form of government and provides the following services: fire suppression, fire inspection, rescue and emergency medical.

#### ***Reporting Entity***

Criteria for determining if other entities are potential component units which should be reported within the District's basic financial statements are identified and described in the Governmental Accounting Standards Board's (GASB) codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. The application of these criteria provides for identification of any entities for which the Board is financially accountable and other organizations for which the nature and significance of their relationships with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete. Based on these criteria, no component units are required to be reported.

#### ***Measurement Focus, Basis of Accounting and Financial Statement Presentation***

The accounting policies of the District conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments in accordance with standards promulgated by GASB.

Governmental funds are used to account for the District's general governmental activities. The District has two funds, the general fund, which is its operating fund and is included in the preparation of the government-wide financial statements and its fund financial statements, and the fiduciary fund, which is presented separately.

The basic financial statements of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to financial statements

#### ***Government-wide financial statements***

Government-wide financial statements display information about the District as a whole, except for its fiduciary activity.

Government-wide financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

## East Niceville Fire District Notes to Basic Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Government-wide Financial Statements (continued)***

Ad valorem taxes are recognized in the year for which they are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financial sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as reductions of the related liabilities, rather than as expenditures.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources – committed, assigned, and unassigned – in this order as needed.

#### ***Fund Financial Statements***

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. The flow of current financial resources measurement focus generally means that only current assets and current liabilities are included in the balance sheet. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenue available if it is collected within 60 days after year-end.

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

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

#### ***Fiduciary Fund***

The Fiduciary fund accounts for assets held by the District in a trustee capacity or as an agent on behalf of others. The fund accounts for assets held by the District under the terms of a formal trust agreement. The fiduciary fund accounts for the assets of the District's defined benefit plan (Florida Statute Chapter 175 Firefighters' Pension Trust Fund). The fiduciary fund is accounted for using the accrual basis of accounting.

## East Niceville Fire District Notes to Basic Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

##### *Cash and cash equivalents*

The District maintains all deposits within "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. All Qualified Public Depositories must place with the Treasurer of the State of Florida securities 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 Depository, 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.

Under this method, all of the District's deposits and investments are fully insured or collateralized at the highest level of security as defined by GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* as amended by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. Cash balances held on deposit at qualified public depositories at September 30, 2022 was \$276,068 for the general fund.

##### *Capital assets*

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as purchases with an initial individual cost of more than \$750 and a useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed or estimated historical cost if actual cost is unknown. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as these projects are constructed. Property and equipment of the primary government are depreciated using the straight line method over the estimated useful lives, generally 30 years for buildings and improvements and 5 to 15 years for vehicles and equipment.

##### *Accrued compensated absences*

Vacation and sick leave accrue for all employees. The District has accrued the accumulated and unpaid amounts due its employees for leave in the financial statements at September 30, 2022. The liability presented represents the total amount the District would owe its employees if all employees quit or were terminated.

The District's policy for accruing vacation leave is that shift employees accrue between 5.0 and 8.0 hours and nonshift employees accrue between 4.1 and 6.6 hours. Maximum number of hours that can be accumulated is 360 hours for shift employees and 200 hours for nonshift employees. Employees are paid the value of unused, accrued vacation leave at termination.

The policy of the District for sick leave is that shift employees accrue sick leave at a rate of 5 hours per pay period and nonshift employees earn 4.1 hours per pay period. Maximum number of hours

## East Niceville Fire District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)*

##### *Accrued compensated absences (continued)*

that can be accumulated is 720 hours for shift employees and 480 hours for nonshift employees. In the case of death while employed, all accumulated sick leave will be paid to the beneficiary.

##### *Ad valorem tax revenue*

Significant dates relative to ad valorem tax revenue are as follows:

Assessment date - January 1	Past due - April 1
Maximum discount - November 1	Tax certificates sold - June 1

The Board of Commissioners approved a millage rate of 3.0176 for the year ended September 30, 2022.

##### *Deferred outflows and inflows of resources*

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. The financial statement element represents an outflow of resources (expenses) to be recognized in a future period or periods. The District has deferred outflows of resources related to the net pension liability that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position includes separate section for deferred inflows of resources. This financial statement element represents an inflow of resources (revenue) to be recognized in a future period or periods. At this time the District has one item that qualifies for reporting in this category related to the net pension liability.

##### *Fund balance*

The District follows GASB Statement No. 54 employing the following terminology and classifications for fund balance.

**Nonspendable** – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of September 30, 2022 of \$28,939 is prepaid expenses that are not in spendable form.

**Restricted** – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. There is no restricted fund balance at September 30, 2022.

**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 is no committed fund balance as of September 30, 2022.

## East Niceville Fire District Notes to Basic Financial Statements

### **Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Equity (continued)***

##### *Fund balance (continued)*

Assigned – This category includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official. There is no assigned fund balance as of September 30, 2022.

Unassigned – This category is the residual classification for the District’s fund balance. The balance as of September 30, 2022 is \$39,914.

When both restricted and unrestricted fund balances are available for use, it is the District’s policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

##### *Net position*

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

Net investment in capital assets – represents 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, 2022, the District had financed purchase lease liability of \$349,543 associated with capital assets. The balance as of September 30, 2022 is \$268,295.

Unrestricted – indicates that portion of net position that is available for future periods. The deficit as of September 30, 2022 is \$252,242.

##### ***Budgets***

A budget is legally adopted for the general fund. Any revision to the budget must be approved by the Board of Commissioners. The budget is compared to actual expenditures. In instances where budget appropriations and estimated revenues have been revised during the year, budget data presented in the “final” column of the financial statements represent final authorization amounts.

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

1. Prior to September 1, the Fire Chief and a committee appointed by the Board of Commissioners submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary

## East Niceville Fire District Notes to Basic Financial Statements

### Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Budgets (continued)***

form, but a more detailed line item budget is included for administrative control. The level of control for the detailed budget is at the department head level.

2. Upon tentative approval by the Board of Commissioners, public hearings are conducted to obtain taxpayer comment.
3. Prior to September 30, the budget is legally enacted through approval by the Board.
4. Formal budgetary integration is employed as a management control device during the year for the general fund.
5. Appropriations lapse at the end of each fiscal year.
6. The Board of Commissioners may authorize supplemental appropriations during the year.

#### ***Recently issued and implemented accounting pronouncements***

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

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

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and



**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently issued and implemented accounting pronouncements (continued)***

measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

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

***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

***Subsequent Events***

Management has evaluated subsequent events through June 28, 2023, which is the date the financial statements were available to be issued and noted no subsequent events that require disclosure.

**Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The total fund balance of the District’s governmental general fund of \$68,853 differs from the net position of governmental activities of \$16,053 reported in the governmental funds balance sheet and statement of net position. This difference results primarily from the long-term economic focus of the statement of net position versus the flow of current financial resources measurement focus of the governmental fund balance sheet.

The following is an explanation of differences between the general fund balance sheet and statement of net position.

*September 30, 2022*

Total fund balance - governmental fund	\$	68,853
Capital assets used in governmental activities are not current financial resources and therefore are not reported on the governmental fund balance sheet.		617,838
Net pension liability does not consume current financial resources and is not reported on the governmental fund balance sheet.		(635,894)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore are not reported on the governmental fund balance sheet.		607,025
Deferred inflows of resources related to pensions are applicable to future periods and, therefore are not reported on the governmental balance sheet.		(61,567)

Continued

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**  
**(Continued)**

*September 30, 2022*

Liabilities that do not consume current financial resources are not reported on the governmental fund balance sheet.

Other postemployment benefits liability	\$ (122,723)
Accrued compensated absences, noncurrent	(107,936)
Financed purchase liability	(349,543)
Total net position - governmental activities	\$ 16,053

The following is an explanation of differences between the governmental funds statement of revenues, expenditures and change in fund balance and the government-wide statement of activities.

*Year ended September 30, 2022*

Change in fund balance - governmental fund	\$ (38,352)
Capital outlays reported as expenditures in the governmental fund are shown as capital assets on statement of net position.	2,850
Current change in the long-term OPEB obligation does not consume current financial resources and therefore is not reported on the governmental fund.	44,818
Current change in the long-term portion of accrued compensated absences does not consume current financial resources and therefore is not reported on the governmental fund.	3,304
The difference between cost of pension benefits earned net of employee contributions, and the District's pension contributions, is reported as an adjustment to pension expense on the statement of activities.	(60,374)
Depreciation expense on capital assets included in the statement of activities does not require the use of current financial resources, therefore it is not reported as an expenditure in the governmental fund.	(83,125)
Debt service reported as expenditures in the governmental fund are shown as financed purchase liability on the statement of net position.	33,438
Change in net position - governmental activities	\$ (97,441)

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 3: FINANCED PURCHASE LIABILITY**

The District entered into a 10 year noncancellable financed purchase agreement, effective June 25, 2021, for a new fire truck at a fixed rate of interest of 2.98% with fixed annual payments of \$44,851. The purchase agreement expires on June 25, 2031. Payment made under the financed purchase agreement for the year ending September 31, 2022 was \$33,438 in principal and \$11,413 in interest. The agreement may be terminated by the District if the Board of Commissioners fails to appropriate, in any fiscal year, for payments under the agreement or if other funds are not available for such payments. The District does not anticipate that the lease will be terminated.

Annual requirements to amortize the long-term obligation and related interest are as follows:

Year ending September 30,	Principal	Interest
2023	\$ 34,435	\$ 10,416
2024	35,461	9,390
2025	36,518	8,333
2026	37,606	7,245
2027	38,726	6,125
2028	39,881	4,971
2029	41,069	3,782
2030	42,293	2,558
2031	43,554	1,298
<b>Total</b>	<b>\$ 349,543</b>	<b>\$ 54,118</b>

**Note 4: CHANGES IN CAPITAL ASSETS**

The following is a summary of changes in the capital assets for the year ended September 30, 2022:

Governmental Activities	September 30, 2021	Additions	Deletions	September 30, 2022
Capital assets not being depreciated				
Land	\$ 40,337	\$ -	\$ -	\$ 40,337
Capital assets being depreciated				
Building and improvements	360,009	-	-	360,009
Vehicles and equipment	899,287	2,850	(231,907)	670,230
Fire truck	462,981	-	-	462,981
<b>Total capital assets being depreciated</b>	<b>1,722,277</b>	<b>2,850</b>	<b>(231,907)</b>	<b>1,493,220</b>

Continued

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 4: CHANGES IN CAPITAL ASSETS (Continued)**

<b>Governmental Activities</b>	<b>September 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>September 30, 2022</b>
Less accumulated depreciation and amortization	\$ 1,064,501	\$ 83,125	\$ (231,907)	\$ 915,719
Total capital assets being depreciated, net	657,776	(80,275)	-	577,501
Governmental activities' capital assets, net	\$ 698,113	\$ (80,275)	\$ -	\$ 617,838

Depreciation and amortization expense for fiscal year ended September 30, 2022, totaled \$83,125.

**Note 5: CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2022, was as follows:

	<b>September 30, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>September 30, 2022</b>	<b>Due Within One Year</b>
Accrued compensated absences	\$ 151,057	\$ 81,502	\$ (89,609)	\$ 142,950	\$ 35,014
Net pension liability	128,491	507,403	-	635,894	-
Other postemployment benefits liability	167,541	-	(44,818)	122,723	-
Financed purchase liability	382,981	-	(33,438)	349,543	34,435
Total long-term liabilities	\$ 830,070	\$ 588,905	\$ (167,865)	\$ 1,251,110	\$ 69,449

**Note 6: RISK MANAGEMENT**

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

**Note 7: RETIREMENT PLAN**

***Plan Description***

The District began participating in a Florida Statute Chapter 175 Firefighters' Pension Trust Fund (Plan) (Chapter 175 Plan for full-time state certified firefighters) in 2007. The Chapter 175 Plan is a single-employer defined benefit pension plan administered by the District. It was established to provide retirement, disability, and death benefits for covered employees. Florida Statute Chapter 175 establishes eligibility and vesting requirements and benefits provisions. Membership is compulsory for all full-time firefighters. Nonfirefighter personnel of the District are excluded from

## East Niceville Fire District Notes to Basic Financial Statements

### **Note 7: RETIREMENT PLAN (Continued)**

#### ***Plan Description (continued)***

this plan. An actuarial valuation report for the plan may be obtained by writing the District at 1709 East 27th Street, Niceville, FL 32588-0553. The District does not issue stand-alone financial statements for this Plan.

#### ***Summary of Significant Accounting Policies***

##### *Basis of accounting*

The accrual basis of accounting is used for the pension trust fund. Contributions made by the District/State are recognized as revenue when due and the employer has made a formal commitment to provide the contributions. Contributions for the District's employees are recognized as revenue when due. Investment income is recognized as income when earned. Plan liabilities for benefits and refunds are recognized when due and payable in accordance with the plan terms.

##### *Investments authorized and valuation of investments*

Investments authorized by the Plan's investment policy are equities, with not more than 5% of the Plan's assets, at the time of purchase, invested in any one issuing company; fixed income investments having a minimum rating of investment grade or higher, with not more than 3% of the total fund in the bonds of a single corporation; money market; and pooled funds, which include mutual funds. Investments are reported at fair value. The fair value of mutual funds is based on quoted market prices. Investments in money market funds are reported at cost, which approximates fair market value. During the fiscal year ended September 30, 2022, all the Chapter 175 Plan assets were held in a money market account and mutual funds.

##### ***Funding Requirements***

The plan members are required to contribute 5% of their annual covered salary to the Plan. The District is required to contribute at an actuarially determined rate. The actual contribution rate for the District and State contribution equaled 24% of employees' salaries for the covered annual payroll.

##### *Annual pension cost*

For the year ended September 30, 2022, total required contributions of \$173,613 equaled contributions of \$173,613. The required contribution was determined as part of the actuarial valuation as of October 1, 2021, using the entry-age normal actuarial cost method.

Florida Statute Chapter 175 authorized special fire control districts to levy a tax upon certain insurance companies who engage in the business of property insurance. The District imposed the tax by Resolution 2006-01 effective October 1, 2006. The proceeds from this tax are to be used in partial support of the Chapter 175 Plan. At September 30, 2022, the District was owed \$311 from the State of Florida as proceeds from this tax. This amount is reported as contributions in the statement of changes in fiduciary net position – fiduciary fund. While contributions to the Plan are

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

*Annual pension cost (continued)*

currently funded through these various sources, it is ultimately the responsibility of the District to fund the Plan.

***Plan Membership and Benefits***

Vesting occurs after 10 years of credited service. Members are eligible for normal retirement at the earlier of age 55 and 10 years of credited service, or age 52 and 25 years of credited service. Early retirement may be taken after 10 years of credited service and attaining age 50; however, the accrued benefit will be actuarially reduced. Upon retirement, members are entitled to receive a monthly amount approximately equal to 3.0% of average final compensation per year of credited service.

As of September 30, 2022, the Plan had a total of 10 active members and two inactive members. One beneficiary receiving benefits.

***Pension Plan Investments***

*Investments*

The following table presents the fair value of the Plan's investments at September 30, 2022:

	Fair Value	Fair Value as a % of Plan Net Assets
<i>Investments for which fair value was determined by quoted market price:</i>		
Mutual funds	\$ 1,242,607	84%

*Credit risk*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan's investment policy does not specifically address credit risk for investments, except for restrictions allowing no investment activity in private placement, direct commodities, repurchase agreements, venture capital or any investments prohibited by state or federal law.

*Custodial credit risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Plan will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Plan has selected a third-party custodian for safekeeping of the assets of the Plan.

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

***Pension Plan Investments (continued)***

*Interest rate risk*

Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The Plan limits its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed for expected current cash flows. The Plan's investment policy does not limit the maximum maturity length of investments. The asset classification of the funds is based upon the investment objective.

*Concentrations of credit risk*

The Plan has adopted target investment allocations that include domestic equities of 55% international equities of 15%, broad market fixed income of 20%, fixed income (non-core) of 5%, and global fixed income of 5%. At September 30, 2022, 4% of the Plan's invested assets were held in cash and cash equivalents and 96% were invested in mutual funds. Investments held in the fiduciary fund are not insured.

*Fair value hierarchy*

The Plan's investments are measured and reported at fair value and classified according to the following hierarchy:

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset or liability (including quoted prices for similar assets or liabilities), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon unobservable inputs for an asset or liability.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the particular investment risk.

The schedule below discloses the following fair value measurements as of September 30, 2022:

Investments by fair value level	Total Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 1,242,607	\$ 1,242,607	\$ -	\$ -

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

***Net Pension Liability, Significant Assumptions, and Discount Rate***

*Net pension liability of the sponsor*

The components of the net pension asset of the sponsor (District) on September 30, 2022 were as follows:

Total pension liability	\$	2,101,100
Plan fiduciary net position		(1,465,206)
Sponsor's net pension liability	\$	635,894
Plan's fiduciary net position as a percentage of total pension liability		70%

*Actuarial assumptions pension liability*

The valuation date is October 1, 2021. The measurement period for the pension expense is September 30, 2022. The reporting period is September 30, 2022. For the year ended September 30, 2022 the actuarial assumptions used to determine the total pension liability included a 7% investment rate of return, a service based projected salary increase, a discount rate of 7% and an inflation rate of 3%. Mortality assumptions were based on the PubS.H-2010 base tables projected generationally with Mortality Improvement Scale MP-2018. The date of the most recent experience study for which significant assumptions are based was dated July 1, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity	55%	7.50%
International equity	15%	8.50%
Broad marked fixed income	20%	2.50%
Fixed income (non-core)	5%	2.50%
Global fixed income	5%	3.50%
Total	100%	



**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

***Net Pension Liability, Significant Assumptions, and Discount Rate (continued)***

*Discount rate*

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to changes in the discount rate*

The following represents the net pension asset of the District, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	\$ 979,630	\$ 635,894	\$ 355,843

***Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions***

For the year ended September 30, 2022, the District recognized a pension expense net of State of Florida contributions of \$180,653. Additionally, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,475	\$ 43,525
Changes in assumptions	10,887	18,042
Net difference between projected and actual earnings on pension plan investments	265,663	-
Total	\$ 607,025	\$ 61,567

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 7: RETIREMENT PLAN (Continued)**

***Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions (continued)***

The net deferred inflows of resources will be recognized in pension expense in future periods as follows:

Year ending September 30,	Amount
2023	\$ 104,998
2024	97,471
2025	96,343
2026	119,922
2027	35,546
Thereafter	91,178
<b>Total</b>	<b>\$ 545,458</b>

The changes in total pension liability are as follows:

<i>Year ended September 30, 2022</i>	
<b>Total pension liability</b>	
Service cost	\$ 114,667
Interest	129,581
Differences between expected and actual experience	136,779
Benefit payments, including refunds of employee contributions	(32,862)
Net change in total pension liability	348,165
Total pension liability - beginning	1,752,935
<b>Total pension liability - ending</b>	<b>\$ 2,101,100</b>

**Note 8: OTHER POSTEMPLOYMENT BENEFITS**

***Plan Description***

The Other Postemployment Healthcare Benefits (OPEB) Plan (Plan) is a single-employer defined benefit plan administered by the District. Pursuant to the provisions of Section 112.0801, Florida Statutes, former employees, who retire from the District and eligible dependents, may continue to participate in the District's health and hospitalization plan for medical and prescription drug coverage. The District subsidizes the premium rates paid by retirees by allowing them to participate in the plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the plan on average than those of active employees. The District does not offer any explicit subsidies for retiree coverage. The Plan does not issue a stand-alone report, and it is not included in the report of a Public Employee Retirement System or another entity.

**East Niceville Fire District  
Notes to Basic Financial Statements**

**NOTE 8: OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

***Eligibility***

Former employees who retire from the District and eligible dependents may participate in the Plan.

***Funding Policy***

Contribution requirements of the District and plan members are established and may be amended through action from the District Board. The District has not advance-funded or established a funding methodology for the annual OPEB costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the year ending September 30, 2022, there were no retirees receiving postemployment health care benefits.

***Plan Membership and Benefits***

***Benefits provided***

Retirees may participate in the group insurance plans offered by the District, but they are required to contribute 100% of the active premiums.

***Summary of membership Information***

As of October 1, 2021, the most recent valuation date, the following classes of employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	0
Inactive plan members entitled to but not currently receiving benefits	0
Active participants	11
Total employees covered	11

***Actuarial Assumptions and Other Inputs***

***Total OPEB liability***

The District’s total OPEB liability of \$122,723 was measured at September 30, 2022, based on an actuarial valuation date of October 1, 2021.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial value of assets: Market value
- Mortality rate: PubG-2010 Mortality Table projected to the valuation date using MP-2019.
- Discount rate: 4.77%. Based on the September 30, 2022 S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices.

**East Niceville Fire District**  
**Notes to Basic Financial Statements**

**Note 8: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

***Actuarial Assumptions and Other Inputs (continued)***

*Total OPEB liability (continued)*

- Retirement rates: 100% by age 55
- Inflation: 2.50% per year
- Salary increase rate: 2.50% per year
- Marital status: 100% assumed married, with male spouses 3 years older than female spouses
- Health care participation: 20% participation assumed, with 50% electing spouse coverage
- Health care inflation: Initial rate of 7.50% in fiscal 2022, 7.25% in fiscal 2023, then 7.00% in fiscal 2024, grading down to the ultimate trend rate of 4.00% in fiscal 2075.
- Termination rates: 29.60% at age 20, 59.30% at age 30, 84.10% at age 40, and 100.00% at age 50
- Funding Method: Entry age cost method (level % of pay)

*Discount rate*

Given the District's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.77%. The high-quality municipal bond rate was based on the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

*Changes in plan provisions, assumptions, and actuarial methods*

The discount rate used for fiscal year ending September 30, 2022 was 4.77% compared to 2.43% for fiscal year ending September 30, 2021.

*Changes in total OPEB plan liability*

Balance at September 30, 2021	\$ 167,541
<hr/>	
Changes for the year:	
Service cost	7,186
Interest	4,246
Difference between expected and actual experience	891
Changes in assumptions	(55,339)
Benefit payments	(1,802)
<hr/>	
Net change in total OPEB liability	(44,818)
<hr/>	
Balance at September 30, 2022	\$ 122,723
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**East Niceville Fire District  
Notes to Basic Financial Statements**

**Note 8: OTHER POSTEMPLOYMENT BENEFITS (Continued)**

***Sensitivity of the Total OPEB Liability***

*Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.77%	Current Discount Rate 4.77%	1% Increase 5.77%
Total OPEB liability	\$ 145,315	\$ 122,723	\$ 104,843

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates*

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

	1% Decrease 3.00% - 6.50%	Healthcare Cost Trend Rates 4.00% - 7.50%	1% Increase 5.00% - 8.50%
Total OPEB liability	\$ 103,059	\$ 122,723	\$ 147,849

**REQUIRED SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)**

**East Niceville Fire District**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Eight Fiscal Years\***

<i>Year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost	\$ 114,667	\$ 125,286	\$ 102,581	\$ 93,668	\$ 85,836	\$ 74,125	\$ 74,125	\$ 69,276
Interest	129,581	105,615	83,817	71,608	67,320	48,804	48,804	41,039
Changes in benefit terms	-	-	-	(3,563)	-	-	-	-
Differences between expected and actual experience	136,779	148,776	139,764	-	(87,052)	49,256	-	-
Changes in assumptions	-	-	(27,064)	-	1,412	-	36,289	-
Contributions - buy back	-	-	-	-	-	-	-	443
Benefit payments, including refunds of employee contributions	(32,862)	(20,489)	-	(1,269)	(16,969)	(18,768)	(5,584)	(2,904)
Net change in total pension liability	348,165	359,188	299,098	160,444	50,547	153,417	153,634	107,854
Total pension liability - beginning	1,752,935	1,393,747	1,094,649	934,205	883,658	779,497	625,863	518,009
Adjustment to the beginning of year	-	-	-	-	-	(49,256)	-	-
Total pension liability - ending	2,101,100	1,752,935	1,393,747	1,094,649	934,205	883,658	779,497	625,863
<b>Plan fiduciary net position</b>								
Contributions - employer	120,279	85,499	59,624	57,570	42,716	32,985	12,046	13,918
Contributions - state	53,334	47,918	40,089	31,963	30,528	35,001	45,656	56,017
Contributions - employee	35,932	35,865	33,012	27,993	22,559	20,313	18,681	18,575
Contributions - buy back	-	-	-	-	-	-	-	443
Projected net investment income	(303,133)	229,746	75,853	34,998	64,430	43,250	34,978	1,169
Difference between projected and actual earnings on Pension Plan investments	-	-	-	-	(33,175)	-	-	-
Benefit payments, including refunds of employee contributions	(32,862)	(20,489)	-	(1,269)	(16,969)	(18,768)	(5,584)	(2,904)
Administrative expense	(32,788)	(41,445)	(48,033)	(16,973)	(1,327)	(9,776)	(1,399)	(2,520)
Net change in plan fiduciary net position	(159,238)	337,094	160,545	134,282	108,762	103,005	104,378	84,698
Plan fiduciary net position - beginning	1,624,444	1,287,350	1,126,805	992,523	883,761	780,756	676,378	591,680
Plan fiduciary net position - ending	1,465,206	1,624,444	1,287,350	1,126,805	992,523	883,761	780,756	676,378
<b>Net pension asset (liability) - ending</b>	\$ (635,894)	\$ (128,491)	\$ (106,397)	\$ 32,156	\$ 58,318	\$ 103	\$ 1,259	\$ 50,515
Plan fiduciary net position as a percentage of the total pension liability	70%	93%	92%	103%	106%	100%	100%	108%
Covered payroll	\$ 718,638	\$ 717,291	\$ 660,347	\$ 559,854	\$ 451,173	\$ 463,739	\$ 413,216	\$ 408,671
Net pension asset (liability) as a percentage of covered payroll	-88%	-18%	-16%	6%	13%	0%	0%	12%

\*Schedule is intended to show information for 10 years. Additional years will be added as they become available.

Notes to schedule:

For measurement date October 1, 2022, as mandated by Chapter 2015-157, Laws of Florida, the assumed rates of mortality were changed to the rates used in Milliman's July 1, 2021 FRS valuation report for special risk employees

See independent auditors' report.

**East Niceville Fire District  
Schedule of Pension Contributions  
Last Eight Fiscal Years\***

<i>Year ended September 30,</i>	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 173,613	\$ 133,417	\$ 99,713	\$ 90,136	\$ 72,639	\$ 65,749	\$ 59,779	\$ 62,041
Contributions in relation to the actuarially determined contributions	173,613	133,417	99,713	89,533	73,244	67,986	57,702	69,935
<b>Contribution (excess)/deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 603</b>	<b>\$ (605)</b>	<b>\$ (2,237)</b>	<b>\$ 2,077</b>	<b>\$ (7,894)</b>
Covered payroll	\$ 718,638	\$ 717,291	\$ 660,347	\$ 559,854	\$ 451,173	\$ 463,739	\$ 413,216	\$ 408,671
Contributions as a percentage of covered payroll	24%	19%	15%	16%	16%	15%	14%	17%

\*Schedule is intended to show information for 10 years. Additional years will be added as they become available.

Notes to schedule:

Valuation Date: October 1, 2021

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

Methods and assumptions used to determine contribution rates:

Funding method: Entry age normal actuarial cost method.  
Mortality rate: RP-2000 Table (sex distinct).  
Interest rate: 7% per year, compounded annually, net of investment related expenses.  
Inflation: 3% per year.  
Retirement age: 10% (previously 5%) per year eligible for early retirement.  
10% per year eligible for normal retirement (with 100% at age 52 with 25 years of service). Also any member who has reached normal retirement age on the valuation date is assumed to continue employment for one additional year.  
Disability rates: Percentage becoming disabled during the year. Age 20 is .051%, age 30 is .058%, age 40 is .121% and age 50 is .429%.  
Termination rates: Percentage terminating during the year. Years of service 0 to 2 are 15% and 3 or more years are 5.0%.  
Salary increases: Salary increase is 10% for 0 years of service, 8% for 1 year of service, 7% for 2 to 4 years of service and 5.5% for 5 or more years of service. Previously 6% per year until the assumed retirement age.  
Payroll growth assumption: None.

[See independent auditors' report.](#)



**East Niceville Fire District**  
**Schedule of Pension Investment Returns**  
**Last Eight Fiscal Years\***

Fiscal year ended	Annual money-weighted rate of return, net of investment expense
September 30, 2022	-19.60%
September 30, 2021	17.97%
September 30, 2020	6.72%
September 30, 2019	3.58%
September 30, 2018	3.55%
September 30, 2017	0.04%
September 30, 2016	2.46%
September 30, 2015	0.09%

\*Schedule is intended to show information for 10 years. Additional years will be added as they become available.

See independent auditors' report.

**East Niceville Fire District**  
**Schedule of Changes in Total Other Postemployment**  
**Benefits Liability and Related Ratios\***

<i>Year ended September 30,</i>	2022	2021	2020	2019	2018
<b>Total other postemployment liability</b>					
Service cost	\$ 7,186	\$ 10,980	\$ 9,891	\$ 7,941	\$ 8,516
Interest	4,246	3,703	5,295	5,220	4,520
Difference between expected and actual experience	891	-	(2,033)	-	-
Changes in assumptions	(55,339)	(8,374)	10,694	11,806	(10,050)
Benefit payments	(1,802)	(1,685)	(1,933)	(1,790)	(1,650)
Net change in OPEB liability	(44,818)	4,624	21,914	23,177	1,336
Total OPEB liability - beginning	167,541	162,917	141,003	117,826	116,490
<b>Total OPEB liability - ending</b>	<b>\$ 122,723</b>	<b>\$ 167,541</b>	<b>\$ 162,917</b>	<b>\$ 141,003</b>	<b>\$ 117,826</b>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%
Covered employee payroll	\$ 652,292	\$ 567,738	\$ 553,891	\$ 524,220	\$ 511,434
Total OPEB liability as a percentage of covered employee payroll	19%	30%	29%	27%	23%

\*Schedule is intended to show information for 10 years. Additional years will be added as they become available.

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***

Board of Commissioners  
East Niceville Fire District  
Niceville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the fiduciary fund of East Niceville Fire District (District), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report there on dated June 28, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of District's internal control.

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

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

Certified Public Accountants

Niceville, Florida

June 28, 2023

## **INDEPENDENT AUDITORS' MANAGEMENT LETTER**

Board of Commissioners  
East Niceville Fire District  
Niceville, Florida

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

We have audited the financial statements of East Niceville Fire District (District) as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated June 28, 2023.

### **Auditors' Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent 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 Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which 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. There were no findings or recommendations made in the preceding financial audit report.

### **Official Title and Legal Authority**

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

## **Financial Condition and Management**

Sections 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 has met one or more of the conditions described in Section 218.503(1), Florida Statutes and to identify of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures 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 communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

## **Special District Component Units**

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

## **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 10.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$741,728.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- 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 projects as none.
- f. A budget variance based on the budget adopted under Sections 189.016(4), Florida

Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, as zero.

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

- a. The millage rate or rates imposed by the District as 3.0176.
- b. The total amount of ad valorem taxes collected by or on behalf of the District as \$1,207,370.
- c. The total amount of outstanding bonds issued by the District and the terms of such bonds as none.

#### **Additional Matters**

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

#### **Purpose of this Letter**

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

*Carr, Rigg & Ingram, L.L.C.*

Certified Public Accountants  
Niceville, Florida  
June 28, 2023



## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH LOCAL GOVERNMENT INVESTMENT POLICIES**

Board of Commissioners  
East Niceville Fire District  
Niceville, Florida

We have examined East Niceville Fire District's (District) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2022. Management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements identified 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 risk of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements during the year ended September 30, 2022.

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

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

Certified Public Accountants  
Niceville, Florida  
June 28, 2023