

LIBERTY FIRE DISTRICT
DEFUNIAK SPRINGS, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2024

EDWARD CHAPMAN
Certified Public Accountant
Springville, Alabama
February 21, 2025

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INDEPENDENT AUDITORS' REPORT

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

Opinions

I have audited the accompanying financial statements of the governmental activities of Liberty Fire District, Defuniak Springs, Florida, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which comprise Liberty Fire District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Liberty Fire District, as of September 30, 2024 and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of the Liberty Fire District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Liberty Fire 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, misrepresentation, or override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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, I:

- Exercise professional judgement 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 Liberty Fire 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Liberty Fire District's ability to continue as a going concern for a reasonable period of time.

I am 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 I 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 budgetary comparison information 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. I have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated February 21, 2025 on my consideration of Liberty Fire District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Liberty Fire District's internal control over financial reporting and compliance.



Edward E. Chapman
Certified Public Accountant
Springville, Alabama
February 21, 2025

**LIBERTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024**

As management of Liberty Fire District (the District), we offer readers of the financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2024.

FINANCIAL HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded liabilities by \$2,157,406 and represents a change of \$55,098 from the prior year. Of this amount, \$1,986,566 represents investment in capital assets and \$143,302 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 balance of \$170,840 and represents a change of \$148,924 from the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$127,971 or 40%, of the general fund expenditures.

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 comprise three components: 1. government-wide financial statements 2. fund financial statements 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.

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by special assessments 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 13 - 14 of this report.

**LIBERTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(CONTINUED)**

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 has only 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 15-18 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 19 of this report are the notes to the financial statements.

**LIBERTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(CONTINUED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the district, assets exceeded liabilities by \$2,157,406 (net position) as of September 30, 2024, as reported in Table 1.

The District's net position, \$2,157,406, reflects unrestricted funds of \$143,302, and investment in capital assets of \$1,986,566 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
Condensed Summary of Net Position
September 30, 2023 and 2024**

	2023	2024
Assets		
Current and Other Assets	\$30,941	\$202,290
Capital Assets	\$2,146,710	\$2,010,679
Total Assets	\$2,177,651	\$2,212,969
Liabilities		
Current and Other Liabilities	\$75,343	\$55,563
Total Liabilities	\$75,343	\$55,563
Net Position		
Invested in Capital Assets	\$2,080,392	\$1,986,566
Unrestricted	\$18,361	\$143,302
Restricted	\$3,555	\$27,538
Total Net Position	\$2,102,308	\$2,157,406
Total Liabilities and Net Position	\$2,177,651	\$2,212,969

**LIBERTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(CONTINUED)**

**Table 2
Condensed Summary of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ending September 30, 2023 and 2024**

	2023	2024
Revenues		
Special assessment	\$184,207	\$182,634
Grants	\$16,101	\$56,090
Impact fees	\$8,325	\$7,500
Interest	\$56	\$801
Fundraising	\$484	\$1,882
Sale of asset	\$3,900	\$0
Discretionary Funding Agreement	\$31,250	\$218,750
Total Revenues	\$244,323	\$467,657
Expenditures		
	\$402,012	\$412,559
Change in Net Position	(\$157,689)	\$55,098
Net Position at Beginning of Year	\$2,259,997	\$2,102,308
Net Position at End of Year	\$2,102,308	\$2,157,406

During 2024, the change in net position was increase by \$212,787. This increase was the result of additional discretionary and grant funding. As of September 30, 2024, expenditures exceeded revenues by \$55,098.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District did not adopted a budget for fiscal year 2024 until December 15, 2023. Schedule of Revenue, Expenditures, and Changes in Fund Balance Budget to Actual can be found on Page 30.

**LIBERTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(CONTINUED)**

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of September 30, 2024 amounts to \$2,010,679 (net of depreciation). Capital assets include equipment, vehicles, buildings, land, and improvements.

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, not being Depreciated:				
Land	\$278,024	\$0	\$0	\$278,024
Total Cost of Capital Assets, not being Depreciated	<u>\$278,024</u>	<u>\$0</u>	<u>\$0</u>	<u>\$278,024</u>
Capital Assets, being Depreciated:				
Equipment	\$967,934	\$26,286	\$82,290	\$911,930
Improvements	\$20,600	\$0	\$0	\$20,600
Buildings	\$1,090,802	\$0	\$0	\$1,090,802
Vehicles	\$1,492,555	\$9,829	\$0	\$1,502,384
Office Equipment	\$6,165	\$0	\$0	\$6,165
Total Cost of Capital Assets, being Depreciated	<u>\$3,578,056</u>	<u>\$36,115</u>	<u>\$82,290</u>	<u>\$3,531,881</u>
Total Cost of Capital Assets before Depreciation:	<u>\$3,856,080</u>	<u>\$36,115</u>	<u>\$82,290</u>	<u>\$3,809,905</u>
Less Accumulated Depreciation for:				
Equipment	\$716,582	\$58,052	\$82,290	\$692,345
Improvements	\$17,626	\$893	\$0	\$18,519
Buildings	\$289,653	\$28,547	\$0	\$318,200
Vehicles	\$679,345	\$84,653	\$0	\$763,998
Office Equipment	\$6,165	\$0	\$0	\$6,165
Total Accumulated Depreciation	<u>\$1,709,371</u>	<u>\$172,145</u>	<u>\$82,290</u>	<u>\$1,799,226</u>
Total Capital Assets being Depreciated, Net	<u>\$1,868,685</u>	<u>(\$136,030)</u>	<u>\$0</u>	<u>\$1,732,655</u>
Governmental Activities Capital Assets, Net	<u>\$2,146,709</u>	<u>(\$136,030)</u>	<u>\$0</u>	<u>\$2,010,679</u>

Depreciation expense included in the Statement of Activities was \$172,145.

Additions for the fiscal year 2024 amounted to \$36,115, retirements for fiscal year 2024 amounted to \$82,290 but these assets were fully depreciated with a net book value of \$0. Additional information regarding capital assets can be found in the notes to the financial statements.

**LIBERTY FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2024
(CONTINUED)**

LEASES

The District has no leases.

DEBT

The District has one loan. On 01/22/2020 the District obtained a loan from Ameris Bank for \$233,721 to purchase a new pumper truck. During FY 2024, \$40,204 of principal was paid. The loan balance as of September 30, 2024 is \$24,113.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District relies on the special assessments (non-ad valorem special assessments & impact fees) to fund their governmental activities. There are a limited number of recurring and non-recurring grants from both state and federal governments, which provide funding for specific programs, projects, or activities. The District has also entered into an agreement with Walton County to provide funds for operations. Florida's continued economic uncertainty and rise in cost will continue to affect the District's operational funding.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader an overview of the District's finances. Questions regarding any information provided in this report should be directed to Commissioner (Chairman) James Odom, 3910 Kings Lake Road Defuniak Springs, FL 32433.

BASIC FINANCIAL STATEMENTS

LIBERTY FIRE DISTRICT
Statement of Net Position
September 30, 2024

	Governmental Activities
ASSETS	
Cash	\$154,131
Cash Restricted	\$27,538
Inventory	\$5,215
Utility Deposit	\$75
Prepaid Insurance	\$15,331
Capital Assets, Non-depreciable	\$278,024
Capital Assets, Depreciable, net	\$1,732,655
TOTAL ASSETS	<u><u>\$2,212,969</u></u>
LIABILITIES	
Accounts Payable	\$31,450
Short Term Liability	\$24,113
Long Term Liability	\$0
TOTAL LIABILITIES	<u><u>\$55,563</u></u>
NET POSITION	
Investments in Capital Assets, Net of Debt	\$1,986,566
Unrestricted	\$143,302
Restricted	\$27,538
TOTAL NET POSITION	<u><u>\$2,157,406</u></u>

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT
Statement of Activities
Year Ended September 30, 2024

	Governmental Activities
Expenditures	
Public Safety - Fire Protection	(\$179,796)
Public Safety - Personnel Service	(\$60,618)
Public Safety - Depreciation	(\$172,145)
Total Expenditures	<u>(\$412,559)</u>
Program Revenues	
Operating Grants	<u>\$56,090</u>
General Revenues	
Special Assessment	\$182,634
Discretionary Funding Agreement	\$218,750
Impact Fees	\$7,500
Fundraising	\$1,882
Interest	\$801
Total General Revenues	<u>\$411,567</u>
Total Revenues	<u>\$467,657</u>
Change in Net Position	\$55,098
Net Position Beginning	\$2,102,308
Net Position Ending	<u>\$2,157,406</u>

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT
Balance Sheet - Governmental Fund
September 30, 2024

	General Fund
ASSETS	
Cash	\$154,131
Cash Restricted	\$27,538
Inventory	\$5,215
Utility Deposit	\$75
Prepaid Insurance	\$15,331
Total Assets	<u>\$202,290</u>
LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts Payable	\$31,450
Total Liabilities	<u>\$31,450</u>
FUND BALANCES	
General Fund:	
Nonspendable	\$15,331
Unassigned	\$127,971
Restricted for Capital Outlay	\$27,538
Total Fund Balances	<u>\$170,840</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$202,290</u></u>

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2024

Total Fund Balances, governmental fund balance sheet \$170,840

Capital Assets used in governmental activities are not financial resources \$2,010,679
and therefore are not reported in the governmental funds balance sheet.

Short-Term and Long-Term liabilities used to finance capital assets
are not reported in the governmental funds balance sheet.

Short-Term Loans	(\$24,113)
Long-Term Loans	\$0

Total Net Position per Statement of Net Position \$2,157,406

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended September 30, 2024

	General Fund
<u>Revenues:</u>	
Special Assessment	\$182,634
Discretionary Funding Agreement	\$218,750
Impact Fees	\$7,500
Fundraising	\$1,882
Interest	\$801
Grants	\$56,090
Total Revenues	<u>\$467,657</u>
<u>Expenditures:</u>	
Current	
Fire Protection	\$179,796
Personnel Services	\$60,618
Capital Outlay	\$36,115
Debt Service	\$42,204
Total Expenditures	<u>\$318,733</u>
Excess of revenues over expenditures	\$148,924
Fund balance, beginning of year	\$21,916
Fund balance, end of year	<u>\$170,840</u>

See accompanying notes to the financial statements.

LIBERTY FIRE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2024

Net change in fund balances - governmental fund	\$148,924
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position.	\$36,115
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.	(\$172,145)
Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position.	\$42,204
Change in net position of Statement of Activities	<u>\$55,098</u>

See accompanying notes to the financial statements.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024**

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

Nature of operations

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

The 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 218.3, 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, 2024, 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 special assessments and impact fees, 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. Special assessments and other items not properly included among program revenues are reported instead as general revenue.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(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 Walton County Tax Collector bills and collects property special assessments for the District in accordance with the laws of the State of Florida. Property special assessments attach as an enforceable lien on property as of the date of assessment and remain in effect until discharged by payment. Special assessments 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:

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

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

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 of 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.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

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 special assessments.

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

Governmental

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

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

Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

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

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

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, 2024.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

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 \$1,000. Capital assets must also have an estimated useful life of longer than one year. Capital assets are recorded at cost where historical cost 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 and improvements	15-39
Improvements other than buildings	25
Vehicles and equipment	5-15

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.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

- *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 set 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.

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 disclosures 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.

New Accounting Pronouncement

There were no new accounting pronouncements relevant to the District in FY 2024.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

Subsequent Events

The District has evaluated events and transactions that occurred between September 30, 2024 and February 21, 2025, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. In November of 2024 elections were held which resulted in two new board members including a new Chairman. There were no other subsequent events that warranted additional disclosure.

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. The proposed budget for FY 2024 was not adopted by the Board until December 15, 2023.

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, 2024, the District had no encumbrances.

3. CASH DEPOSITS

On September 30, 2024 the value of the District's deposits was \$177,214 all of which were held by Qualified Public Depositories under Chapter 280, Florida Statutes.

4. CONTINGENCY

There are no known contingencies other than the risks of accident or injury. The District maintained liability insurance to cover risks of accident or injury.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

5. CHANGES IN CAPITAL ASSETS

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, not being Depreciated:				
Land	\$278,024	\$0	\$0	\$278,024
Total Cost of Capital Assets, not being Depreciated	<u>\$278,024</u>	<u>\$0</u>	<u>\$0</u>	<u>\$278,024</u>
Capital Assets, being Depreciated:				
Equipment	\$967,934	\$26,286	\$82,290	\$911,930
Improvements	\$20,600	\$0	\$0	\$20,600
Buildings	\$1,090,802	\$0	\$0	\$1,090,802
Vehicles	\$1,492,555	\$9,829	\$0	\$1,502,384
Office Equipment	\$6,165	\$0	\$0	\$6,165
Total Cost of Capital Assets, being Depreciated	<u>\$3,578,056</u>	<u>\$36,115</u>	<u>\$82,290</u>	<u>\$3,531,881</u>
Total Cost of Capital Assets before Depreciation:	<u>\$3,856,080</u>	<u>\$36,115</u>	<u>\$82,290</u>	<u>\$3,809,905</u>
Less Accumulated Depreciation for:				
Equipment	\$716,582	\$58,052	\$82,290	\$692,345
Improvements	\$17,626	\$893	\$0	\$18,519
Buildings	\$289,653	\$28,547	\$0	\$318,200
Vehicles	\$679,345	\$84,653	\$0	\$763,998
Office Equipment	\$6,165	\$0	\$0	\$6,165
Total Accumulated Depreciation	<u>\$1,709,371</u>	<u>\$172,145</u>	<u>\$82,290</u>	<u>\$1,799,226</u>
Total Capital Assets being Depreciated, Net	<u>\$1,868,685</u>	<u>(\$136,030)</u>	<u>\$0</u>	<u>\$1,732,655</u>
Governmental Activities Capital Assets, Net	<u>\$2,146,709</u>	<u>(\$136,030)</u>	<u>\$0</u>	<u>\$2,010,679</u>

Depreciation expense included in the Statement of Activities was \$172,145.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to tort, theft, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The District purchases insurance through commercial carriers and participates in the Florida Municipal Insurance Trust (for workmen's compensation coverage). The District maintains minimal insurance deductibles for insurance policies from its carriers. There has been no significant reduction in insurance coverage from the prior fiscal year.

7. COMMITMENTS

Discretionary Funding Agreement

The District has entered into a discretionary funding agreement with Walton County to provide funding to the District. The funds are to be used for the purchase, operations, and maintenance cost of fire rescue apparatus. The funds can also be used to cover insurance coverage necessary to operate the fire district. The agreement provides \$125,000 of funding for FY 2024. The District also received \$93,750 in fiscal year as the second installment from the prior year. Total discretionary funding received from Walton County in fiscal year 2024 amounted to \$218,750. The agreement requires periodic financial reports and supporting documentation be provided to Walton County to substantiate expenditures. Walton County has also agreed to provide an additional \$125,000 of funding for FY 2025.

8. IMPACT FEES

The District received \$7,500 in impact fees. The fees are collected for permits issued within the Districts area.

9. FUNDRAISING

The District accepts donations. The District raised \$1,882 during fiscal year 2024.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

10. ACCOUNTS RECEIVABLE

Due to the nature of the District’s funding it does not bill customers directly for assessments. Walton County remits assessment payments received based on a schedule which uses November 1st as the levy date. Most payments are received November thru April. Payments are considered delinquent after April 1st. The District does not recognize delinquent assessments as accounts receivable because by September 30 all material amounts would have already been collected and any unpaid amounts are likely to not be paid. No accounts receivable has been recorded.

11. ACCOUNTS PAYABLE

The District’s accounts payable balance of \$31,450 represents vendor payments due as of September 30, 2024 not paid until subsequent periods.

12. GRANTS

The District received one federal grant in fiscal year 2024.

Federal Emergency Management Agency (FEMA)

Grant Revenue Received	\$56,090
District Funded	\$0
Total to be Spent	\$56,090
Grant Expenditures (see below)	\$56,090
Left to Spend	\$0

FEMA Safer Grant distributions was received in FY 2024 to cover a minimum staffing for the District. This grant was used to cover incentives for volunteer firefighters, coordinator retention, equipment, and physicals. The grant is reviewed yearly by FEMA and there is an opportunity to receive future distributions from FEMA. No match is required. Grant has been closed as of 09/30/2024.

**LIBERTY FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2024
(CONTINUED)**

13. BUDGET VARIANCES

The District did not adopt a budget for the year ending September 30, 2024 until December 15, 2023. See page 30 for the Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual for variances.

14. LONG-TERM DEBT

The District has a loan with Ameris Bank that was used to partly finance Pumper 7. The loan was finalized on 01/22/2020. In FY 2024 the District paid twelve monthly payments of \$3,683. which reduced the loan balance to \$24,113.

Loan Amount:	\$233,721
Monthly Payment Amount:	\$3,683
Loan Balance on 09/30/2024:	\$24,113
Interest Paid in FY 2024:	\$1,994
Terms:	6 Years at 4.19% Interest

Short-Term	\$24,113
Long-Term	\$0
Loan Balance as of 09/30/2024:	\$24,113

<u>Year Ending September 30</u>	<u>Interest</u>	<u>Principle</u>	<u>Total Payments</u>	<u>Balance</u>
2025	\$322	\$24,113	\$24,435	\$0
	\$322	\$24,113	\$24,435	

15. RECRUITING AND RETENTION POLICY

The District received a SAFER Grant from FEMA to assist with recruiting and retentions of volunteers. The District made two incentive disbursement payments for \$5,000 and \$5,832 to self-directed individual retirement account (IRA) through Edward Jones Financial Services. IRA contributions are limited to volunteers that have at least six months of service.

**REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)**

Liberty Fire District
Schedule of Revenue, Expenditures, and Changes in Fund Balance
Budget to Actual - General Fund
Year Ended September 30, 2024

	Original	Final	Actual	Variance with Final Budget - Positive (Negative)
<u>Revenues:</u>				
Special assessment	\$176,000	\$176,000	\$182,634	\$6,634
Interest	\$0	\$0	\$801	\$801
Discretionary Funding Agreement	\$125,000	\$125,000	\$218,750	\$93,750
Impact Fees	\$4,000	\$4,000	\$7,500	\$3,500
Fundraising	\$50	\$50	\$1,882	\$1,832
Grant	\$150,000	\$150,000	\$56,090	(\$93,910)
Total Revenues	\$455,050	\$455,050	\$467,657	\$12,607
<u>Expenditures:</u>				
Fire protection	\$195,500	\$195,500	\$179,796	(\$15,704)
Personnel services	\$32,000	\$32,000	\$60,618	\$28,618
Capital outlay	\$165,200	\$165,200	\$36,115	(\$129,085)
Debt Service	\$0	\$0	\$42,204	\$42,204
Total Expenditures	\$392,700	\$392,700	\$318,733	(\$116,171)
Excess (Deficiency) of Revenue over Expenditures	\$62,350	\$62,350	\$148,924	\$86,574
Fund Balance, Beginning of Year	\$21,916	\$21,916	\$21,916	\$0
Fund Balance, End of Year	\$84,266	\$84,266	\$170,840	\$86,574

See independent auditor's report.

COMPLIANCE SECTION

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

Board of Directors
Liberty Fire District
Defuniak Springs, Florida

I have examined the Liberty Fire District's (the District) compliance with the following requirements for the year ended September 30, 2024.

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

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

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

In my opinion, the Liberty Fire District did comply, in all material respects, with the aforementioned requirements for the year ended September 30, 2024.

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

Edward E. Chapman Jr.

Edward Chapman, CPA
Springville, Alabama
February 21, 2025

**EDWARD E CHAPMAN
CERTIFIED PUBLIC ACCOUNTANT**

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

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

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Liberty Fire District ("the District"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated February 21, 2025.

Internal Control Over Financial Reporting

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

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.

My consideration of the 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. However, as described in the Management Letter, I did identify finding 2024-01 as a material weakness. Given limitations, during my audit, other material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

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

District's Responses to Findings

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

Purpose of this Report

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

Edward E Chapman JR.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
February 21, 2025

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MANAGEMENT LETTER

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

Report on the Financial Statements

I have audited the financial statements of the Liberty Fire District, as of and for the fiscal year ended September 30, 2024, and have issued my report thereon dated February 21, 2025.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, regarding compliance requirements in accordance with Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated February 21, 2025, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The last audit for Liberty Fire District was in FY 2023. There were nine findings in the FY 2023 financial audit report. In my FY 2024 audit, I have found that the District corrected 7 of 9 FY 2023 findings listed below.

Audit Finding, 2023-01, Budget was not formally adopted by the Board

The budget that the District presented was not formally adopted by the entire Board. The District could not provide evidence that a budget was adopted by the Board. Expenditures were in excess of budgeted amounts. Non-compliance with Florida Statute 13, chapter 189.016.

Status of Finding: During my FY 2024 audit I could not obtain evidence that the District adopted a timely budget and there were variances when the late adopted budget was compared to actual amounts. Finding 2023-01 remains open.

Audit Finding, 2023-02 Failure to retain invoices for expenditures.

I was unable to obtain two invoices requested during my testing.

- Garage Door Guru - \$2,000.00
- Garage Door Guru - \$1,630.00

Status of Finding: During my FY 2024 audit I determined the District retained and provided all invoices requested. Finding 2023-02 is closed.

Audit Finding, 2023-03, The District's website does not comply with Florida Statutes in regard to content.

The District's website does not comply with Florida Statute 13, chapter 189.064 in regards to content.

Status of Finding: During my FY 2024 audit I obtained evidence that the District has a functioning website in which to make public notices, key information as required by state statute is accessible to the public by accessing the website. Finding 2023-03 is closed.

Audit Finding, 2023-04, Failure to comply with grant requirements.

At the end of the fiscal year ending September 30, 2022 (prior year) the district had only spent \$27,223 of the required spending on a grant obtained from the Federal Emergency Management Agency (FEMA). The grant was approved to purchase defibrillators, with a total spending requirement of \$49,946. The additional spending requirement of \$22,723 was not spent prior to the end of the current fiscal year ending September 30, 2024.

Status of Finding: During my FY 2024 audit I obtained evidence that the District had fulfilled it's obligation to spend the remaining \$22,723 on defibrillators. Finding 2023-04 is closed.

Audit Finding, 2023-05, Board members voted on District disbursements involving related parties.

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

Status of Finding: During my FY 2024 audit I obtained evidence that no board members voted to disburse funds to themselves or any other related parties. Finding 2023-05 is closed.

Audit Finding, 2023-06, Failure to maintain personnel, training and grant documents.

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

Status of Finding: During my FY 2024 audit I obtain evidence that the District has maintained detailed organized personnel, training, and grant documentations. Finding 2023-06 is closed.

Audit Finding, 2023-07, Failure to issue year end 1099's to board members, contractors, and volunteers for incentive and services payments.

The District did not issue 1099's to board members, contractors, and volunteers for incentive and services payments as required by federal law.

Status of Finding: During my FY 2024 audit I could not obtain evidence that 1099's had been issued as required by federal law. Finding 2023-07 remains open.

Audit Finding, 2023-08, Failure to file the annual financial report by the state-imposed deadline.

The District did not file the FY 2023 annual financial report timely. Florida Statutes 14, chapter 189.032 requires the annual report to be filed with the State of Florida by June 30 of each FY. Non-compliance with Florida Statute 14, chapter 189.032.

Status of Finding: During my FY 2024 audit I obtained evidence, including this FY 2024 audit and noted that the District did file the annual financial report before the state imposed deadline of June 30, 2025. Finding 2023-08 is closed.

Audit Finding, 2023-09, Financial Condition

The District is not in a state of "deteriorating financial conditions" as defined by Florida Statute 503, chapter 218.503(1) as of September 30, 2023, however the District's overall financial condition demonstrates signs of deterioration. Specifically, the inability to pay for workers compensation insurance in a timely manner subsequent to September 30, 2023 indicates that the District is in a state of deteriorating financial condition. As of the date of this report (July 3, 2024) the District has renewed the workers compensation insurance and is current on all required insurance policies.

Status of Finding: During my FY 2024 audit I obtained evidence that the District is not is a state of deteriorating financial condition. Finding 2023-09 is closed.

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. Liberty Fire District has no component units. James Odom is the Chairman of the Board and is the primary contact for the Liberty Fire District. Liberty Fire District has no component units.

Financial Condition

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

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, I applied financial condition assessment procedures for the Liberty Fire District. It is management's responsibility to monitor the Liberty Fire District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. I performed this assessment as of the fiscal year end and did not find any deteriorating financial conditions.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I communicate any recommendations to improve financial management. In connection with my audit of fiscal year 2023, I have two audit finding/recommendation as noted below.

Audit Finding, 2024-01, Budget was not timely adopted by the Board and variances exist. (Repeat 2023-01, 2022-01, 2021-01 & 2020-02) (Material Weakness)

The Board expended funds prior to adopting a budget on December 15, 2023. Variances exist when the late adopted budget is compared to actual amounts. Non-compliance with Florida Statue 13, chapter 189.016.

Recommendation: is for the District's Board to timely adopt a budget prior expending funds and amend the budget as things change so that budget to actual variances do not exist.

Audit Finding, 2024-02, Failure to issue year end 1099's to contractors and volunteers for incentive and services payments. (Repeat 2023-07 & 2022-07)

The District did not issue 1099's to contractors and volunteers for incentive and services payments as required by federal law.

Recommendation: is for the District to maintain detailed records so that 1099's can be issued as required by federal law. 1099's should be issued on a calendar year basis no later than January 31 of each year.

Special District Component Units

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

Specific Information for an independent special district

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

- The total number of district employees compensated in the last pay period of the district fiscal year as 0.
- The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 1.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$0.
- All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$87,229.
- Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$0.
- The District did not adopt a budget under Section 189.016(4), Florida Statutes, until December 15th of the fiscal year being reported, the district did not amend the budget under Section 189.016(6), Florida Statutes. The Schedule of Revenue, Expenditures, and Changes in Fund Balance Budget to Actual can be found on page 30. Note: Finding 2024-01 for additional information regarding timing of the budget and variances.

Specific Information for an independent special district that imposes non-ad valorem special assessments

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

- Annual rates of non-ad valorem special assessments imposed by the District for the audit year were \$75 per residential and \$163 for commercial dwellings.
- The total amount of special assessments collected by or on behalf of the district was \$182,634.
- The total amount of outstanding bonds issued by the district and terms of such bonds is none. The district has no outstanding bonds.

Additional Matters

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

Purpose of this letter

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



Edward E Chapman
Certified Public Accountant
Springville, Alabama
February 21, 2025

Liberty Fire District
3910 Kings Lake Rd
Defuniak Springs, FL. 32433
Phone (850) 892-5833

February 21, 2025

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

Subject: The District's response to the FY 2024 Audit Findings

Audit Finding, 2024-01, Budget was not timely adopted by the Board and variances exist.
The Board expended funds prior to adopting a budget on December 15, 2023. Variances exist when the late adopted budget is compared to actual amounts. Non-compliance with Florida Statute 13, chapter 189.016.

District's response: The board members are aware of the requirement to adopt a timely budget and amend the budget so that variance do not exist and that expenditures do not exceed budgeted amounts. The Board has several new members and has put procedures in place to ensure that all budgeting requirements are complied with as directed by Florida Statutes.

Audit Finding, 2024-02, Failure to issue year end 1099's to contractors, and volunteers for incentive and services payments.

The District did not issue 1099's to all contractors and volunteers for incentive and services payments as required by federal law.

District's response: The board has put procedures in place to ensure all required 1099's are timely issued going forward.

Signed by James Odom

Title Board Chaiman