

**LIBERTY FIRE DISTRICT**  
DEFUNIAK SPRINGS, FLORIDA

AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY  
INFORMATION

YEAR ENDED SEPTEMBER 30, 2019

**JOSEPH A. JONES**  
Certified Public Accountant  
Crestview, Florida  
November 29, 2019

# **LIBERTY FIRE DISTRICT**

## **FIRE CHIEF**

JOHN DUNHAM

## **BOARD MEMBERS**

KENNETH EVANS (CHAIRMAN)

TONY ROY (VICE-CHAIRMAN)

PHILLIP CANTERBERRY (SECRETARY)

JOHN BOTTOMS (TREASURER)

GARY HAMILTON (BOARD MEMBER)

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Liberty Fire District  
Defuniak Springs, Florida

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of Liberty Fire District, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which comprise Liberty Fire District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

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, 2019, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

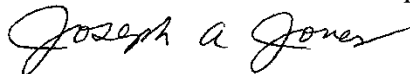
### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the budgetary comparison schedule (in Required Supplementary Information), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 basis 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 November 29, 2019 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.



Joseph A. Jones  
Certified Public Accountant  
Crestview, Florida  
November 29, 2019

## **Management Discussion and Analysis (MD&A)**

The MD&A of the District's financial performance provides an overview of the District's financial activities for the fiscal year. The District is a volunteer fire department, and the primary purpose of the District is provide fire, rescue and emergency medical assistance for the District. This discussion and analysis should be read in conjunction with the District's financial statements.

### **Overview of the Financial Statements**

The District's financial statements comprise the following elements:

#### Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the District's overall financial condition. Changes in the District's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on the how District's net assets changed during the fiscal year is presented in the Statement of Activities.

#### Fund Financial Statements

Fund financial statements focus on the individual parts of the District, reporting the District's operations in more detail than government-wide and fund financial statements. Fund financial statements include the statements for governmental funds.

#### Notes to Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Refer to Note A to the financial statements for more detailed information on the elements of the financial statements.

### **Financial Analysis of the District as a Whole**

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. You can think of the district's net assets-the difference between assets and liabilities-as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need also to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed legislation.

The District's total net assets were \$1,950,755 at the end of the fiscal year. The following is a condensed statement of net position (Table 1).

**Table 1**

	<u>2019</u>	<u>2018</u>
Capital Assets	\$1,843,117	\$ 1,847,545
Current Assets	107,638	85,504
Total Assets	<u>1,950,755</u>	<u>1,933,049</u>
Short Term Debt	-	-
Long Term Debt	-	-
Total Debt	<u>-</u>	<u>-</u>
Net Assets		
Invested in Capital Assets		
Net of Related Debt	1,843,117	1,847,545
Unrestricted	93,088	75,160
Restricted	14,549	10,343
Total Net Assets	<u>\$1,950,755</u>	<u>\$ 1,933,049</u>

Changes in District's net assets can be determined by reviewing the following condensed Statement of Activities (Table 2).

**Table 2**

	<u>2019</u>	<u>2018</u>
Taxes (MSBU)	\$ 169,886	\$ 167,871
Grants	63,061	86,156
Impact Fees	4,125	3,150
Interest Income	3	4
Insurance Claims & Refunds	3,622	1,836
Sale of fire truck		9,599
Donations	11,600	50
Chelco capital credits	47	146
Total Revenues	<u>252,344</u>	<u>268,812</u>
Operating Expenses	<u>234,637</u>	<u>230,801</u>
Change in Net Assets	17,707	38,011
Net Assets at Beginning of Year	<u>1,933,049</u>	<u>1,895,038</u>
Net Assets at End of Year	<u>\$1,950,755</u>	<u>\$ 1,933,049</u>

**The District's Funds**

The District has one fund, the General Fund, from which all activities are carried out. The General Fund is used to report the cost of services provided to the residents of the District. The District continues to apply for grants to purchase equipment needed to provide improved services to residents of the district.

**Capital Assets and Debt Administration**

Capital Assets

At the end of 2019, the District had \$1,843,117 invested in capital assets net of accumulated depreciation. Capital asset increases were \$91,630 for equipment as described below. Capital assets decreased \$96,058 for depreciation. The following summarizes Capital Assets net of depreciation.

**Table 3**

	<u>2019</u>	<u>2018</u>
Land	\$ 224,415	\$ 224,415
Equipment	327,749	272,519
Improvements	3,600	4,320
Buildings	905,731	934,048
Vehicles	380,659	410,752
Office Equipment	962	1,491
Total Capital Assets	<u>\$1,843,117</u>	<u>\$ 1,847,545</u>

The following table summarizes the changes in capital assets. These changes are presented in more detail in Note D to the financial statements.

**Table 4**

	<u>2019</u>	<u>2018</u>
Balance at Beginning of Year	\$1,847,545	\$ 1,730,013
Additions	91,630	209,208
Depreciation	<u>(96,058)</u>	<u>(91,676)</u>
Total Capital Assets	<u>\$1,843,117</u>	<u>\$ 1,847,545</u>

Capital asset additions were as follows:

<u>Description</u>	<u>Category</u>	<u>Amount paid</u>
Matjacks high pressure equip	Equipment	\$ 12,102
Matjacks low pressure bags	Equipment	11,751
Bunker Gear (pants, coats, boots)	Equipment	17,227
Rescue Boat 2013 17Ft Mako	Equipment	11,600
Rescue Boat Motor, Equipment, Install.	Equipment	6,120
Icemaker	Equipment	2,769
Ice machine	Equipment	2,648
Washer & Dryer	Equipment	18,964
Generator, air compressor, etc	Equipment	8,450
Total Capital Asset Increases		<u>\$ 91,630</u>

Note: The Rescue boat, valued at \$11,600, was donated by Progressive Insurance.



**Debt**

At September 30, 2019, the District has no debts.

**Economic Factors and Next Year's Budget**

FY2014 was the last year that Walton County provided quarterly funding to the District. Walton County no longer provided a funding distribution beginning in fiscal year 2015. To replace the Walton County funding, on August 26, 2015, the voters of Liberty Fire District approved an increase in the Municipal Service Benefit Unit (MSBU) non-advalorem fire assessment fee to \$75. As more residents move into the District's service area, additional equipment and manpower will be needed to service all of these residents. The District has an impact fee in place to help offset these costs, plus the District is applying for various grants to help offset these additional costs.

The district applied for a \$309,524 grant from the Federal Emergency Management Agency (FEMA) to help fund the purchase of a new fire truck costing \$325,000. The district's 5% cost share would be \$15,476. The fire truck has already been ordered and is being built. The fire district may be liable for funding the entire \$325,000 cost of the truck if FEMA does not approve the \$309,524 grant. Management believes that FEMA will approve the grant.

**Contacting the District's Financial Management**

This financial report is designed to provide the residents of the District, customer and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Chief at 3278 US Hwy 90 W, Defuniak Springs, Florida 32433.

## **BASIC FINANCIAL STATEMENTS**

**LIBERTY FIRE DISTRICT**  
Statement of Net Position  
September 30, 2019

ASSETS

CURRENT ASSETS

Cash		\$	88,513
Restricted Assets:			
	Cash		14,549
Utility Deposit			75
Prepaid Insurance			4,500
	Total Current Assets		<u>107,638</u>

CAPITAL ASSETS

Non-depreciable			224,415
Depreciable, net			1,618,702
	Total Capital Assets		<u>1,843,117</u>

TOTAL ASSETS

1,950,755

LIABILITIES

Accounts Payable			-
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TOTAL LIABILITIES

-

NET POSITION

Investments in Capital Assets, Net of Debt			1,843,117
Unrestricted			93,088
Restricted - Impact Fees			14,549
TOTAL NET POSITION		\$	<u><u>1,950,755</u></u>

See accompanying notes to the financial statements.

**LIBERTY FIRE DISTRICT**  
**STATEMENT OF ACTIVITIES**  
Year Ended September 30, 2019

FUNCTION/PROGRAMS	PROGRAM EXPENSES			NET (EXPENSE)
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND CHANGES IN NET ASSETS
			CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	\$ 234,637	\$ -	\$ -	\$ 234,637
Total Primary Government	\$ 234,637	\$ -	\$ -	\$ 234,637

GENERAL Revenues	
Taxes (MSBU)	\$ 169,886
Impact Fees	4,125
Unrestricted Investment Income	3
Insurance Claims & Refunds	3,622
Grants	63,061
Donations (Rescue Boat)	11,600
Chelco Capital Credits	47
Total General Revenues and Special Items	<u>252,344</u>
Change in Net Position	17,707
NET POSITION - BEGINNING OF YEAR	<u>1,933,049</u>
NET POSITION - END OF YEAR	<u>\$ 1,950,755</u>

See accompanying notes to the financial statements.

BALANCE SHEET -  
 GOVERNMENTAL FUNDS  
 September 30, 2019

ASSETS

Cash		\$ 88,513
Restricted Assets:		
	Cash	14,549
Total Assets		<u>103,063</u>

LIABILITIES AND FUND BALANCES

LIABILITIES

None		-
Total Liabilities		<u>-</u>

FUND BALANCES

General Fund:		
	Unassigned	88,513
	Restricted	14,549
Total Fund Balances		<u>103,063</u>

TOTAL LIABILITIES AND FUND BALANCES		<u>\$ 103,063</u>
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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, 2019

Total Fund Balances, governmental fund balance sheet	\$ 103,063
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet	1,843,117
Prepaid Insurance in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet	4,500
Utility Deposits in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet	75
Accounts Payable is not reported in governmental funds balance sheet	-
Total net position – Statement of Activities	<u>\$ 1,950,755</u>

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, 2019

Revenues:

Taxes (MSBU)	\$ 169,886
Impact Fees	4,125
Interest	3
Insurance Claims & Refunds	3,622
Grants	63,061
Donations (Rescue Boat)	11,600
Chelco capital credits	47
Total Revenues	<u>252,344</u>

Expenditures:

Operating Services:

Appreciation Meals & Awards	531
Advertising	399
Accounting & Auditing Services	6,450
Contracted Services	12,492
Grant Writer	-
Utilities and Telephone	7,637
Insurance & Bonds	44,234
Repair & Maintenance	16,435
Fuel	10,919
Taxes, Licenses, & Fees	2,168
Office & Misc. Supplies	16,598
Training & Fitness	505
Volunteer Reimbursement	20,211
Total General Government, excluding Depreciation	<u>138,579</u>

Capital Outlay:

Equipment purchased	<u>91,630</u>
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Total Expenditures	<u>230,209</u>
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Excess of revenues over expenditures	22,134
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Fund balance, beginning of year	<u>83,010</u>
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Fund balance, end of year	<u>\$ 105,144</u>
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See accompanying notes to the financial statements.

**LIBERTY FIRE DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

September 30, 2019

Net change in fund balances - governmental fund	\$ 22,134
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position	91,630
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	(96,058)
Change in net position of Statement of Activities	<u>\$ 17,707</u>

See accompanying notes to the financial statements.



**LIBERTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 accounting policies of the District conform to Generally Accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**Measurement Focus, Basis of Accounting and Basis of Presentation**

**Government-wide Financial Statements** – Government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District’s governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include grant revenues that are restricted to meeting the operations or capital requirements of a particular grant program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of grant direct expenditures with grant program revenues identifies the extent to which grant direct expenses are self-financing and draw from the grant revenues.

The government-wide financial statements are prepared using the accrual basis of account. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property 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.

When both restricted and unrestricted resources are available for use, it the government’s policy to use restricted resources first and then unrestricted resources, as they are needed.

Government-wide financial statement net position is divided into three components – investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

**LIBERTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investment in capital assets** – This component of net position consists of capital assets, included restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as unspent proceeds.

**Restricted** – This component of net position consists of constraints placed on net positions imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This component of net position consists of amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**Fund Financial Statements:**

**Government Funds** are used to account for the general government activities. Governmental fund types use the flow of current financial measurement focus and the modified accrual basis of accounting. 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 all revenues available if they are collected within 60 days after year end.

Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Ad valorem 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 period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

**LIBERTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District reports the following major governmental fund:

**General Fund** – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

The following is a description of the District’s various fund balance accounts:

*Non-spendable* fund balance includes amounts that are not in a spendable form (prepaid insurance \$4,500 and Utility Deposits \$75) or are required to be maintained intact.

*Restricted* fund balance includes amounts restricted by creditor, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. The restricted balance at the end of this fiscal year end is \$14,549, and this consists of impact fees, which are restricted for purchase or construction of new facilities, or equipment, to provide fire protection and emergency services.

*Committed* fund balance can be used only for specific purposes as imposed by formal action of the Fire District’s board. There are no committed funds at the end of this fiscal year.

*Assigned* fund balance 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 the District board. There are no assigned funds as of the end of this fiscal year.

*Unassigned* fund balance 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.

Restricted resources are only used for their specific designation and with approval from the District’s board. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion of the expense. In the event that an expenditures for new facilities, fire protection and emergency services exceeds available restricted funds, the expenditure will be funded out of restricted funds to the extent of the restricted fund balance, and the remainder will be funded by the unrestricted fund balance.

The District considers committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in unrestricted fund balance classification could be used.

**LIBERTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Fiduciary Funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The District currently has no fiduciary funds or trust funds.

***Cash, Deposits and Investments***

The District is authorized to invest in financial instruments as established in Section 218.415, Florida Statutes. The District maintains deposits with “Qualified Public Depositories” as defined in Chapter 280 Florida Statutes. The District has an investment policy that places the highest priority on the safety of principal and liquidity of funds. Funds in excess of amounts needed to meet current expenses are invested in money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation. Investments in money market funds are reported at fair value. Funds in the Impact Fund are restricted for purchase of capital assets.

***Interest Rate Risk***

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and investing primarily in short-term security such as money market accounts.

***Concentration of Credit Risk***

As mentioned above, the District limits investments to money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation.

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk.

**Capital Assets**

Capital assets, which include property and equipment are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$1,000. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated asset are recorded at estimated fair market value at the date of donation.

**LIBERTY FIRE DISTRICT**  
NOTES TO FINANCIAL STATEMENTS  
September 30, 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost 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 projects are constructed.

Property and equipment sold, destroyed or obsolete is removed from the accounts periodically. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 – 39
Equipment	7 – 15
Improvements	25
Office Equipment	5

Depreciation expense is not reported in the governmental fund financial statements. In the governmental fund financial statements, amounts incurred for acquisition of capital assets are reported as fund expenditures.

**Long Term Obligations**

The District has no long term debt.

**Ad Valorem Tax Revenue**

The Walton County Property Tax Calendar Significant dates relative to ad valorem tax revenue are as follows:

- Assessment date, Lien date – January 1
- Levy date – November 1
- Due Date – November 1
- Maximum Discount – November 30
- Past Due or Delinquent date – April 1
- Tax Certificates Sold – June 1

**Budgets and and Budgetary accounting**

The Fire District adopted a formal budget for the fiscal year. A Budgetary Comparison Schedule is included in the Required Supplementary Information.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

**LIBERTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE B - DEPOSITS AND INVESTMENTS**

Liberty Fire District, Inc. has not adopted a written policy for deposits or investing surplus funds. Regarding the investment of surplus funds, the Florida State Statutes were followed. Restricted Fund cash in the Impact Fund is restricted for purchase of capital assets.

**NOTE C - CONTINGENCY**

The district applied for a \$309,524 grant from the Federal Emergency Management Agency (FEMA) to help fund the purchase of a new fire truck costing \$325,000. The district's 5% cost share would be \$15,476. The fire truck has already been ordered and is being built. The fire district may be liable for funding the entire \$325,000 cost of the truck if FEMA does not approve the \$309,524 grant. Management believes FEMA will approve the grant.

**NOTE D - CAPITAL ASSETS**

Capital asset activity for the fiscal year was as follows:

GOVERNMENTAL ACTIVITIES:	Balance	Current Year:		Balance
	9/30/2018	Additions	Deletions	9/30/2019
Capital assets, not being depreciated:				
Land	\$ 224,415	\$ -	\$ -	\$ 224,415
Total capital assets, not being depreciated	224,415	-	-	224,415
Capital assets, being depreciated:				
Equipment	734,344	91,630		825,974
Improvements	18,000			18,000
Buildings	1,081,315			1,081,315
Vehicles	915,888			915,888
Office Equipment	6,165			6,165
Total capital assets, being depreciated	2,755,713	91,630	-	2,847,343
Total Capital Assets before depreciation:	2,980,128	91,630	-	3,071,758
Less Accumulated Depreciation for:				
Equipment	461,825	36,400		498,225
Improvements	13,680	720		14,400
Buildings	147,268	28,317		175,584
Vehicles	505,136	30,093		535,229
Office Equipment	4,674	529		5,203
Total Accumulated Depreciation	1,132,583	96,058	-	1,228,641
Total Capital Assets, being depreciated, net	1,623,130	(4,428)	-	1,618,702
Governmental activities capital assets, net	\$ 1,847,545	\$ (4,428)	\$ -	\$ 1,843,117

**LIBERTY FIRE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2019

**NOTE E - GRANTS**

The district received \$63,061 of federal grants from the Federal Emergency Management Agency (FEMA)

FEMA grant no. EMW-2016-FR-00504.

Assistance to Firefighters grant: To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

CFDA No. 97.044. Period of performance August 4, 2017 - July 12, 2019.

For equipment acquisition

Grant funds received on 5/23/2019

\$ 39,632

Grant funds expended to purchase equipment are listed below

52,795

District funded

\$ 13,163

Grant funds were expended as follows:

<u>Equipment description</u>	<u>FY</u>	<u>Purchase date</u>	<u>Vendor</u>	<u>Expended</u>
Thermal Imaging Camera	2018	5/24/2018	Team Equipment	\$ 9,159
Stabilization Rescue Struts	2018	6/29/2018	Southern Rescue Tools	7,600
Super USAR Cribbing Kit	2018	7/16/2018	Southern Rescue Tools	12,184
High Pressure Air Bags	2018	7/16/2018	Southern Rescue Tools	12,102
Low Pressure Air Bags	2019	11/20/2018	Southern Rescue Tools	11,751
Total expended				<u>\$ 52,795</u>

Note: \$41,044 was purchased in FY2018 and \$11,751 was purchased in FY2019.

FEMA grant no. EMW-2017-FO-04835.

Assistance to Firefighters grant: To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

CFDA No. 97.044. Period of performance August 28, 2018 - September 30, 2019.

For equipment acquisition

Grant funds received on 6/7/2019

\$ 23,429

Grant funds expended for items listed below

25,381

District funded

\$ 1,952

Grant funds were expended as follows:

<u>Description</u>	<u>FY</u>	<u>Purchase date</u>	<u>Vendor</u>	<u>Expended</u>
Commercial washer & dryer	2019	6/29/2019	Cleo Distribution	\$ 18,964
Ice machine (1st)	2019	1/8/2019	Sam's Club	2,648
Ice machine (2nd)	2019	4/8/2019	Sam's Club	2,769
Grant Writer	2018	9/8/2018	David Jones	1,000
Total expended				<u>\$ 25,381</u>

Note: \$1,000 for grant writing was spent in FY2018 and the \$24,381 equipment was purchased in FY2019.

FEMA grant no. EMW-2017-FV-90027

Assistance to Firefighters grant: To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.

CFDA No. 97.044. Period of performance September 5, 2018 - December 4, 2019.

For vehicle acquisition

No grant funds have been received and no expenditures have occurred.

The District has applied for a \$309,524 grant to buy a new fire truck.

Grant applied for

\$ 309,524

The District's 5% cost share

15,476

Total funding for the new fire truck

\$ 325,000

The fire truck has already been ordered and is being built. The fire district may be liable for purchasing the truck even if the grant does not get approved by FEMA. Management believes that FEMA will approve the grant.

**NOTE F – 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 volunteer firefighters, 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. Insurance coverage has been sufficient to cover all claims made in the past two years.

**NOTE G – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 29, 2019, the date these financial statements were available to be issued.

Per review of the Federal Emergency Management Agency (FEMA) documentation, and per conversation with the fire chief and the board vice-chairman, there is a risk that the fire district may be liable for paying for the entire cost of a \$325,000 fire truck that is on order. The district applied for a \$309,524 grant from FEMA to help fund the purchase of a new fire truck costing \$325,000. The district's 5% cost share would be \$15,476. The fire truck has already been ordered and is being built. The fire district may be liable for funding the entire \$325,000 cost of the truck if FEMA does not approve the \$309,524 grant. Management believes that FEMA will approve the grant.

No other event was deemed to warrant recognition or disclosure.



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

**LIBERTY FIRE DISTRICT**  
 Budgetary Comparison Schedule  
 GOVERNMENTAL FUNDS  
 Year Ended September 30, 2019

	<u>Actual</u>	<u>Final Budget</u>
<u>Beginning Surplus</u>	\$ 80,928	\$ 82,000
<u>Plus Revenues:</u>		
Taxes (MSBU)	169,886	169,000
Impact Fees	4,125	4,000
Interest	3	
Insurance Claims & Refunds	3,622	
Sale of fire truck	-	
Grants	63,061	60,000
Donations (Rescue Boat)	11,600	
Chelco capital credits	47	
Total Revenues	<u>252,344</u>	<u>233,000</u>
<u>Equals funds available for expenditure</u>	<u>333,272</u>	<u>315,000</u>
<u>Less Expenditures:</u>		
Operating Expenditures:		
Appreciation Meals & Awards	531	500
Advertising	399	
Accounting & Auditing Services	6,450	7,000
Contracted Services	12,492	11,000
Grant Writer	-	
Utilities and Telephone	7,637	7,000
Insurance & Bonds	44,234	40,000
Repair & Maintenance	16,435	16,000
Fuel	10,919	9,000
Taxes, Licenses, & Fees	2,168	2,000
Office & Misc. Supplies	16,598	15,000
Training & Fitness	505	
Volunteer Reimbursement	20,211	20,000
Total Operating Expenditures	<u>138,579</u>	<u>127,500</u>
Capital Outlay:		
Equipment purchased	91,630	90,000
Total Expenditures	<u>\$230,209</u>	<u>\$217,500</u>
<u>Equals End of year surplus</u>	<u>\$103,062</u>	<u>\$ 97,500</u>

## **COMPLIANCE SECTION**

**JOSEPH A JONES**  
**CERTIFIED PUBLIC ACCOUNTANT**

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Crestview, Fl. 32536  
Phone (850) 682-8950  
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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, 2019.

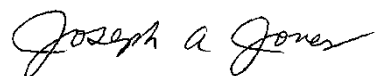
- (1) Section 218.415, Florida Statutes, regarding the investment of public funds

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 complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2019.

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.



Joseph A. Jones, CPA  
Crestview, Florida  
November 29, 2019

**JOSEPH A JONES**  
**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***

Board of Directors  
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, 2019, and the related notes to the financial statements, which collectively comprise the District’s basis financial statements, and have issued my report thereon dated November 29, 2019.

**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.

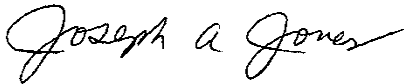
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit, I did not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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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*.

## **Purpose of this Report**

This 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.



Joseph A. Jones  
Certified Public Accountant

Crestview, Florida  
November 29, 2019

**JOSEPH A JONES  
CERTIFIED PUBLIC ACCOUNTANT**

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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, 2019, and have issued my report thereon dated November 29, 2019.

**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 November 29, 2019, 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. Liberty Fire District did have two findings or recommendations in the preceding year annual financial audit report. Liberty Fire District has taken corrective actions to address the FY2018 findings and recommendations, and the FY2018 findings are now closed as mentioned below.

**Finding 2018-01: Lack of sufficient documentation of some bank deposits.**

The district did not always provide sufficient documentation of the source of bank deposits. Sufficient documentation is required for the quickbooks bookkeeper to record the bank deposits to the correct revenue account. Failure to provide sufficient documentation of the source of bank deposits has resulted in the following bookkeeping errors:

- (a) \$2,925.00 of impact fees were erroneously recorded as donations.
- (b) \$12,397.48 of Walton County tax distribution was recorded as donations.
- (c) \$9,598.60 sale of Attack 7 fire truck was recorded as Walton County tax revenue.
- (d) \$1,836.00 worker compensation insurance refund was recorded as a grant.

Recommend the district provide to the quickbooks bookkeeper sufficient documentation of all bank deposits, so that the bookkeeper has the information needed to record the bank deposits into the correct revenue account.

Status of Finding 2018-1: During my audit of FY2019, I found that sufficient documentation was provided to allow the quickbooker to properly record bank deposits to the correct revenue account. impact bank transactions were posted to the general ledger. **Finding 2018-01 is now closed.**

Finding 2018-02: Lack of sufficient documentation for some check disbursements.

The district did not always provide sufficient documentation for check disbursements. Sufficient documentation is required for the quickbooks bookkeeper to record the check disbursements to the correct expenditure account. Failure to provide sufficient documentation on all check book stubs has resulted in the following bookkeeping errors: Approximately 20 checks, totaling to approximately \$3,000.00, in payment of contractor services were erroneously recorded as volunteer reimbursements. For payments to individuals, the district's check book stubs reflected descriptions such as coordinator, reimbursement, a number next to the word hours, SAFER grant work, repair work, Go Daddy reimbursements, etc. Recommend the district provide to the quickbooks bookkeeper sufficient documentation (including the correct quickbooks expenditure account) on the check books stubs so that the quickbooks bookkeeper has the information needed to record the check disbursements to the correct expenditure account.

Status of Finding 2018-02: During my audit of FY2019, I found that sufficient documentation was provided to allow the quickbooker to properly record the check disbursements to the correct expenditure account. **Finding 2018-02 is now 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.

### **Financial Condition and Management**

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 same. I performed this assessment as of the fiscal year end and I did not find any



deteriorating 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 2019, I do not have any audit findings or recommendations.

### **Special District Component Units**

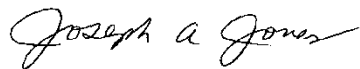
Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that I communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within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

### **Additional Matters**

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



Joseph A. Jones  
Certified Public Accountant

Crestview, Florida  
November 29, 2019