

**North Okaloosa Fire District**  
**Financial Statements**  
**September 30, 2021**

# North Okaloosa Fire District

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770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
North Okaloosa Fire District  
5549 John Givens Road  
Crestview, FL 32539

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

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

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

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 9 and page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Okaloosa Fire District's internal control over financial reporting and compliance.

Robert M. Paul, CPA, P.A.

Crestview, FL  
June 17, 2022



## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the North Okaloosa Fire District's (the District) financial statements is provided to assist the reader to clarify the District's financial activities, significant changes in performance, and ending financial positions for the fiscal year ended September 30, 2021.

This discussion provides highlights and an analytical overview of the government-wide financial statements and governmental fund financial statements for the fiscal year ended September 30, 2021.

### DISTRICT HIGHLIGHTS:

- At the conclusion of fiscal year 2021 the District's assets exceeded its liabilities, resulting in a net position of \$3,907,446.
- The District's net position increased by \$534,167.
- The District had \$2,596,306 of unrestricted assets at the end of the fiscal year that can be used to meet ongoing obligations.

### GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Government-wide financial statements (Statement of Net Position and Statement of Activities) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which a government has met its operational objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the District as a whole and do not emphasize fund types.

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. The District's capital assets are included in this statement and reported net of their accumulated depreciation.

The Statement of Activities presents revenue and expense information showing how the District's net position changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and

the accrual basis of accounting (revenue recognized when earned and expense recognized when incurred).

**THE DISTRICT AS A WHOLE:**

The annual revenue and disbursement programs of the North Okaloosa Fire District are well established. Management is sound and continues to collect and allocate resources in accordance with a detailed budget and growth plans.

**MOST SIGNIFICANT FUNDS:**

The District's only fund is a government fund. Revenues are generated from non ad valorem assessments on all land and buildings within the legal bounds of the District. In addition, other revenue sources include cost recovery, hydrant inspection, and standby service fee schedules. Grant funding is utilized when available.

**GOVERNMENT FUND FINANCIAL STATEMENTS:**

The accounts of the District are organized on the basis of government funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenue, and expenditures. Government resources are allocated to and accounted for, in individual funds based upon the purpose to be expensed, and the means by which spending activities are controlled.

Governmental fund financial statements are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measureable and available as net current assets.

**NOTES TO THE FINANCIAL STATEMENTS:**

Notes to the Financial Statements provide explanation for the data anomalies contained in the preceding statements when necessary. These notes are essential for full understanding of the data provided in the government-wide and fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS:

The government-wide financial statements are designed as a tool to determine if the District's financial condition is better or worse than the prior year.

Investment in capital assets, net of related debt, totaled \$1,311,140 which represented 34 percent of net position. Capital assets are comprised of land, buildings, equipment, and machinery, net of accumulated depreciation. The District paid its debt in full during the 2014 fiscal year. Non-depreciable capital assets include land, and construction in progress. The unrestricted net position balance of \$2,596,306 represents resources available for future requirements. There was a prior period adjustment made in 2020 to the beginning 2019 net position due to a gain on disposal of an asset being overreported by \$36,598.

The following statements are presented as of and for the years ended September 30, 2021 and 2020.

- ◆ Condensed Summary of Net Position
- ◆ Summary of Revenues, Expenses, and Changes in Net Position
- ◆ Summary of Capital Assets

### Condensed Summary of Net Position - Primary Government Summary of Net Position September 30, 2021 and 2020

	2021	2020
<b>ASSETS:</b>		
Current and other assets	\$ 2,742,596	\$ 2,559,925
Capital assets	1,311,140	910,765
<b>Total Assets</b>	<b><u>\$ 4,053,736</u></b>	<b><u>\$ 3,470,690</u></b>
<b>LIABILITIES:</b>		
Current liabilities	\$ 146,290	\$ 97,411
<b>Total Liabilities</b>	<b><u>146,290</u></b>	<b><u>97,411</u></b>
<b>NET POSITION:</b>		
Investment in capital assets, net of related debt	1,311,140	910,765
Unrestricted	2,596,306	2,462,514
<b>Total Net Position</b>	<b><u>3,907,446</u></b>	<b><u>3,373,279</u></b>
<b>Total Liabilities and Net Position</b>	<b><u>\$ 4,053,736</u></b>	<b><u>\$ 3,470,690</u></b>

**Summary of Revenues, Expenses and Changes in Net Position**  
**For the Fiscal Years Ending**  
**September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>REVENUES:</b>		
<i>Program Revenues</i>		
Property assessments	\$ 1,094,818	\$ 1,086,600
Charges for services	1,365,502	917,446
Operating grants	44,371	148
Miscellaneous	18,417	6,903
Loss on disposal of asset	(19,433)	7,860
Proceeds from sale of surplus materials	5,500	-
Interest revenue	4,702	18,483
<b>Total Revenues</b>	<b><u>2,513,877</u></b>	<b><u>2,037,440</u></b>
<b>EXPENSES:</b>		
Public safety-fire & rescue services	<u>1,979,710</u>	<u>1,775,491</u>
	<u>1,979,710</u>	<u>1,775,491</u>
 <b>Increase in net position</b>	 <b>534,167</b>	 <b>261,949</b>
 <b>NET POSITION - beginning balance</b>	 <b><u>3,373,279</u></b>	 <b><u>3,147,928</u></b>
Prior period adjustment	<u>-</u>	<u>(36,598)</u>
<b>NET POSITION - ending balance</b>	<b><u><u>\$3,907,446</u></u></b>	<b><u><u>\$3,373,279</u></u></b>

**Summary of Capital Assets  
For the Fiscal Years Ending  
September 30, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>CAPITAL ASSETS:</b>		
Land	\$ 25,383	\$ 25,383
Total capital assets not depreciated	25,383	25,383
Buildings, improvements, equipment and machinery	2,461,439	2,202,359
Total capital assets being depreciated	2,461,439	2,202,359
<b>Accumulated depreciation</b>		
Buildings, improvements, equipment, and machinery	(1,175,682)	(1,316,977)
<b>Capital assets net of depreciation</b>	1,285,757	885,382
<b>Total Capital Assets</b>	<b>\$1,311,140</b>	<b>\$ 910,765</b>

**CAPITAL ASSET AND DEBT ADMINISTRATION:**

Current assets increased \$182,671 from the prior year primarily the result of an increase in cash as a result of an increase in revenues from tax assessments and charges for services. Capital asset values increased by \$400,375 as a result of the purchase of a new fire truck.

The District has not incurred any new debt since funding the 2007 airport interior project and manpower grant operation requirements. The debt related to capital improvement was paid in full during fiscal year 2014.

**BUDGETS AND RATES:**

The District experienced a favorable increase in revenues as compared to the budget in the amount of \$508,780, which occurred primarily due to an increase in charges for services. During 2020 and 2021, The District renegotiated two contracts for Airport Rescue and Fire Fighting (ARFF) services which included an increase in the monthly contract rates.

The District had an unfavorable increase in expenses compared to the budget in the amount of \$352,028. This increase occurred primarily due to the purchase of a new fire

truck. The District did utilize a portion of its assigned fund balance that was reserved for future capital outlay for this purchase in the amount of \$557,904.

Overall, the general fund had a favorable variance compared to the budget in the amount of \$156,752.

**FUTURE PLANNING REQUIREMENTS:**

The District's future plans include creating and maintaining a system that ensures the district of adequate cash flows for unexpected downturns in district revenues.

The District will continue to update its system to increase and maintain its ISO rating, including but not limited to increasing fire fighter safety, the number of fire hydrants, newer fire trucks, and new protective gear for its firemen.

The District will continue to update and maintain a consistent Policy Manual by reviewing and updating existing policies.

**CONTACTING THE DISTRICT:**

Questions or comments regarding the state of financial affairs for the North Okaloosa Fire District should be addressed to:

Commissioner Craig Shaw, Group IV  
Chairman  
PO Box 973  
Crestview, FL 32536  
(850) 682-1808  
nofdadmin@district80.gccoxmail.com

**North Okaloosa Fire District**  
**Governmental Fund Balance Sheet and Statement of Net Position**  
**September 30, 2021**

	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,184,528	\$ -	\$ 2,184,528
Receivables	490,882	-	490,882
Prepaid expenses	66,686	-	66,686
Deposits	500	-	500
Capital assets, net	-	1,311,140	1,311,140
Total assets	\$ 2,742,596	1,311,140	\$ 4,053,736
 <b>LIABILITIES</b>			
Accounts payable	\$ 7,811	-	\$ 7,811
Accrued salaries and benefits payable	64,560	-	64,560
Compensated absences	-	73,919	73,919
Total liabilities	72,371	73,919	146,290
 <b>Fund balance/ Net Position</b>			
Nonspendable	66,686	(66,686)	-
Assigned	379,596	(379,596)	-
Unassigned	2,223,943	(2,223,943)	-
Total fund balance	2,670,225	(2,670,225)	-
Total liabilities and fund balance	\$ 2,742,596		
 Net position			
Investment in capital assets, net of related debt		1,311,140	1,311,140
Unrestricted		2,596,306	2,596,306
Total net position		3,907,446	3,907,446
Total liabilities and net position			\$ 4,053,736

See accompanying notes to financial statements

**North Okaloosa Fire District**  
**Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balance and Statement of Activities**  
**For the Year Ended September 30, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Property assessments	\$ 1,094,818	\$ -	\$ 1,094,818
Charges for services	1,365,502	-	1,365,502
Operating grants	44,371	-	44,371
Miscellaneous	18,417	-	18,417
Proceeds from/gain on disposal of assets	7,000	(26,433)	(19,433)
Proceeds from surplus sales	5,500	-	5,500
Interest revenue	4,702	-	4,702
Total revenues	<u>2,540,310</u>	<u>(26,433)</u>	<u>2,513,877</u>
<b>Expenditures/expenses:</b>			
Public Safety			
Current			
Personnel services	1,281,837	22,960	1,304,797
Fire protection	515,797	-	515,797
Depreciation	-	159,116	159,116
Capital outlay	585,924	(585,924)	-
Total expenditures/expenses	<u>2,383,558</u>	<u>(403,848)</u>	<u>1,979,710</u>
Excess of revenues over expenditures	156,752	377,415	534,167
Fund balance/net position:			
Beginning of the year	<u>2,513,473</u>	<u>945,106</u>	<u>3,373,279</u>
End of the year	<u>\$ 2,670,225</u>	<u>\$ 1,322,521</u>	<u>\$ 3,907,446</u>

See accompanying notes to financial statements

**North Okaloosa Fire District**  
**General Fund Statement of Revenues, Expenditures - Budget and Actual**  
**For the Year Ended September 30, 2021**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
Property assessments	\$ 1,093,030	\$ 1,093,030	\$ 1,094,818	\$ 1,788
Charges for services	885,500	885,500	1,365,502	480,002
Grants	-	-	44,371	44,371
Miscellaneous income	50,000	50,000	18,417	(31,583)
Proceeds from sale of assets	-	-	7,000	7,000
Proceeds for surplus sales	-	-	5,500	5,500
Interest revenue	3,000	3,000	4,702	1,702
<b>Total revenues</b>	<u>2,031,530</u>	<u>2,031,530</u>	<u>2,540,310</u>	<u>508,780</u>
<b>EXPENDITURES</b>				
Current				
Personnel services	1,352,503	1,352,503	1,281,837	70,666
Fire protection	532,598	532,598	515,797	16,801
Capital outlay:	146,429	681,683	585,924	95,759
<b>Total expenditures</b>	<u>2,031,530</u>	<u>2,566,784</u>	<u>2,383,558</u>	<u>183,226</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ (535,254)</u>	<u>\$ 156,752</u>	<u>\$ 692,006</u>

See independent auditor's report

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of operations**

The North Okaloosa Fire District (the District), formerly known as the Crestview Area Okaloosa County Fire District, was created by local ordinance on June 14, 1977, for providing fire protection for the benefit of the residents within the designated district. As originally set forth by county ordinance, the District was considered a separate entity governed by five duly elected commissioners. On November 12, 1986, the Okaloosa County Board of County Commissioners replaced the previously elected commissioners of the district. On September 12, 1986, the remaining funds of the District were transferred to the Board of County Commissioners. The District was deemed to be a dependent district of Okaloosa County and, as a result, became a part of the Okaloosa County reporting entity, and consequently, its annual audited financial statements became part of the Okaloosa County, Florida Comprehensive Annual Financial Report for the fiscal years ended September 30, 1987 through September 30, 1993. For the fiscal year ended September 30, 1994, and future years, the Okaloosa County Board of County Commissioners has concluded that the North Okaloosa Fire District is not a dependent district under the criteria set forth by GASB 61. On June 13, 2001, House Bill No. 979 Chapter 2001-333 established the District as an independent special district pursuant to Chapter 191, Florida Statutes. The District operates under an elected Board of Commissioners form of government and provides the following services: fire suppression, fire inspection, rescue and emergency medical services.

**Basis of presentation**

The District's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as applicable to state and local governments with those promulgated by Governmental Accounting Standards Board (GASB).

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all the District's activities.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Basis of presentation (continued)**

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement all the provisions of the Statement.

**Reporting entity**

As required by accounting principles generally accepted in the United States of America, these financial statements present North Okaloosa Fire 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. Management utilized criteria set forth in GASB No.61 for determining financial accountability of potential component units in evaluating all potential component units.

In accordance with GASB No. 61, the District (primary government) is financially accountable if a financial benefit or burden relationships exists between the potential component unit and the District. As of September 30, 2021, the North Okaloosa Fire District had no component units, as defined by GASB 61.

**Measurement focus and basis of accounting**

Governmental funds are used to account for the District's general government activities. The district has one fund, the General Fund, which is its operating fund and is included in the preparation of the government-wide financial statements and its fund financial statements.

The District's basic financial statements are composed of the following

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

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Government-wide financial statements**

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

Property assessments 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. Revenues from charges for services are recognized in the fiscal year the services were provided.

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

**Fund financial statements**

Governmental funds types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Current financial resources measurement focus generally means that only current assets and current liabilities are included in the balance sheet. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction is known or can be reasonably estimated. “Available” means collectible within the current period or within 60 days after year end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred, as under accrual accounting. The exception to this general rule is that principal and interest on general obligation long-term debt is recorded only when payment is made.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Fund financial statements (continued)**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the District:

General Fund – The general fund is the general operating fund of the District. It is used to account for all financial resources.

**Cash and cash equivalents, deposits and investments**

The District's demand deposits and short-term investments are considered cash and cash equivalents. For purposes of these statements, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents. The District has no cash equivalents as of September 30, 2021.

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 more than any applicable deposit insurance. In the event of default by a qualified public depository, the state treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments between all Qualified Public Depositories. Under this method, all the District's deposits are fully insured or collateralized at the highest level of security.

The District does not have a formal written investment policy but has adopted the investment policy as defined in Florida Statute Section 218.415, which requires the investment of surplus public funds and prescribed the instruments in which those investments are authorized which consist of:

- The Local Government Surplus Funds Trust Fund or any intergovernmental investment pool authorized pursuant to the Florida Interlocal Cooperation Act of 1969.
- Securities and Exchange Commission registered money market funds with the highest credit rating from a nationally recognized rating agency.
- Interest bearing time deposits or saving account in qualified public depositories.
- Direct obligations of the U.S. Treasury.

As of September 30, 2021 the District did not have any investments.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets**

Effective with the 2020-2021 fiscal year, capital assets purchased, or acquired with an original cost of \$5,000 or more are reported at historical costs or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	50 years
Improvements other than buildings	30 years
Machinery and equipment	5-20 years

**Deferred Outflows/Inflows of Resources**

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

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

**Revenues**

The revenues susceptible to accrual are property assessments and charges for services. Current year property assessments uncollected at the end of the fiscal year are generally immaterial in amount and highly susceptible to being uncollectable and are not recorded as a receivable on the balance sheet.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Revenues (continued)**

The District levies assessments on residential and commercial properties located within its boundaries. These assessments (non-ad valorem taxes) are billed and collected through the Okaloosa County Tax Collector's Office in accordance with the laws of the State of Florida. The assessments are payable when levied. The following is the current calendar for collection of the taxes:

Levy Date	November 1 <sup>st</sup>
Due Date	November 1 <sup>st</sup>
Delinquent Date	April 1 <sup>st</sup>

Discounts are available for each month taxes are paid through February 28<sup>th</sup>.

Revenue recognition criteria for property taxes under GASB require that taxes expected to be collected within sixty days of the current period be accrued. No accrual has been made for 2021 fire assessments because the non-ad valorem taxes are not legally due until subsequent to the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to being uncollectible and, therefore, are not recorded as a receivable on the financial statement date.

**Budgets**

The District prepares an annual operating budget for the fiscal year commencing October 1. The budget is based on an analysis of prior year actual revenues and expenditures along with anticipated spending and revenue sources. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval. Budget amendments are approved by the Board of Commissioners. The District did not amend its budget as of September 30, 2021.

**Compensated absences**

Vested or accumulated annual leave amounts that are expected to be liquidated with expendable available financial resources are accrued in the District's financial statements as follows:

Annual leave – Annual leave is cumulative from the time of employment with the District. The maximum amount of accrued annual leave an employee may accumulate and be paid for at termination is 528 hours. Employees accrue vacation time annually in accordance with the following schedule:

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Compensated absences (continued)**

Time-in-service	Annual Accrual	Per pay period earnings
0-4.999 years	112 hours	4.30 hours
5-9.999 years	168 hours	6.46 hours
10-14.999 years	224 hours	8.61 hours
15+years	280 hours	10.77 hours

Sick leave – Sick leave is accumulated from the time of employment with the District. The maximum amount of accrued sick leave an employee may accumulate is 720 hours. Unused sick leave will not be paid to an employee upon termination from the District. Employees accrue sick leave annually in accordance with the following schedule:

Time-in-service	Annual Accrual	Per pay period earnings
0-4.999 years	112 hours	4.30 hours
5-9.999 years	168 hours	6.46 hours
10-14.999 years	224 hours	8.61 hours
15+years	280 hours	10.77 hours

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Fund Balance**

The District has implemented GASB Statement 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Fund Balance (continued)**

Non-spendable – This category includes the resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The balance as of September 30, 2021, of \$66,686 is from prepaid expenditures which are not in spendable form.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. There are no restricted funds as of September 30, 2021.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of Commissioners. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Commissioners takes the same highest-level action to remove or change the constraint. There are no committed funds as of September 30, 2021.

Assigned – This category includes resources that are intended to be used for specific purposes but is neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized governmental body or official. The District did not assign any additional insurance deductible as of September 30, 2021. The total assigned for insurance deductible as of September 30, 2021 is \$150,000. In November 2020, the District voted to utilize \$557,904 from the account assigned for future capital outlay for the purchase of a new fire truck. The total assigned for future capital purchases is \$229,596 as of September 30, 2021. The cumulative total of assigned funds is \$379,596.

Unassigned – This category is the residual classification for the District's fund balance that are available for any purpose. The balance as of September 30, 2021, is \$2,223,943.

The District does not have a formal fund balance policy; however, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

**Net Position**

When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed. As of September 30, 2021, there are no restricted amounts.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Subsequent events**

The Commissioners have evaluated subsequent events through June 17, 2022, which is the date the financial statements were available to be used.

**Capital leases**

GASB Statement No. 87, Leases, issued in June 2017, increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The District did not have any capital leases as of September 30, 2021.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

The reconciliations of the Government-wide Financial Statements with the Governmental Fund Financial Statements are as follows:

**Reconciliation of Governmental Fund Balance Sheet and Statement of Net Position**

Total fund balance for governmental fund	\$ 2,670,225
--	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund.	1,311,140
---	-----------

Liabilities not due and payable in the current period are not reported in the governmental fund. Interest on debt is not accrued in the governmental fund, but rather is recognized as an expenditure when due.

These liabilities at year end consist of:

Compensated absences	<u>(73,919)</u>
----------------------	-----------------

Total net position of governmental activities	<u><u>\$ 3,907,446</u></u>
---	----------------------------

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)***

**Governmental Fund Revenues, Expenditures and Changes in Fund Balance and Statement of Activities**

Net change in fund balance - governmental fund	\$ 156,752
--	------------

Amounts reported for governmental activities in the statement of activities

The general fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	585,924
Less: current year depreciation	(159,116)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in general fund:

Change in accrued compensated absences	(22,960)
Loss on capital asset disposal	(26,433)

Changes in net position of governmental activities	\$ 534,167
--	------------

***NOTE- 3 - CASH***

At September 30, 2021 the bank value of the District's deposits was \$2,208,952, all of which were held by qualified public depositories under Chapter 280, Florida Statutes. These funds are fully insured and collateralized. Therefore, they are not classified by credit risk category.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 4 – CHANGES IN CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Balance 09/30/2020	Additions	Deletions	Balance 09/30/2021
Capital Assets not being depreciated				
Land	\$ 25,383	\$ -	\$ -	\$ 25,383
Capital Assets being depreciated:				
Buildings	562,658	-	-	562,658
Improvements other than buildings	106,560	-	(66,901)	39,659
Machinery and equipment	1,146,583	585,924	(259,943)	1,472,564
Leasehold improvements	386,558	-	-	386,558
Total capital assets being depreciated	2,202,359	585,924	(326,844)	2,461,439
Less accumulated depreciation	(1,316,977)	(159,116)	300,411	\$ (1,175,682)
Total Capital Assets being depreciated, net	885,382	426,808	(26,433)	1,285,757
Governmental activities capital assets, net	\$ 910,765	\$ 426,808	\$ (26,433)	\$ 1,311,140

Depreciation expense of \$115,116 was charged in the Statement of Activities.

**NOTE 5 – RETIREMENT PLAN**

The District's retirement plan is administered by Primerica Financial Services Investments, Inc. with Capital Bank & Trust as custodian. It is a defined contribution retirement plan which provides retirement benefits for all salaried employees of the District. Participation in the retirement plan is voluntary. Any amendments to the plan required Board of Commissioners' approval. The District contributed \$21,052 during the year ended September 30, 2021, equal to about 3% of the participating employee's gross salaries. Salaried employees contributed \$30,237 during the year ended September 30, 2021, equal to approximately 4.19% of salaried employee's gross salaries. The District's payroll that was covered by the plan was \$721,781. All monies contributed to the District and salaried employees are one-hundred (100%) vested at the time of the investment.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 6 - RISK MANAGEMENT***

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; employee's medical benefits; and natural disasters. The District purchases insurance through commercial carriers and participates in the Florida Municipal Insurance Trust (for workers' compensation insurance coverage). Coverage through these carriers includes automobile, general liability and surety (public official) bond coverage. The District retains the risk of loss for amounts up to the deductible and for amounts more than policy limits. The District has assigned \$150,000 of net assets for the insurance deductible.

There has been no significant reduction in insurance coverage from the prior year. Insurance coverage has been sufficient to cover all claims made in the prior three fiscal years.

The District and its insurance company settled a claim from a former employee in the amount of \$45,000 during the 2021 fiscal year.

***NOTE 7 – CONTRACTS AND COMMITMENTS***

**Station 81 lease**

On May 1, 2021, the District finalized a twelve-month interlocal agreement with Almarante Fire District to lease 1 bay at Station 83 for the storage of a fire fighting apparatus and related equipment in the amount of \$1 annually. As part of the agreement, the District agrees to provide on an automatic-aid basis a fire engine stored at Station 83 and certified personnel trained and authorized to conduct firefighting activities in the State of Florida. The District also agrees to participate in any Insurance Services Office, Inc, (ISO) inspections, audits or other inquiries. The agreement may be renewed annually as agreed by both parties

**Station 82 lease**

On December 18, 2008, the District finalized a lease agreement with Okaloosa County, for the location designated as Station 82, fire protection facility located on the Bob Sikes Airport property. The term of the lease agreement is for a period of twenty years, commencing on December 18, 2008, and ending at midnight on the last day of December 2028. Rent is \$1.00 annually. The District has the option to extend the lease for 5-year renewals upon agreement of the parties.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 7 – CONTRACTS AND COMMITMENTS (CONTINUED)***

**Station 82 lease (continued)**

Significant interior improvements were made over the last several years, funded in combination by loans and grants awarded to Okaloosa County by the Department of Transportation. If the agreement is terminated by Okaloosa County in the first 20-year lease term, the District's expenditures of \$414,600 for the interior, wiring and generator will be repayable to the District based on 25-year straight line depreciation.

The lease requires the District to assume responsibility for utilities, maintenance, and public liability insurance coverage of \$3,000,000. The lease also requires, as part of interlocal agreement with Okaloosa County Board of Commissioners that the District will:

- Respond to all airport and aircraft related emergencies made by aircraft within the boundaries of Bob Sikes Airport;
- Monitor the airport's Common Traffic Advisory Service and communicate with aircraft requiring assistance;
- Conduct daily inspections of airport runways and taxiways, reporting as required by FAA regulations.

**Station 83 lease**

In March 2021, the District finalized a 10 year interlocal agreement with Holt Fire District to lease Bay 1 at Station 83 for the storage of a fire fighting vehicle and related equipment for \$1 annually. The agreement expires in February 2031. In consideration, North Okaloosa Fire District agreed to transfer a 1996 international/Ferrara Commercial Pumper to Holt Fire District. Holt Fire District agrees to respond to automatic aid for emergency services calls when available personnel are available. Holt Fire District also agrees to participate in any Insurance Services Office, Inc. (ISO) inspections, audits or other inquires.

On May 1, 2021, the District finalized a twelve-month interlocal agreement with Baker Fire District to lease 1 bay at Station 83 for the storage of a fire fighting apparatus and related equipment in the amount of \$1 annually. As part of the agreement, the District agrees to provide on an automatic-aid basis a fire engine stored at Station 83 and certified personnel trained and authorized to conduct firefighting activities in the State of Florida. The District also agrees to participate in any Insurance Services Office, Inc, (ISO) inspections, audits or other inquiries. The agreement may be renewed annually as agreed by both parties

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 7 – CONTRACTS AND COMMITMENTS (CONTINUED)***

**Service Contracts**

In March 2010, the District executed two contracts to provide airport services. In 2021, these contracts were renewed with Lockheed Martin and L-3/Vertex to provide standby and non-emergency aircraft rescue and firefighting services (commonly referred to as standby fees). Each contract provides for fee schedules as outlined:

<u>Fiscal Year</u>	<u>Period</u>	<u>Price</u>
L-3/Vertex Contract		
FY 2020	1/1/2020 to 12/31/2020	\$ 442,750
FY 2021	1/1/2021 to 12/31/2021	\$ 503,221
Lockheed Martin		
FY 2020	1/1/2020 to 12/31/2020	\$ 442,750
FY 2021	1/1/2021 to 12/31/2021	\$ 1,341,355

Fees are payable monthly. If L-3/Vertex or Lockheed Martin terminate their contract for any reason, the District may give written notice to the (remaining) buyer that the fixed price for each subsequent fiscal year shall be double the above amounts, or any other proportional share that would maintain the District’s staffing at the required level, effective the following October 1 (next fiscal year).

The District is required under the contracts to provide the Aircraft rescue and firefighting (ARFF) services following Federal and NFPA (National Fire Protection Association) standards. Important contract provisions include the following:

- Services shall be provided Monday through Friday from 7am until 3pm, not including Federal Government holidays. Services provided on nights, weekends, or holidays require 24 hours notice and will be billed in accordance with the previous fee schedule.
- Specific time requirements are outlined regarding availability of ARFF capabilities during flight operations, with reduced requirements during period of non-flight operations.
- CAV vehicle (fire trucks with a mounted foam compression system) must meet certain minimum foam/water quantity and discharge requirements. Each vehicle must be equipped with two-way radios.
- ARFF personnel must participate in comprehensive training programs, with records of the training to be maintained by the District. Training programs are required for various ARFF proficiencies on a monthly, quarterly, semiannual, and annual basis.

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

**NOTE 7 – CONTRACTS AND COMMITMENTS (CONTINUED)**

**Service Contracts (continued)**

Receivables as of September 30, 2021, were as follows:

Service contracts	\$ 464,882
Sale of fire truck	26,000
	\$ 490,882

The District sold a fire truck to Company Two Fire in 2019 for \$50,000. The \$26,000 receivable is paid monthly with the final payment due in December 2023. The service contracts totaling of receivables were subsequently paid before the end of December 2021. Therefore, no allowance for doubtful accounts was established since all receivables were either collected or expected to be collected in full in the subsequent year.

**Operating Leases**

The District was committed to three separate operating leases for three fire trucks. The leases are rolling month-to-month leases. One lease expired in July 2021 and was not renewed. The total operating lease expense paid in 2021 was \$162,500. The future lease commitments are as follows:

	Current Lease Date	Lease Term	Expiration Date	Monthly Lease Commitment	Expected Lease Costs
1993 OshKosh T-3000	9/1/2021	12	8/30/2022	\$ 7,000	\$ 84,000
1992 OshKosh T-3000	3/1/2021	12	2/28/2022	\$ 7,000	\$ 84,000

**North Okaloosa Fire District**  
**Notes to Financial Statements**  
**September 30, 2021**

***NOTE 8 – CONTINGENCIES***

In addition, there is a regulatory conflict in the amount of debt the District can incur. The District’s Charter states that “the total principal and interest outstanding may not exceed 50% of the total assessment roll.” The State Statute governing fire district operations states – “debt service payments for principal and interest shall not exceed 50% of the total annual budgeted revenues of the District”. At the current level of indebtedness, the District is not in violation of either stipulation.

***NOTE 9 – COVID-19***

During 2020 and 2021, impact of COVID-19 on the District’s operational and financial performance depended on certain developments, including the duration and spread of the outbreak, impact on our citizens, employees, vendors, and economical mitigation measures to be taken by federal and state government, all of which are uncertain and cannot be predicted. As of September 30, 2021, COVID-19 did not have a major impact on the District’s financial condition or results of operations. In April 2021, the District received a \$40,000 grant as part of the CARES Act for Coronavirus Aid and Relief.



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

**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 the Board of Commissioners  
North Okaloosa Fire District  
5549 John Givens Road  
Crestview, FL 32539

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the North Okaloosa Fire District (hereinafter called the “District”), as of and for the year ended September 30, 2021, which collectively comprise the District’s basic financial statements and have issued our report thereon dated June 17, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the schedule of findings and responses (2021-01), we did identify certain deficiencies in internal control that we consider to be material weaknesses.

*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 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. We consider the deficiencies described in the accompanying schedule of findings and responses (2021-01) as items to be material weaknesses.

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. During our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of the Report**

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



Crestview, FL  
June 17, 2022



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

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

To the Board of Commissioners  
North Okaloosa Fire District  
5549 John Givens Road  
Crestview, FL 32539

We have examined North Okaloosa Fire District's (hereafter referred to as "the District") compliance with Florida Statute 218.415 in regards to investments for the year ended September 30, 2021. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgement, including as assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2021.

*Dawn M. Paul, CPA, P.A.*

Crestview, FL  
June 17, 2022



770 Industrial Drive, Crestview, FL 32539  
Telephone: (850) 398-8934  
Fax: (850) 689-4488

## MANAGEMENT LETTER

To the Board of Commissioners  
North Okaloosa Fire District  
5549 John Givens Road  
Crestview, FL 32539

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

We have audited the financial statements of the North Okaloosa Fire District, Florida (hereinafter called the “District”), as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated June 17, 2022.

### **Auditor’s Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated June 17, 2022, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2020 FY Finding #	2019 FY Finding #
2021-01	2020-01	2019-01

**Official Title and Legal Authority**

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

**Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not North Okaloosa Fire District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the North Okaloosa 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, we applied financial condition assessment procedures for the North Okaloosa Fire District. It is management's responsibility to monitor the North Okaloosa Fire District's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by same.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we reported several deficiencies in internal control that we considered to be material weaknesses (see accompanying schedule of findings and responses 2021-01).

**Specific Information**

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

- a) The total number of district employees compensated in the last pay period of the district's fiscal year as 21.
- b) The total number of independent contractors to whom nonemployee compensation was paid in the last month of the fiscal year as 5.

- c) All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$1,032,387.
- d) All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$30,000.
- e) No construction projects with a total cost of at least \$65,000 approved by the district that are scheduled to begin on or after October 1 of the fiscal year being reported.
- f) A budget variance report based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes (see page 12).

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

- a) The rate of non-ad valorem special assessments imposed by the District are presented on page 38.
- b) The total amount of special assessments collected by or on behalf of the District was \$1,094,818.
- c) The District has issued no outstanding bonds.

### **Additional Matters**

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

### **Purpose of this Letter**

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

*Thomas M. Paul, CPA, P.A.*

Crestview, FL  
June 17, 2022

**North Okaloosa Fire District**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2021**

**Current Year's (Prior Year) Findings**

**2021-01 - (Prior Year 2020-01, 2019-01, 2018-01) Financial Statement Preparation, Knowledge and Audit Adjustments  
(Material Weakness)**

***Criteria:***

The District is responsible for the preparation of 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.

***Condition:***

North Okaloosa Fire District does not prepare its audited financial statements.

***Cause:***

Because of the limited number of available personnel, North Okaloosa Fire District engages the auditor to perform non-attest services including assistance with the preparation of the financial statements

***Effect:***

Consequently, the possibility exists that management will not properly review the financial statements in order to take responsibility for the preparation and fair presentation of the financial statements.

***Recommendation:***

The District's Board of Commissioner's reviews the draft audited financial statements during a monthly board meeting with the auditor prior to approving the issuances of the statements. The District also signs a management representation letter acknowledging its responsibility for the financial statements.

***District's Response:***

The District believes the cost in correcting the weakness outweighs the benefits derived from additional controls. The District understands its responsibility as management to review and approve the draft financial statements and audit adjustments.

**North Okaloosa Fire District  
Other Supplemental Schedule  
Schedule of Property Assessments**

SCHEDULE OF FIRE ASSESSMENTS		
UNIT CODE	TYPE OF PROPERTY	RATE
1V	5 OR LESS ACRES VACANT LAND	\$ 13.21
2V	6 ACRES VACANT LAND	\$ 15.85
3V	7 ACRES VACANT LAND	\$ 18.49
4V	8 ACRES VACANT LAND	\$ 21.12
5V	9 ACRES VACANT LAND	\$ 23.76
6V	10 ACRES VACANT LAND	\$ 26.40
7V	11 ACRES VACANT LAND	\$ 29.03
8V	12 ACRES VACANT LAND	\$ 31.67
9V	13 ACRES VACANT LAND	\$ 34.31
10V	14 ACRES VACANT LAND	\$ 36.95
11V	15 ACRES VACANT LAND	\$ 39.58
12V	16 ACRES VACANT LAND	\$ 42.22
13V	17 ACRES VACANT LAND	\$ 44.86
14V	18 ACRES VACANT LAND	\$ 47.49
15V	19 ACRES VACANT LAND	\$ 50.13
16V	20 ACRES VACANT LAND	\$ 52.77
17V	21 ACRES VACANT LAND	\$ 55.40
18V	22 ACRES VACANT LAND	\$ 58.04
19V	23 ACRES VACANT LAND	\$ 60.68
20V	24 ACRES VACANT LAND	\$ 63.32
21V	25 ACRES VACANT LAND	\$ 65.95
22V	26 ACRES VACANT LAND	\$ 68.59
23V	27 ACRES VACANT LAND	\$ 71.23
24V	28 ACRES VACANT LAND	\$ 73.86
25V	29 ACRES VACANT LAND	\$ 76.50
26V	30 ACRES VACANT LAND	\$ 79.14
27V	31 ACRES VACANT LAND	\$ 81.77
28V	32 ACRES VACANT LAND	\$ 84.41
29V	33 ACRES VACANT LAND	\$ 87.05
30V	34 ACRES VACANT LAND	\$ 89.68
31V	35 OR MORE ACRES VACANT LND	\$ 92.32
EX	EXEMPT PROPERTIES	-
RS	SINGLE FAMILY RESIDENCE (per bldg)	\$ 99.10
SC	SPECIAL COMMERCIAL (per bldg)	\$ 124.21
CM	ALL COMMERCIAL (per bldg)	\$ 248.41
1TP	TRAILER PARK 1-9 units	\$ 330.33
2TP	TRAILER PARK 10-19 units	\$ 594.60
3TP	TRAILER PARK 20-29 units	\$ 858.86
4TP	TRAILER PARK 30-39 units	\$ 1,123.13
5TP	TRAILER PARK 40-49 units	\$ 1,387.40
6TP	TRAILER PARK 50-59 units	\$ 1,651.66
7TP	TRAILER PARK 60-69 units	\$ 1,915.93
8TP	TRAILER PARK 70-79 units	\$ 2,180.20
9TP	TRAILER PARK 80-89 units	\$ 2,444.46
10TP	TRAILER PARK 90-99 units	\$ 2,708.73
XTP	TRAILER PARK 100 units > +1TP Rate per 10 units	NO CAP
LH	LEASE HELD (COMM) (per bldg)	\$ 248.41