

**Baker Fire District
Financial Statements
September 30, 2019**

Baker Fire District

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Baker Fire District
1375 19th Street
Baker, FL 32531

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Baker Fire District (hereafter referred to as 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 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 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 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 obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Baker Fire District as of September 30, 2019, 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 November 23, 2020 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 Baker Fire District's internal control over financial reporting and compliance.

 Dawn M. Paul, CPA, P.A.

Crestview, FL
November 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The primary purpose of the District is to provide fire suppression, fire inspection and emergency rescue services for the areas in Okaloosa County as defined under Florida Law Chapter 2000-434. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities by \$408,822 (net position) and represents an increase of \$32,228 from the prior year. Of this amount, \$314,843 represents investments in capital assets (e.g. land, building, vehicles, and equipment) net of any related debt, \$45,897 is restricted for capital purposes, and \$48,082 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's governmental funds reported ending fund balances of \$93,979, an increase of \$48,960.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$43,554, or 26% of the total general fund expenditures.

DISTRICT HIGHLIGHTS

During the fiscal year ended September 30, 2019, the District responded to 456 incidents.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. The government-wide financial statements present an overall picture of the District's financial position and results of operations. The fund financial statements present financial information for the District's major fund. The notes to basic financial statements provide additional information concerning the District's finances that are not otherwise disclosed in the government-wide or fund financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the statement of net position and statement of activities. These statements are designed to provide readers with a broad overview of the District's finances in a manner like a private-sector business. Emphasis is placed on the net position of governmental activities as well as the change in net position. Governmental activities are the activities where the District's operations are reported. The District does not have any business-type activities.

The Statement of Net Position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Increases or decreases in net position over time may serve as a useful indicator of the District's improving or declining financial position.

The Statement of Activities presents information on all revenues and expenditures of the District and the change in net position for the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District's only fund is the general fund.

Fund financial statements provide financial information about the District's activities. Governmental fund financial statements provide information on the current assets and liabilities of the funds, changes in current financial resources (revenues and expenditures), and current available resources.

Fund financial statements for all governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balance. The District's general fund includes a statement of revenues and expenditures - budget and actual.

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

of net position, as well as all liabilities, including outstanding notes payable and capital leases. The statement of activities includes depreciation on all long lived assets of the District. The fund financial statements provide a presentation of the District's major fund. In the case of governmental activities, outlays for long lived assets are reported as expenditures and long-term liabilities, such as notes payable, are not included in the fund financial statements. To facilitate a comparison between the fund financial statements and the government-wide financial statements, a reconciliation is provided.

NOTES TO THE FINANCIAL STATEMENTS:

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

FINANCIAL ANALYSIS OF THE DISTRICT:

The following schedule provides a summary of the assets, liabilities and net position of the District at September 30, 2019 and 2018:

Summary of Net Position		
September 30, 2019 and 2018		
	2019	2018
ASSETS:		
Current and other assets	\$ 146,995	\$ 76,219
Capital assets	<u>628,813</u>	<u>354,492</u>
Total assets	<u>\$ 775,808</u>	<u>\$ 430,711</u>
LIABILITIES:		
Current liabilities	\$ 82,494	\$ 35,507
Non-current liabilities	<u>284,492</u>	<u>18,610</u>
Total liabilities	<u>366,986</u>	<u>54,117</u>
NET POSITION:		
Investment in capital assets, net of related debt	314,843	331,575
Restricted for capital additions	45,897	29,672
Unrestricted	<u>48,082</u>	<u>15,347</u>
Total net position	<u>408,822</u>	<u>376,594</u>
Total Liabilities and Net Position	<u>\$ 775,808</u>	<u>\$ 430,711</u>

Net investment in capital assets (e.g., land, buildings, vehicles, and equipment) net of any related outstanding debt used to acquire those assets, represents 77% of the District's net position. The District had outstanding long-term debt related to capital assets of \$284,492 at September 30, 2019. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. It should be noted that, although the District's investment in its capital assets is reported net of related debt, the resources needed to repay any debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate those liabilities.

Restricted net position at September 30, 2019 of \$45,897 represents resources derived from impact fees to be used to fund capital assets necessitated by new growth.

The remaining balance of net position of \$48,082 is unrestricted.

The following schedule provides a summary of the changes in net position for the years ended September 30, 2019 and 2018.

**Summary of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ending
September 30, 2019 and 2018**

	2019	2018
REVENUES:		
<i>Program Revenues</i>		
Fire assessments, net	\$ 167,621	\$ 158,724
Impact fees	22,135	24,776
Operating grants	25,632	-
Other income	1,201	2,153
Total revenues	<u>216,589</u>	<u>185,653</u>
EXPENSES:		
Fire protection	<u>184,361</u>	<u>116,360</u>
Total expenses	<u>184,361</u>	<u>116,360</u>
Increase in net position	32,228	69,293
NET POSITION - beginning balance	<u>376,594</u>	<u>307,301</u>
NET POSITION - ending balance	<u><u>\$ 408,822</u></u>	<u><u>\$ 376,594</u></u>

During the year ended September 30, 2019, net position increased \$32,228. This increase was due to an increase in tax assessments, impact fees and operating grants.

GOVERNMENTAL FUNDS AND BUDGETARY HIGHLIGHTS

The District's actual revenues over budgeted revenues were higher by \$38,001 primarily due to an increase in the tax assessments and grant revenues.

The District's expenditures exceeded the budgeted amount by \$13,443. This increase was primarily due to the purchase of bunker gear.

Overall, the general fund had a favorable variance compared to budget in the amount of \$24,558.

CAPITAL ASSETS

The following schedule provides a summary of the District's capital assets. The District's total investment in capital assets activities as of September 30, 2019 and was \$314,843 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles and equipment.

**Summary of Capital Assets
For the Fiscal Years Ending
September 30, 2019 and 2018**

	2019	2018
CAPITAL ASSETS:		
Land	\$ 28,490	\$ 28,490
Total capital assets not depreciated	28,490	28,490
Buildings and improvements	283,761	283,761
Equipment, vehicles and trucks	844,831	522,460
Total capital assets being depreciated	1,128,592	806,221
Accumulated depreciation		
Buildings, improvements, equipment, vehicles and trucks	(528,269)	(480,219)
Capital assets net of depreciation	600,323	326,002
Total capital assets	\$ 628,813	\$ 354,492

LONG-TERM DEBT ACTIVITY

The following schedule provides a summary of the District's long-term debt.

Summary of Long-term Debt For the Fiscal Years Ending September 30, 2019 and 2018

	2019	2018
LONG TERM DEBT		
Notes payable, current portion	\$ 4,493	\$ 4,307
Capital leases payable, current portion	24,985	-
Notes payable, net of current portion	13,783	18,610
Capital leases, net of current portion	<u>270,709</u>	<u>-</u>
Total long-term debt	<u>\$ 313,970</u>	<u>\$ 22,917</u>

Additional information about the District's long-term debt is presented in note 4 to basic financial statements.

FUTURE FINANCIAL FACTORS

Baker Fire District is an independent special district originally established by Ordinance 81-21 by the Okaloosa County Board of Commissioners on April 21, 1981. The District was recreated on June 5, 2000 under the provisions of Florida Law Chapter 2000-434 and Chapters 189 and 191 of the Florida Statutes. The District operates under an elected Board of Fire Commissioners. The Board establishes policy and sets the assessment rates. The District has taxing authority as revenues are generated by fire assessments (non-ad valorem taxes). Rates for fiscal year 2019 have been established to provide for the operations of the District and necessary capital and operating requirements; those rates are \$83.57 for residential and \$130.06 for commercial properties.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Baker Fire District's finances. Questions regarding any information provided in this report or requests for additional information should be addressed to the Baker Fire District, P.O Box 101, Baker, Florida, 32531.

Baker Fire District
Governmental Fund Balance Sheet and Statement of Net Position
September 30, 2019

	General Fund	Adjustments (Note 2)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 82,523	\$ -	\$ 82,523
Grant receivable	14,047	-	14,047
Prepaid expenses	4,528	-	4,528
Restricted cash	45,897	-	45,897
Capital assets, net	-	628,813	628,813
Total assets	\$ 146,995	628,813	\$ 775,808
 LIABILITIES			
Accounts payable	\$ 50,116	-	\$ 50,116
Accrued interest payable	2,900	-	2,900
Long term liabilities			
Due within one year	-	29,478	29,478
Due after one year	-	284,492	284,492
Total liabilities	53,016	313,970	366,986
 FUND BALANCE/NET POSITION			
Nonspendable	4,528	(4,528)	-
Restricted for capital additions	45,897	(45,897)	-
Unassigned	43,554	43,554	-
Total fund balance	93,979	(6,871)	-
 Total liabilities and fund balance	 \$ 146,995		
 Net position			
Investment in capital assets, net of related debt		314,843	314,843
Restricted for capital additions		45,897	45,897
Unrestricted		48,082	48,082
Total net position		\$ 408,822	\$ 408,822

See accompanying notes to financial statements

Baker Fire District
Governmental Fund Revenues, Expenditures and
Changes in Fund Balance and Statement of Activities
For the Year Ended September 30, 2019

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
REVENUES			
Fire assessments, net	\$ 167,621	\$ -	\$ 167,621
Impact fees	22,135	-	22,135
State Grants	25,632	-	25,632
Miscellaneous	1,201	-	1,201
Other financing sources	295,694	(295,694)	-
Total revenues	<u>512,283</u>	<u>(295,694)</u>	<u>216,589</u>
EXPENDITURES/EXPENSES:			
Public Safety			
Current			
Fire protection	132,440	-	132,440
Depreciation	-	48,050	48,050
Capital outlay	322,371	(322,371)	-
Debt service			
Principal	4,641	(4,641)	-
Interest	3,871	-	3,871
Total expenditures/expenses	<u>463,323</u>	<u>(278,962)</u>	<u>184,361</u>
Excess of revenues over (under) expenditures	<u>48,960</u>	<u>(16,732)</u>	<u>32,228</u>
Fund balance/net position:			
Beginning of the year	45,019	331,575	376,594
End of the year	<u>\$ 93,979</u>	<u>\$ 314,843</u>	<u>\$ 408,822</u>

See accompanying notes to financial statements

Baker Fire District
General Fund Statement of Revenues, Expenditures - Budget and Actual
For the Year Ended September 30, 2019

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Property assessments	\$ 165,088	\$ 167,621	\$ 2,533
Impact fees	12,000	22,135	10,135
State grants	-	25,632	25,632
Miscellaneous	1,500	1,201	(299)
Other financing sources	-	295,694	295,694
Total revenues	178,588	512,283	333,695
EXPENDITURES			
Fire Protection			
Accounting and auditing	11,000	14,700	(3,700)
Professional fees	1,500	1,111	389
Fundraising expenses	500	-	500
Insurance	23,000	18,875	4,125
Legal fees	500	-	500
Office and operating supplies	4,000	3,856	144
Other current charges and obligations	1,000	2,517	(1,517)
Repairs and maintenance	30,000	32,079	(2,079)
Small equipment purchases	18,000	45,890	(27,890)
Stipend	4,800	-	4,800
Training	10,000	1,538	8,462
Utilities	11,000	5,676	5,324
Vehicle fuel	11,000	6,198	4,802
Capital outlay:	22,065	322,371	(300,306)
Debt Service:			
Principal and interest	5,820	8,512	(2,692)
Total expenditures	154,185	463,323	(309,138)
Excess of revenues over expenditures	\$ 24,403	\$ 48,960	\$ 24,557

See accompanying notes to financial statements

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

Baker Fire District is an independent special district originally established by Ordinance 81-21 by the Okaloosa County Board of Commissioners on April 21, 1981. The District was recreated on June 5, 2000 under the provisions of Florida Law Chapter 2000-434 and Chapters 189 and 191 of the Florida Statutes. The District operates under an elected Board of Fire Commissioners form of government and provides fire suppression, fire inspection, and emergency rescue services.

Financial reporting entity

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

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).

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

Measurement focus and basis of accounting

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

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

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide financial statements

Government-wide financial statements display information about the District as a whole and 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.

Fire assessments (non-advalorem taxes) are recognized in the year for which they are collected. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provided have been satisfied.

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

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

Fund financial statements

Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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.

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

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

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of estimates

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

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 high 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, 2019.

Special Districts must maintain its deposits only with "Qualified Public Depositories" as defined in Chapter 280, Florida Statutes. The provisions of this statute allow "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All Qualified Public Depositories must place with the Treasurer of the State of Florida, securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public 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, the District's deposits would be fully insured or collateralized at the highest level of security. As of September 30, 2019, the District's deposits totaled \$138,814. The District's operational account in the amount of \$92,917 was on deposit with a "Qualified Public Depository" as required. The District's deposits for its impact fee account in the amount of \$45,897 are not on deposit with a "Qualified Public Depository" as required (see page 35 - note 2019-10).

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 prescribes 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
- Direct obligations of the U.S. Treasury.

As of September 30, 2019, the District did not have any investments.

Capital Assets

Capital assets which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as purchases with an initial, individual cost of \$1,000 or more that benefit a period of more than one year. Capital assets are recorded at historical cost if purchased or constructed or estimated historical cost if actual cost is unknown. Donated assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant, and equipment of the primary government are depreciated using the straight-line method over the estimated useful lives. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	40 years
Vehicles and equipment	5-15 years

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fire Assessment Tax Revenue

Significant dates relative to fire assessment tax revenue are as follows:

Assessment Date	January 1 st
Past Due Date	April 1 st
Tax Certificates Sold	June 1 st
Maximum Discount	November 1 st

The Board of Commissioners approved the annual assessment fee of \$83.57 for residential and \$130.06 for commercial properties for the year ended September 30, 2019.

Fund balance

The District follows GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, employing the following terminology and classifications for fund balance:

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, 2019 of \$4,528 is resulting from prepaids, 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. The balance as of September 30, 2019 of \$45,897 is from impact fees, which are restricted in use to purchase or construct new facilities to provide fire protection and emergency services to new construction.

Committed - This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, which is the Board of Commissioners. There is no committed fund balance as of September 30, 2019.

Assigned - This category includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized government body or official. There is no assigned fund balance as of September 30, 2019.

Unassigned - This category is the residual classification for the District's fund balance. The balance as of September 30, 2019 is \$43,554.

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

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

Net investment in capital assets - represents the cost of capital assets, less accumulated depreciation reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The balance as of September 30, 2019 is \$314,842.

Restricted - indicates that portion of net position that is restricted for the purchase of assets necessary due to new growth in the District. The balance as of September 30, 2019 is \$45,897.

Unrestricted - indicates that portion of net position that is available for future periods. The balance as of September 30, 2019 is \$48,082.

Budget

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

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

1. Prior to September 1, the Fire Chief and a committee appointed by the Board of Fire Commissioners submit to the Board a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year. The budget is submitted in summary form, but a more detailed line item budget is included for administrative control. The level of control for the detailed budget is at the department head level.
2. Upon tentative approval by the Board of Fire Commissioners, public hearings are conducted to obtain taxpayer comment.
3. Prior to September 30, the budget is legally enacted through approval by the Board.
4. Formal budgetary integration is employed as a management control device during the year for the general fund.
5. Appropriations lapse at the end of each fiscal year.

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. The Board of Fire Commissioners may authorize supplemental appropriations during the year.

Accounting Guidance Not Yet Adopted

The following standards have been issued that may have an effect on the District but management has not yet determined the effect these statements will have on the District's financial statements.

GASB Statement No. 87, Leases, 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 December 15, 2019.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, was issued to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simply account for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Subsequent events

Management has evaluated subsequent events through November 23, 2020, which is the date the financial statements were available to be issued.

Baker Fire District
Notes to Financial Statements
September 30, 2019

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

The total fund balance of the District’s governmental general fund of \$93,980 differs from the net position of governmental activities of \$408,822 reported in the statement of net position and governmental fund balance sheet. This difference results primarily from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheet. The following is an explanation of differences between the general fund balance sheet and statement of net position.

Reconciliation of Governmental Fund Balance and Statement of Net Position

Total fund balance for governmental fund	\$ 93,979
--	-----------

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.	628,813
---	---------

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:

Notes payable due in one year	(29,478)
Notes payable due after one year	<u>(284,492)</u>
Total net position of governmental activities	<u>\$ 408,822</u>

Baker Fire District
Notes to Financial Statements
September 30, 2019

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

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

Net change in fund balance - governmental fund	\$ 48,960
--	-----------

Amounts reported for governmental activities in the statement of activities are different because:

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	322,371
Less: current year depreciation	(48,050)

Repayment of note payable principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the Statement of Net Position.	4,641
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Note and capital lease proceeds provide current financial resources to the governmental fund, but issuing debt increased liabilities in the Statement of Capital lease proceeds	(295,694)
---	-----------

Net change in net position of governmental activities	\$ 32,228
---	-----------

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE- 3 – CHANGES IN CAPITAL ASSETS

The following is a summary of changes in capital assets for the fiscal year ended September 30, 2019:

Governmental Activities:	Balance 9/30/2018	Additions	Balance 09/30/2019
Capital Assets not being depreciated			
Land	\$ 28,490	\$ -	\$ 28,490
Capital Assets being depreciated:			
Buildings and improvements	283,761	-	283,761
Furniture and equipment	216,920	26,677	243,597
Vehicles and trucks	305,540	295,694	601,234
Total capital assets being depreciated	806,221	322,371	1,128,592
Less accumulated depreciation	(480,219)	(48,050)	(528,269)
Total Capital Assets being depreciated, net	326,002	274,321	600,323
Governmental activities capital assets, net	\$ 354,492	\$ 274,321	\$ 628,813

Depreciation expense for the fiscal year ended September 30, 2019 totaled \$48,050.

NOTE- 4 – CHANGES IN LONG-TERM LIABILITIES

Long-term debt at September 30, 2019 consisted of a note payable with a local bank due in monthly installments of \$432, including interest payments at 4.25% per annum through July 2023, collateralized by a 2001 Freightliner. During 2019, the District entered into a lease-purchase agreement for new fire engine for \$295,694. The agreement requires annual installments of \$35,896, including interest payments at 3.69% annum through June 2029. As of September 30, 2019, the balance of the net book value of the asset under lease was \$290,765.

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE- 4 – CHANGES IN LONG-TERM LIABILITIES (CONTINUED)

	September 30, 2018	Additions	Reductions	September 30, 2019	Due Within One year
Notes payable	\$ 22,917	\$ -	\$ (4,641)	\$ 18,276	\$ 4,493
Capital leases payable	\$ -	\$ 295,694	\$ -	\$ 295,694	\$ 24,985
Total long term liabilities	<u>\$ 22,917</u>	<u>\$ 295,694</u>	<u>\$ (4,641)</u>	<u>\$ 313,970</u>	<u>\$ 29,478</u>

Maturities of the note payable for years subsequent to September 30, 2019 are as follows:

	Principal	Interest	Total
2020	4,493	688	5,181
2021	4,688	493	5,181
2022	4,891	290	5,181
2023	4,204	80	4,284
	<u>\$ 18,276</u>	<u>\$ 1,551</u>	<u>\$ 19,827</u>

Maturities of the capital lease for years subsequent to September 30, 2019 are as follows:

	Principal	Interest	Total
2020	24,985	10,911	35,896
2021	25,907	9,989	35,896
2022	26,863	9,033	35,896
2023	27,854	8,042	35,896
2024	28,882	7,014	35,896
2025	29,948	5,948	35,896
2026	31,053	4,843	35,896
2027	32,198	3,698	35,896
2028	33,387	2,509	35,896
2029	34,617	1,279	35,896
	<u>295,694</u>	<u>63,266</u>	<u>358,960</u>

Baker Fire District
Notes to Financial Statements
September 30, 2019

NOTE 5 - 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; and natural disasters. The District maintains commercial insurance coverage for each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured loss to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 6 – BUDGET VARIANCES

For the year ended September 30, 2019, the District exceeded budgeted expenditures by \$13,433 as a result of a purchase of a bunker gear.

NOTE 7 – SUBSEQUENT EVENTS

On February 13, 2020, the District received written notice that a lawsuit had been filed against it by the State of Florida Department of Economic Opportunity alleging that the District had failed to file its Fiscal Year 2016-2017 annual financial report and annual financial audit report with the Department of Financial Services pursuant to section 218.32(1)(a) and 218.39(1) Florida Statutes. The District filed its fiscal year 2016-2017 annual financial report and annual financial audit report with Department of Financial Services on February 14, 2020.

On July 8, 2020, the District received written notice that a lawsuit had been filed against it by the State of Florida Department of Economic Opportunity alleging that the District had failed to file its Fiscal Year 2017-2018 annual financial report and annual financial audit report with the Department of Financial Services pursuant to sections 218.32(1)(a) and 218.39(1) Florida Statutes. The District filed its fiscal year 2017-2018 annual financial report and annual financial audit report with Department of Financial Services on October 6, 2020.

Subsequent to year-end, the spread of COVID-19 has severely impacted many local economies around the globe. Businesses have been required to cease or limit operation for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions in the economy. The extent of the impact of COVID-19 on the District's operational and financial performance will depend 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. At this point, the extent to which COVID-19 may impact the District's financial condition or results of operations is uncertain and cannot be reasonably estimated.



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

To the Board of Commissioners
Baker Fire District
1375 19th Street
Baker, FL 32531

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 Baker Fire District (hereinafter called the “District”), as of and for the year ended September 30, 2019, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 23, 2020.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or 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. We did identify certain deficiencies in internal control, described in the

accompanying schedule of findings and responses as item 2019-07 that we considered to be a significant deficiency.

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 and significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2019-01, 2019-02, and 2019-03 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baker 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required by Government Auditing Standards which are described in the accompanying schedule of findings and responses as items 2019-04, 2019-05, 2019-06, 2019-08, 2019-09, and 2019-10.

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.

 Dawn M. Paul, CPA, P.A.

Crestview, FL
November 23, 2020



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

To the Board of Commissioners
Baker Fire District
1375 19th Street
Baker, FL 32531

We have examined Baker 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, 2019.

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 and, accordingly, included examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides 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, 2019.

Dawn M. Paul, CPA, P.A.

Crestview, FL
November 23, 2020



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MANAGEMENT LETTER

To the Board of Commissioners
Baker Fire District
1375 19th Street
Baker, FL 32531

Report on the Financial Statements

We have audited the financial statements of the Baker Fire District, Florida (hereinafter called the "District"), as of and for the fiscal year ended September 30, 2019, and have issued our report thereon dated November 23 2020.

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 November 23, 2020, 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 #	2018 FY Finding #	2017 FY Finding #
2019-01	2018-01	2017-02
2019-02	2018-02	2017-03
2019-03	2018-03	2017-04
2019-04	2018-04	2017-05
2019-05	2018-05	2017-07
2019-06	2018-06	2017-08
2019-07	2018-07	N/A
2019-08	2018-08	N/A
2019-09	2018-09	N/A
2019-10	2018-10	N/A

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 the 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 the Baker Fire District has one or more of the conditions described in Section 218.503(1), Florida Statutes, and identify the specific condition(s) met. In connection with our audit, we determined that Baker 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 Baker Fire District. It is management's responsibility to monitor the Baker 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).

Special District Component Units

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

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
November 23, 2020

Baker Fire District
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

Current Year's (Prior Year) Findings

#2019-01 - (Prior Years 2018-01 and 2017-02) Financial Statement Preparation, Knowledge and Audit Adjustments (Initially reported in 2017)
(Internal Control - Material Weakness)

Finding:

The District is required to prepare financial statements in accordance with generally accepted accounting principles which requires knowledge of the accounting principles affecting the entity, including financial statement disclosure requirements, the awareness of changes occurring in the accounting industry that could impact the entity's financial statements, and the knowledge of resources for researching accounting issues. Due to the size of the entity, the District has elected to rely on an external auditor to propose audit adjustments and prepare its annual financial statements in accordance with generally accepted accounting principles.

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.

#2019-02 (Prior Years 2018-02 and 2017-03) – Bank reconciliation process (Initially reported in 2008)
(Internal Control – Material Weakness)

Finding:

We made the District aware during the 2019 audit that bank account reconciliations in the District's accounting system (QuickBooks) were not prepared correctly. Bank reconciliations were performed on a monthly basis but transactions were dated for the date entered not the date of transactions. Therefore, the information on the bank reconciliations were not corrected. The District reworked the bank reconciliations in August 2020.

Recommendation:

We recommend that the District prepare bank reconciliations in QuickBooks on a regular basis and evaluate long outstanding checks on an annual basis.

District's Response:

Beginning in 2019 monthly bank reconciliations have been completed by the new full-time bookkeeper. The Board has implemented the use of purchaser orders which are approved in advance to ensure that bank account activity is properly monitored.

Baker Fire District
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

#2019-03 (Prior Years 2018-03 and 2017-04) – **Lack of segregation of duties** (Initially reported in 2011)

(Internal Control - Material Weakness)

Finding:

Because of the limited number of available personnel, it is not always possible to adequately segregate certain incompatible duties, so that no one employee has access to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected. Our audit did not reveal any errors or irregularities resulting from this lack of segregation of employee duties and responsibilities.

District's Response:

The District has hired a full-time bookkeeper and has implemented new procedures for approval of purchases in advance. The District has established a monthly spending limit for the Fire Chief for purchases not requiring board approval in advance. The District has also implemented a policy that impact fees may only be paid by check and receipts are provided to ensure proper documentation.

#2019-04 (Prior Years 2018-04 and 2017-05) – **Annual Financial Report** (Initially reported in 2008)
(Compliance)

Finding:

The District has not filed the annual financial report in accordance with Section 218.32(1)(d), Florida Statutes within 9 months after the end of the District's fiscal year. The District's non-compliance with the Florida Statutes could ultimately impact its ability to operate (collect fire assessments).

Recommendation:

We recommend that the District file the Annual Financial Report on a timely basis in accordance with Section 218.32(1)(d), Florida Statutes.

District's Response:

The District has hired a full-time bookkeeper and implemented a well-defined process for monthly reconciliations, and line item accountability of budget expenditures. The District filed the 2018 annual financial report on October 6, 2020. The 2019 annual financial report will be submitted when the 2019 audit report is issued. The District believes these actions will prevent future delinquencies in annual financial report filings.

Baker Fire District
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

#2019-05 (Prior Years 2018-05 and 2017-07) – **Non-compliance with Regulations – Public Depositor Annual Report**
(Compliance)

Finding:

The District is required to submit the Public Depositor Annual Report to the Chief Financial Officer in accordance with Section 280.17(6), Florida Statutes.

Recommendation:

The District should file the Public Depositor Annual Report to the Chief Financial Officer in accordance with section 280.17(6), Florida Statutes.

District's Response:

The District was not aware of the requirement to file the Public Depositor Annual report to the Chief Financial Officer. The District believes it did not receive notification of this requirement because the District's bank accounts are not properly classified as "public funds". The District will take action to make sure the bank accounts are properly classified and will file the Public Depositor Annual Report as required.

#2019-06 (Prior Years 2018-06 and 2017-08) – **Non-compliance with Regulations – Actual expenditures exceed budgeted amounts**
(Compliance)

Finding:

The District's actual expenditures exceeded the budgeted amounts by \$13,443 for the fiscal year ending September 30, 2019. Section 189.016(3) of the Florida Statutes requires expenditures incurred to be pursuant to the adopted budget.

Recommendation:

The District should only expend resources pursuant to the adopted budget, or amend the budget at or near the end of the fiscal year in order to ensure all expenditures for the year have been approved and are included in the final approved budget.

District's Response:

The District will review its actual expenditures at or near the fiscal year end and amend the budget as needed to reflect the approved expenditures in the final approved budget.

Baker Fire District
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

#2019-07 – (Prior Year 2018-07) Capital Asset Inventory
(Internal Control – Significant Deficiency)

Finding:

The District does not maintain an inventory of capital asset purchases that meets the District's capitalization policy.

Recommendation:

The District should prepare a capital asset inventory and review the listing annually to evaluate for capital assets existence and disposals.

District's Response:

The District is in the process of amending its current capitalization policy to include capital assets greater than or equal to \$5,000 and will develop a capital asset inventory listing that will be evaluated on at least an annual basis.

#2019-08 – (Prior Year 2018-08) - Non-compliance with Regulations – Annual Audited Financial Statements
(Compliance)

Finding:

The District's revenues are greater than \$100,000, therefore, the District is required to file annual audited financial statements with the State of Florida Auditor General's office within nine months after the end of the District's fiscal year. The District's September 30, 2018 annual audited financial statements were not filed timely with the State of Florida Auditor General's office.

Recommendation:

We recommend that the District implement procedures that ensure the District files annual audited financial statements with the State of Florida Auditor General's office and file the Annual Financial Report on a timely basis.

District's Response:

The District has hired a full-time bookkeeper and implemented a well-defined process for monthly reconciliations, and line item accountability of budget expenditures. The District filed the 2018 audit with the State of Florida on October 5, 2020 and will submit the 2019 audit within a few weeks. The District believes these actions will prevent future delinquencies in filing the District's annual audited financial statements with the State of Florida Auditor General's office.

Baker Fire District
SCHEDULE OF FINDINGS AND RESPONSES
For the Year Ended September 30, 2019

#2019-09 – (Prior Year 2018-09) - Requirement to maintain an official website
(Compliance)

Finding:

The Special District Handbook provided by the Florida Department of Economic Opportunity requires special districts to maintain an official website that complies with accessibility and minimum content requirements. During our testing, we identified that the District had purchased a website domain but the website was not functional and did not comply with the minimum content requirements.

Recommendation:

We recommend that the District completes the construction of its website in order to make it accessible to the public with the minimum content requirements.

District's Response:

The District has hired a web designer to maintain its website and ensure the minimum content requirements are properly posted.

#2018-10 - (Prior Year 2018-10) - Non-compliance with Regulations – Qualified Public Depository as public funds
(Compliance)

Finding:

During the 2019 audit, we confirmed that the District's impact fee account with a deposit balance of \$45,897 as of September 30, 2019 is held at a financial institution that is a qualified public depository as required by Chapter 280 of the Florida Statutes but the District's bank account was not properly classified as public funds.

Recommendation:

We recommend that the District contact its financial institution to properly classify its deposit as "public funds".

District's Response:

The District had the bank account properly classified as public funds in October 2020.