

HOLT FIRE DISTRICT
HOLT, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2022

EDWARD E CHAPMAN
Certified Public Accountant
Springville, Alabama
May 30, 2023

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INDEPENDENT AUDITORS' REPORT

To:
Board of Commissioners
Holt Fire District
Holt, Florida

Opinions

I have audited the accompanying financial statements of the governmental activities of Holt Fire District, Holt, Florida, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which comprise Holt Fire District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Holt Fire District, as of September 30, 2022 and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

The District has adopted GASB Statement No. 87, Leases as of October 1, 2021. See Note 1 to the financial statements for detailed information on the effect of the implementation on the financial statements.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Holt Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated May 30, 2023 on my consideration of Holt Fire District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Holt Fire District's internal control over financial reporting and compliance.



Edward E. Chapman
Certified Public Accountant
Springville, Alabama
May 30, 2023

**HOLT FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022**

As management of Holt Fire District (the District), we offer readers of the financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2022.

FINANCIAL HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded liabilities by \$300,523 and represents a change of \$74,372 from the prior year. Of this amount, \$204,181 represents investment in capital assets, \$40,594 is restricted for capital expansion projects, and \$55,748 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's governmental fund reported an ending balance of \$96,342 and represents a change of \$10,941 from the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was \$29,874 or 14%, of the general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1. government-wide financial statements 2. fund financial statements 3. notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow in future fiscal periods.

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by special assessments and intergovernmental revenues. The governmental activities of the District include public safety services (fire and emergency medical services). The government-wide financial statements are found on pages 13 - 14 of this report.

**HOLT FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only a governmental fund.

FUNDS

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Such information may be useful in evaluating a government's near-term financial requirements.

The basic governmental fund financial statements are found on pages 15-18 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund (general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 19 of this report are the notes to the financial statements.

**HOLT FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the district, assets exceeded liabilities by \$300,523 (net position) as of September 30, 2022, as reported in Table 1.

The largest portion of the District's net position, \$300,523, reflects its investment in capital assets (\$204,181) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Table 1
Condensed Summary of Net Position
September 30, 2021 and 2022**

	2021	2022
Assets		
Current and Other Assets	\$87,994	\$129,648
Capital Assets	\$140,748	\$204,181
Total Assets	<u>\$228,742</u>	<u>\$333,829</u>
Liabilities		
Current and Other Liabilities	\$2,591	\$33,306
Total Liabilities	<u>\$2,591</u>	<u>\$33,306</u>
Net Position		
Invested in Capital Assets	\$140,748	\$204,181
Unrestricted	\$38,927	\$55,748
Restricted	\$46,476	\$40,594
Total Net Position	<u>\$226,151</u>	<u>\$300,523</u>
Total Liabilities and Net Position	<u><u>\$228,742</u></u>	<u><u>\$333,829</u></u>

**HOLT FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

**Table 2
Condensed Summary of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ending September 30, 2021 and 2022**

	2021	2022
Revenues		
Special assessments	\$107,197	\$115,120
Interest	\$100	\$119
Miscellaneous	\$1,076	\$1,509
Impact fees	\$8,165	\$11,838
Donations	\$28,000	\$0
Grant	\$26,442	\$84,983
Proceeds from asset sale	\$980	\$0
Rental	\$0	\$6,207
Fundraising	\$14,142	\$9,091
Total Revenues	\$186,102	\$228,867
Expenses		
Fire Safety	\$118,720	\$154,495
Total Expenses	\$118,720	\$154,495
Excess Revenues over Expenditures	\$67,382	\$74,372
Change in Net Position	\$67,382	\$74,372
Net Position at Beginning of Year	\$158,769	\$226,151
Net Position at End of Year	\$226,151	\$300,523

During 2022, the change in net position was an increase of \$74,372. This increase was the result of increased grants, tax collections, and impact fees. As of September 30, 2022, the excess of revenues over expenditures was increased by \$6,990.

**HOLT FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget versus actual comparison is reported in the required supplementary information other than management discussion and analysis. Additional notes regarding the budget to actual comparison can be found in the notes to the financial statements.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of September 30, 2022 amounts to \$204,181 (net of depreciation). Capital assets include equipment, furniture, vehicles, fire trucks, and leasehold improvements.

Depreciation for the fiscal year 2022 amounted to \$13,776.

Construction in progress is an ongoing project to build a fire station. The District was awarded a non-matching grant to fund the fire station. The project is still in the early stages and there will be additional construction in progress spending in fiscal year 2023. The district is currently leasing a building to serve as the fire station.

Additions for the fiscal year amounted to \$77,207, there were no deletions for fiscal year 2022. Additional information regarding capital assets can be found in the notes to the financial statements.

**Table 3
Summary of Capital Assets
For Fiscal Years Ending September 30, 2021 and 2022**

Capital Assets	2021	2022
Land	\$73,322	\$73,322
Construction in progress	\$7,069	\$37,494
Total Capital Assets not Depreciating	\$80,391	\$110,816
Equipment and furniture	\$74,387	\$121,169
Vehicles and trucks	\$230,232	\$230,232
Leasehold improvements	\$18,100	\$18,100
Total Capital Assets being Depreciated	\$322,719	\$369,501
Total Capital Assets	\$403,110	\$480,317
Accumulated Depreciation	(\$262,360)	(\$276,136)
Capital Assets Net of Depreciation	\$140,750	\$204,181

**HOLT FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2022
(CONTINUED)**

LEASES

The District leases a building to serve as the fire house. The present value of the lease on September 30, 2022, is \$27,307. GASB 87 was implemented during fiscal year 2022.

DEBT

The District has no debts as of September 30, 2022. The District's only liabilities are credit card \$5,191, accounts payable \$808, and lease liability \$27,307.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District relies on the fire assessments (non-ad valorem special assessments) and a limited array of permitted other sources (such as impact fees and charges for services) for their governmental activities. There are a limited number of recurring and non-recurring grants from both state and federal governments, which provide funding for specific programs, projects, or activities. Florida's continued economic uncertainty and rise in cost will continue to affect the District's operational funding.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to Jim Connors, Chairman, Holt Fire District, PO Box 226, Holt, Florida 32564

BASIC FINANCIAL STATEMENTS

Holt Fire District
Statement of Net Position
September 30, 2022

Governmental
 Activities

Assets	
Cash	\$50,912
Restricted Cash	\$40,594
Accounts Receivable	\$115
Prepaid Insurance	\$9,720
Capital Assets, Non-depreciable	\$110,816
Capital Assets, Depreciable, net	\$93,365
Right of Use Asset	\$27,307
Deposits	\$1,000
Total Assets	\$333,829
Liabilities	
Accounts Payable	\$808
Accrued Liabilities	\$5,191
Lease Liability	\$27,307
Total Liabilities	\$33,306
Net position	
Investment in Capital Assets	\$204,181
Unrestricted	\$55,748
Restricted	\$40,594
Total Net Position	\$300,523

See accompanying notes to the financial statements.

Holt Fire District
Statement of Activities
Year Ended September 30, 2022

	Governmental Activities
Expenditures	
Public Safety - Fire Protection	(\$154,495)
Total Expenditures	<u>(\$154,495)</u>
Program Revenues	
Operating Grants	<u>\$34,983</u>
General Revenues	
Special assessments	\$115,120
Interest	\$119
Miscellaneous	\$1,509
Impact Fees	\$11,838
Rental	\$6,207
Fundraising	\$9,091
Total General Revenues	<u>\$143,884</u>
Total Revenues	<u>\$228,867</u>
Change in Net Position	<u>\$74,372</u>
Net Position Beginning	<u>\$226,151</u>
Net Position Ending	<u>\$300,523</u>

See accompanying notes to the financial statements.

Holt Fire District
 Balance Sheet - Governmental Fund
 September 30, 2022

	General Fund
Assets	
Cash	\$50,912
Restricted Cash	\$40,594
Accounts Receivable	\$115
Prepaid Insurance	\$9,720
Deposit	\$1,000
Total Assets	<u>\$102,341</u>
Liabilities and Fund Balances	
Accounts Payable	\$808
Accrued Liabilities	\$5,191
Total Liabilities	<u>\$5,999</u>
Fund Balances	
Nonspendable	\$10,720
Restricted for Capital Outlay	\$55,748
Unassigned	\$29,874
Total Fund Balances	<u>\$96,342</u>
Total Liabilities and Fund Balances	<u>\$102,341</u>

See accompanying notes to the financial statements.

Holt Fire District

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2022

Total Fund Balances,
governmental fund balance sheet \$56,342

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.

Capital Assets, Non-depreciable	\$110,816	
Capital Assets, Depreciable	\$369,501	
Total Capital Assets before Depreciation	\$480,317	
Less Accumulated Depreciation	(\$276,136)	
Total Capital Assets, Net of Depreciation		\$204,181
Total Net Position per Statement of Net Position		\$303,523

See accompanying notes to the financial statements.

Holt Fire District

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Fund
Year Ended September 30, 2022

Revenues:

Taxes	\$115,120
Interest	\$119
Miscellaneous	\$1,509
Impact Fees	\$11,838
Rental	\$6,207
Fundraising	\$9,091
Grants	\$84,983
Total Revenues	<u>\$228,867</u>

Expenditures:

Current	
Public Safety	\$140,719
Capital Outlay	<u>\$77,207</u>
Total Expenditures	<u>\$217,926</u>

Excess (Deficiency) of Revenues over Expenditures \$10,941

Fund Balance, Beginning of Year \$85,401

Fund Balance, End of Year \$96,342

See accompanying notes to the financial statements.

Holt Fire District

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022

Net change in fund balances - governmental fund \$10,941

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

The governmental funds report capital expenditures; however, in the
statement of activities, the cost of those assets are depreciated over
the estimated useful lives of the assets.

Expenditures for capital assets	\$77,207	
Less current year depreciation	(\$13,776)	
	<u> </u>	<u>\$63,431</u>

Change in net position of Statement of Activities	<u> </u>	<u>\$74,372</u>
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See accompanying notes to the financial statements.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022**

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

Holt Fire District (the District) is an independent special district originally established by Ordinance 84-38-07 of the Okaloosa County Board of County Commissioners on December 18, 1984. On June 19, 2007 House Bill No. 979 Chapter 2007-284 established the District as an independent special district pursuant to Chapter 191, Florida Statutes. The District was created for the purpose of providing fire control and protection services as well as rescue and emergency medical services within the territorial bounds of the District as defined by the State of Florida. The district operates one fire house and its related equipment and has only volunteer workers. The District is governed by an elected five-member board of commissioners serving four-year terms.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Section 218.3, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the District:

The Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government. In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, be included within the District's financial statement. As of September 30, 2022, the District had no component units.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by special assessments and intergovernmental revenues, are reported separately from business-type activities (the District has no business-type activities to report on the government-wide financial statements), which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Special assessments and other items not properly included among program revenues are reported instead as general revenue.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fire assessments are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Okaloosa County Tax Collector bills and collects property special assessments for the District in accordance with the laws of the State of Florida. Property special assessments attach as an enforceable lien on property as of the date of assessment and remain in effect until discharged by payment. Special assessments are payable when levied (on November 1st, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current Property tax calendar:

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

Revenue recognition criteria for property special assessments requires that property special assessments expected to be collected within 30 days of the current period be accrued. No accrual has been made for 2022 fire special assessments because the special assessments are not legally due until subsequent to the end of the fiscal year. Current year special assessments, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to being uncollectable and therefore, are not recorded as a receivable at the balance sheet date.

Basis of Presentation

The financial transactions of the District are recorded using fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all special assessments.

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

Governmental

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

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

Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents

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

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

Deposits and Investments

The District maintains its deposits only with "Qualified Public Depositories" as defined in chapter 280, Florida Statutes. The provisions of this statute allow "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All "Qualified Public Depositories" must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the state treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments among all "Qualified Public Depositories".

The District does not have a formal written investment policy, but has adopted the investment policy as defined in Section 218.415, Florida Statutes, which requires the investment of surplus public funds and prescribes certain allowable investments including the Local Government Surplus Funds Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit quality rating from the nationally recognized rating agency, interest-

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

bearing time deposits or savings accounts in qualified public depositories or direct obligations of the U.S. Treasury. The District had no investments at September 30, 2022.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and governmental fund financial statements.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 or building and vehicles obtained by grant or contribution. Capital assets must also have an estimated useful life of longer than one year. Capital assets are recorded at cost where historical cost records are available and at an estimated historical cost when no historical records exist. Donated capital assets are reported at their estimated acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-40
Improvements other than buildings	10-40
Furniture and fixtures	5-10
Vehicles and equipment	3-10

Classification of Fund Balance

GASB guidance establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications are comprised of the following:

- *Nonspendable* – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: prepaid items.
- *Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal resolution of the District's highest level of decision-making authority, the Commission. Commitments may be changed or lifted only by the District taking the same formal resolution that imposed the constraint originally.
- *Assigned* – comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. *Intent* can be expressed by (a) the Commission or (b) a body (for example: a budget or finance committee) or official to which the Commission has delegated the authority to assign amounts to be set for specific purposes.
- *Unassigned* - is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. The District does not have a formal fund balance policy.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally considered to be expended from the most restrictive classification first.

Net Position

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncement

During the fiscal year ended, September 30, 2022, the District implemented a new accounting standard issued by the Governmental Accounting Standards Board. Statement No. 87, Leases, establishes a single model for lease accounting based on a foundational principle that leases are financing 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 asset, and the lessor is required to

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

recognize a lease receivable and a deferred inflow of resources. The standard was adopted as of October 1, 2021. As a result of the adoption of the new lease accounting guidance, the District recognized the following balances as of September 30, 2022 (a) lease liability of \$27,307, (b) right of use asset of \$27,307. The District's incremental borrowing rate is 4.1%. The one lease agreement for the District originated in FY 2020. Accounting related to GASB 87 was optional prior to FY 2022 and there would be no change in net position if early adoption was implemented, thus restatement of beginning net position is not necessary.

Subsequent Events

The District has evaluated events and transactions that occurred between September 30, 2022 and May 30, 2023, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District prepares an annual operating budget for the fiscal year commencing October 1st. Prior to September 1st of each year, the Secretary/Treasurer of the District's Board of Commissioners prepares a proposed budget for the upcoming fiscal year. The budget is based on an analysis of prior year actual revenues and expenditures, along with anticipated spending and revenue sources. 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.

Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. For the year ended September 30, 2022, the District had no encumbrances.

3. CASH DEPOSITS

At September 30, 2022 the value of the District's deposits was \$91,506, all of which were held by Qualified Public Depositories under Chapter 280, Florida Statutes.

4. CONTINGENCY

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

HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)

5. CHANGES IN CAPITAL ASSETS

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, not being Depreciated:				
Land	\$73,322	\$0	\$0	\$73,322
Construction in progress	\$7,069	\$30,425	\$0	\$37,494
Total Cost of Capital Assets, not being Depreciated	<u>\$80,391</u>	<u>\$30,425</u>	<u>\$0</u>	<u>\$110,816</u>
Capital Assets, being Depreciated:				
Equipment and furniture	\$74,387	\$46,782	\$0	\$121,169
Vehicles and trucks	\$230,232	\$0	\$0	\$230,232
Leasehold improvements	\$18,100	\$0	\$0	\$18,100
Total Cost of Capital Assets, being Depreciated	<u>\$322,719</u>	<u>\$46,782</u>	<u>\$0</u>	<u>\$369,501</u>
Total Cost of Capital Assets before Depreciation:	<u>\$403,110</u>	<u>\$77,207</u>	<u>\$0</u>	<u>\$480,317</u>
Less Accumulated Depreciation for:				
Equipment and furniture	\$53,343	\$7,656	\$0	\$60,999
Vehicles and trucks	\$206,482	\$2,500	\$0	\$208,982
Leasehold improvements	\$2,535	\$3,620	\$0	\$6,155
Total Accumulated Depreciation	<u>\$262,360</u>	<u>\$13,776</u>	<u>\$0</u>	<u>\$276,136</u>
Total Capital Assets being Depreciated, Net	<u>\$60,358</u>	<u>\$33,006</u>	<u>\$0</u>	<u>\$93,365</u>
Governmental Activities Capital Assets, Net	<u>\$140,750</u>	<u>\$63,431</u>	<u>\$0</u>	<u>\$204,181</u>

Depreciation expense included in the Statement of Activities was \$13,776.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

6. RISK MANAGEMENT

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

7. COMMITMENTS

Cooperative Agreement

In 2014, the District entered into a 25-year cooperative agreement with Okaloosa County, Florida to authorize the construction and maintenance of a park facility, parking, a community building with emergency generator and a flagpole on the south side of Highway 90 east of Summertime Drive in Holt. In return the District will retain a portion of the property to construct a new fire station. A grant has been approved to fund the new facilities (see note regarding grants).

Interlocal Agreement

On March 1, 2021, the District entered a 10-year interlocal agreement with North Okaloosa Fire District to lease a single bay at Station 83 for a fire engine and equipment storage in the amount of \$1 annually. As part of the agreement, the District agrees to provide on an automatic-aid basis the 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.

8. MISCELLANEOUS INCOME

The District received \$1,509 income that was classified as miscellaneous income. This income can be further described as donations, rebates, and scrap metal sales.

9. IMPACT FEES

The District received \$11,838 in impact fees during the fiscal year 2022. The District increased impact fees as of June 1, 2022 from .2 to .3 per square foot for residential permits and from .4 to .5 per square foot for commercial permits.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

10. RENTAL INCOME

The District received \$6,207 rental income from a month to month agreement with a local food vendor. The agreement is cancellable by either party at any time.

11. FUNDRAISING INCOME

The District received \$9,091 in fundraising income during fiscal year 2022. This income was generated from sale of food prepared by the District volunteers.

12. ACCOUNTS RECEIVABLE

Due to the nature of the District's funding it does not bill customers directly for assessments. Okaloosa County remits assessment payments received based on a schedule which uses November 1st as the levy date. Most payments are received November thru April. Payments are considered delinquent after April 1st. The receivable recorded in the 2022 financial statements is for reimbursement of a grant expenditure of \$115.

13. ACCOUNTS PAYABLE

The District's accounts payable balance of \$808 represents routine vendor payments for September 2022 not paid until October 2022.

14. GRANTS

The District did not receive any federal grant funding in fiscal year 2022.

The District received funding from four state grants in fiscal year 2022:

Florida Department of Financial Services

Grant Approval Amount	\$45,285
Grant Revenue Received	\$45,285
Grant Expenditures (see below)	\$45,285
District Funded	\$0

Florida Department of Financial Services Grants administered the non-matching grant. The grant was approved to purchase fire equipment. The grant was used to purchase five air packs. Grant has been closed as of 09/30/2022.

Florida Department of Financial Services

Grant Approval Amount	\$5,451
Grant Revenue Received	\$5,451
Grant Expenditures (see below)	\$7,657
District Funded	\$2,206

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

Florida Department of Financial Services Grants administered the 75/25 grant. The grant was approved to purchase an extractor. The grant has been closed as of 09/30/2022.

Florida Department of Agriculture and Consumer Services

Grant Approval Amount	\$3,822
Grant Revenue Received	\$3,822
Expenditures (see below)	\$8,625
District Funded	\$4,803

The Florida Department of Agriculture and Consumer Services approved the district for a 50/50 matching grant. The grant was approved for the purchase of three sets of bunker gear. The grant has been closed as of 09/30/2022.

Florida Department of Financial Services

Grant Approval Amount	\$813,000
Grant Revenue Received in FY 2021	\$7,069
Grant Revenue Received in FY 2022	\$30,310
Total Grant Received	\$37,379

Grant Expenditures FY 2020	\$2,503
Grant Expenditures FY 2021	\$4,566
Grant Expenditures FY 2022	\$30,425
Total Grant Expenditures	\$37,494

Grant Receivable	\$115
District Funded	\$0

Florida Department of Financial Services Grants administered the non-matching grant. The grant was approved to construct a new fire house. The grant is currently in the planning stage. The grant is open as of 09/30/2022.

15. LEASE (GASB 87)

The District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases for the year ended September 30, 2022 (see note 1). The District has one ongoing lease agreement to obtain the right-to-use a building in which the District uses as a fire station. The annual payments are \$12,000, paid in monthly payments of \$1,000. The non-cancelable lease expires on February 28, 2025. The incremental borrowing rate is 4.1%. The following is a schedule of minimum future lease payment as of September 30, 2022.

**HOLT FIRE DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022
(CONTINUED)**

Holt Fire District Fiscal Year	Principal Payments	Interest Expense	Total
2023	\$10,904	\$1,111	\$12,015
2024	\$11,460	\$558	\$12,018
2025	\$4,943	\$60	\$5,003
Total	\$27,307	\$1,729	\$29,036

The District recognized a right-to-use asset and lease liability of \$27,307 each on the FY 2022 financial statements. Amortization expense (\$10,620), interest expense is (\$1,380) as related to GASB 87 implementation.

16. BUDGET VARIANCES

The District had an excess of expenditures over final budget appropriation for the year ending September 30, 2022 in the amount of \$3,533.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

Holt Fire District

Schedule of Revenue, Expenditures, and Changes in Fund Balance

Budget to Actual - General Fund

Year Ended September 30, 2022

<u>Revenues:</u>	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Taxes			\$115,120
Interest			\$119
Miscellaneous			\$1,509
Impact fees			\$11,838
Rental			\$5,207
Fundraising			\$3,091
Grant			\$84,983
Total Revenues	<u>\$110,000</u>	<u>\$225,221</u>	<u>\$223,867</u>
<u>Expenditures:</u>			
Fire protection			\$140,719
Capital outlay			\$77,207
Total Expenditures	<u>\$110,000</u>	<u>\$214,393</u>	<u>\$217,926</u>
Excess (Deficiency) of Revenue over Expenditures	\$0	\$10,828	\$10,941
Fund Balance, Beginning of Year	\$85,401	\$85,401	\$85,401
Fund Balance, End of Year	<u>\$85,401</u>	<u>\$96,229</u>	<u>\$96,342</u>

See accompanying notes to the financial statements.

COMPLIANCE SECTION

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

To:
Board of Commissioners
Holt Fire District
Holt, Florida

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Holt Fire District ("the District"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated May 30, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Edward E Chapman
Certified Public Accountant
Springville, Alabama
May 30, 2023

**EDWARD E CHAPMAN
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MANAGEMENT LETTER

To the Board of Commissioners
Holt Fire District
Holt, Florida

Report on the Financial Statements

I have audited the financial statements of the Holt Fire District, as of and for the fiscal year ended September 30, 2022, and have issued my report thereon dated May 30, 2023.

Auditor's Responsibility

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

Other Reporting Requirements

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated May 30, 2023, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The last audit of the Holt Fire District was in FY 2021. There were 6 audit findings in the FY 2021 audit. In my FY 2022 audit, I have found that the District has corrected 5 of 6 FY 2021 findings listed below.

Finding 2021-01, 2020-01, 2019-01 Financial statement preparation, knowledge and audit adjustments

The District is required to prepare financial statements in accordance with the generally accepted accounting principles which require knowledge of 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.

Status of Finding: In my FY 2022 audit I determined that the District did engage a CPA to prepare their basic set of financial statements (excluding notes). The CPA has experience in this type of audit and is capable of being a knowledgeable resource to the District. 2021-01, 2020-01, and 2019-01 is closed.

Finding 2021-02, 2020-02, 2019-02 Lack of segregation of duties

Because of a 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.

Status of Finding: In my FY 2022 audit I determined that the engagement of a knowledgeable CPA allows for proper segregation of duties. Responsibilities have been segregated so that unintentional or intentional errors or irregularities can be identified in a timely manner. 2021-02, 2020-02, and 2019-02 is closed.

Finding 2021-03, 2020-03, 2019-03 Compliance with the District's purchasing policy

The District does not have a formal written purchase policy but indicated that at a minimum it requires a source document (receipt) as proof of purchase which identifies the items purchased. The District also requires approval by board commissioners for all purchases \$500 or greater.

Status of Finding: In my FY 2022 audit I obtain evidence that the board adopted a written purchase policy. 2021-03, 2020-03, 2019-03 is closed.

Finding 2021-04, 2020-03, 2019-04 Improper account coding

During the testing we discovered that credit card payments were entered into the general ledger but the individual purchase transactions were not coded to the proper expense account. This creates an understatement of expenses and overstatement of liabilities.

Status of Finding: In my FY 2022 audit I determined that credit card payments were posted to the correct accounts. FY 2021-04, 2020-03, 2019-04 is closed.

Finding 2021-05, 2020-05 2019-05 Timely completion of bank reconciliations

We made the District aware during previous audits that bank reconciliations in the District's accounting system (QuickBooks) were not prepared on a timely basis. We did note that the District prepares a manual reconciliation for the cash activity that is reviewed during the regular monthly meetings. The District stated it would complete the reconciliations at a minimum on a quarterly basis. During our testing for the 2021 audit, we discovered that bank reconciliation in QuickBooks were not completed on a regular basis.

Status of Finding: In my FY 2022 audit I determined that bank accounts were reconciled timely. FY 2021-05, 2020-05, 2019-05 is closed.

Finding 2021-06, 2020-07 Non-compliance with regulations – actual expenditures exceeded budgeted amounts

The District's actual expenditures exceeded the budgeted amounts by \$73,644 for the fiscal year ending September 30, 2021. Section 189.016(3) of the Florida Statute requires expenditure incurred to be pursuant to the adopted budget.

Status of Finding: In my audit I determined that expenditures exceeded budgeted amounts. FY 2021-06, 2020-07 remains open.

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. Holt Fire District has no component units.

Financial Condition and Management

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

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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that I communicate any recommendations to improve financial management. In connection with my audit, I do have two audit findings and recommendations as follows:

Finding 2022-01 Failure to properly document a disbursement of fundraising funds in the board meeting minutes.

The District did not properly document board approval for a \$2,000 disbursement from fundraising funds in the published board meeting minutes.

Recommendation: I recommend recomunicating the purchasing policy to the relevant parties. Board meeting minutes should be scrutinized to ensure approval for expenditures are properly documented.

Finding 2022-02, 2021-06, 2020-07 Non-compliance with regulations – actual expenditures exceeded budgeted amounts and failure to budget to the same detail as required by the annual report

The District's actual expenditures exceeded the budgeted amounts by \$3,537 for the fiscal year ending September 30, 2022. Section 189.016(3) of the Florida Statute require expenditures incurred to be pursuant to the adopted budget. The District failed to budget to the same detail as required by the annual report. Section 189.016(3) requires budgeting to at least the same detail as required by the annual report.

Recommendation: Review the budget for adjustments in a timely manner. The budget should be amended to reflect approved expenditures or changes. Budget in greater detail and at least to the detail required in the annual report.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided 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. Holt Fire District is not a component unit and has no components.

Specific Information (for a dependent special district or an independent special district, or a local government entity that includes the information of a dependent special district)

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

17. The total number of district employees compensated in the last pay period of the district fiscal year as none.
18. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 3.
19. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as none.
20. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$3,789.
21. Each construction project with a total cost of at least \$65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as \$37,494.
22. No budget variance or amendments based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported. However, see finding 2022-02 for finding related to budget excess expenditures and detail of the budget.

Specific Information (For an independent special district that imposes ad valorem taxes)

The Holt Fire District does not impose ad valorem taxes. No ad valorem taxes were imposed or collected in FY2022. There are no outstanding bonds.

- a. The millage rate or rates imposed by the district as none.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as none.
- c. The total amount of outstanding bonds issued by the district and terms of such bonds as none. The district has no outstanding bonds.

Specific Information (For an independent special district that imposes non-ad valorem special assessments)

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

- a. Annual rates of non-ad valorem special assessments imposed by the District for the audit year were \$57.89 on residence, \$86.98 per business, and \$1 per undeveloped acre.
- b. The total amount of special assessments collected by or on behalf of the district was \$115,120.
- c. The total amount of outstanding bonds issued by the district and terms of such bonds is none. The district has no outstanding bonds.

Additional Matters

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

Purpose of this letter

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

Edward E Chapman Jr.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
May 30, 2023

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

To:
Board of Commissioners
Holt Fire District
Holt, Florida

I have examined the Holt Fire District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2022.

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

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and appropriate to provide a reasonable basis for my opinion.

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

In my opinion, the Holt Fire District did comply, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

Edward E Chapman, Jr.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
May 30, 2023

Holt Fire District

PO Box 226
Holt, FL 32564
Phone (850) 537-3414

May 30, 2023

Memorandum for: Edward E Chapman, Certified Public Accountant
7224 US Hwy 11, Springville, AL. 35146

Subject: District's response to the FY2022 audit findings

Finding 2022-01 Failure to properly document disbursement of fundraising funds in the board meeting minutes.

The District did not properly document board approval for a \$2,000 disbursement from fundraising fund in the published board meeting minutes.

District's response to audit finding 2022-01: The District will ensure all approvals are timely and properly documented in the board meeting minutes.

Finding 2022-02, 2021-06, 2020-07 Non-compliance with regulations – actual expenditures exceeded budgeted amounts and failure to budget to the same detail as required by the annual report

The District actual expenditures exceeded the budgeted amounts by \$3,537 for the fiscal year ending September 30, 2022. Section 189.016(3) of the Florida Status require expenditure incurred to be pursuant to the adopted budget. The District failed to budget to the same detail as required by the annual report. Section 189.016(3) requires budgeting to at least the same detail as required by the annual report.

District's response to audit finding 2022-02: The District did timely amend its 2022 budget. However, an audit adjustment resulted in expenditures exceeding the amended budget. The District believed at the time it had amended the budget properly. The District has also expanded its annual budget presentation to include additional details that meet and exceed the annual reporting requirement.

Signed: James B. Coopers (JAMES B. COOPERS)

Title: Chairman, Holt Fire District Commission

Date: 30 May 2023