

**Holt Fire District  
Financial Statements  
September 30, 2020**

# Holt Fire District

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Holt Fire District  
PO Box 226  
Holt, FL 32564

We have audited the accompanying financial statements of the governmental activities and the major fund of the Holt Fire District (hereafter referred to as the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

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

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

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

## **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 Holt Fire District as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2021 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 Holt Fire District's internal control over financial reporting and compliance.

Steven M. Paul, CPA, P.A.

Crestview, FL  
June 30, 2021

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Holt Fire District (the District) we offer readers of Holt Fire District's financial statements this narrative overview and analysis of financial activities of the District for the fiscal year end September 30, 2020.

### **FINANCIAL HIGHLIGHTS**

- At the conclusion of fiscal year 2020, the District's assets exceeded its liabilities resulting in a net position of \$158,769.
- The District's net position decreased by \$69,848. The District's revenues exceeded its expenditures by \$9,693. However, for 2020 the District recognized a loss on impairment of property totaling \$79,541 which results in a change in net position of \$69,848.
- The District had \$50,824 of unrestricted assets at the end of the fiscal year that can be used to meet ongoing obligations.
- The District's governmental funds reported ending fund balances of \$82,945, an increase of \$8,399.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$42,498, or 29% of the total General Fund expenditures.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis intends 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, and 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 like a private-sector business.

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. 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 District'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 property assessments. The governmental activities of the District include public safety (fire and emergency medical services), and debt service. The government wide financial statements are found on pages 10-11 of this report.

## **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.

### **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. Found on pages 10-11 of this report are the basic governmental fund financial statements.

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.

## 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 13 of this report are the notes to the financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities \$158,769 (net position) as of September 30, 2020, as reported below.

The largest portion of the District's net position of \$75,824 reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) 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.

The following statements are presented as of and for the years ended September 30, 2020 and 2019:

- Condensed Summary of Net Position – Primary Government
- Summary of Revenues, Expenses and Changes in Net Position

#### Condensed Summary of Net Position - Primary Government Summary of Net Position September 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current and other assets	\$ 88,440	\$ 82,965
Capital assets	75,824	154,071
<b>Total Assets</b>	<b><u>\$ 164,264</u></b>	<b><u>\$ 237,036</u></b>
<b>LIABILITIES</b>		
Current liabilities	\$ 5,495	\$ 8,419
Total Liabilities	<u>5,495</u>	<u>8,419</u>
<b>NET POSITION:</b>		
Investment in capital assets, net of related debt	75,824	154,071
Restricted for capital additions	32,121	21,029
Unrestricted	50,824	53,517
Total Net position	<u>158,769</u>	<u>228,617</u>
<b>Total liabilities and net position</b>	<b><u>\$ 164,264</u></b>	<b><u>\$ 237,036</u></b>



**Summary of Revenues, Expenses and Changes in Net Position  
For the Fiscal Years Ending  
September 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>REVENUES</b>		
<i>Program Revenues</i>		
Property assessments	\$ 101,012	\$ 94,747
Impact fees	8,426	8,329
State grant/capital grant	2,502	2,270
Other income	17,553	14,942
Insurance recoveries	25,360	-
Interest	1,171	-
<b>Total Revenues</b>	<u><b>156,024</b></u>	<u><b>120,288</b></u>
<b>EXPENSES</b>		
Fire Protection	<u>146,331</u>	<u>100,326</u>
<b>Total Expenses</b>	<u><b>146,331</b></u>	<u><b>100,326</b></u>
<b>Excess of revenues over expenditures</b>	<b>9,693</b>	<b>19,962</b>
<b>Special &amp; Extraordinary items</b>		
Loss on impairment of property (Note 10)	<u>(79,541)</u>	<u>-</u>
<b>Net change in fund balance/net position</b>	<u><b>(69,848)</b></u>	<u><b>19,962</b></u>
<b>Fund balance/net position</b>		
Beginning of the year	<u><b>228,617</b></u>	<u><b>208,655</b></u>
End of the year	<u><u><b>\$ 158,769</b></u></u>	<u><u><b>\$ 228,617</b></u></u>

During 2020, the change in net position was a decrease of \$69,848. This decrease was the result of the impairment of the 490 Highway 90 fire station and the inability to remedy the issue. As of September 30, 2020, the excess of revenues over expenditures before the impairment was an increase of \$9,693 from the prior year, primarily due to an increase in property assessments.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Budget versus actual comparisons are reported in the required supplementary information other than management discussion and analysis. For the fiscal year ended September 30, 2020, the District did adopt a budget in the amount of \$110,000 in compliance with Florida Statutes.

The District's actual revenues exceeded budgeted revenues by \$46,024. The favorable variance was primarily due to an increase in property assessments and miscellaneous income, as well as insurance recoveries.

The District's actual expenses exceeded budgeted expenses by \$37,625. This unfavorable variance was primarily due to an increase in Repairs and Maintenance and small equipment purchases.

Overall, the general fund had a favorable variance in excess revenues over expenses when compared to budgeted amounts of \$8,399.

## CAPITAL ASSETS

The District's capital assets for its governmental activities as of September 30, 2020, amount to \$75,824 (net of accumulated depreciation). Capital assets include land, buildings, improvements, machinery and equipment, etc. The District had capital asset additions of \$2,502, and disposals of \$21,791. The fire station located at 490 Highway 90 W was condemned for occupancy in March 2020 and cannot be remediated. In July 2020, the District was awarded a grant in the amount of \$813,000 by the State of Florida, Department of Financial Services to build a new fire station. The District is renting a location until a new fire station can be built.

### Summary of Capital Assets For the Fiscal Years Ending September 30, 2020 and 2019

	<b>2020</b>	<b>2019</b>
<b>CAPITAL ASSETS:</b>		
Land	\$ 73,322	\$ 73,322
Construction in progress	2,502	0
Total capital assets not depreciated	75,824	73,322
Buildings, improvements, equipment, vehicles and trucks	279,281	421,922
Total capital assets being depreciated	279,281	421,922
<b>Accumulated depreciation</b>		
Buildings, improvements, equipment, vehicles and trucks	(279,281)	(341,173)
<b>Capital assets net of depreciation</b>	0	80,749
<b>Total Capital Assets</b>	<b>\$ 75,824</b>	<b>\$ 154,071</b>

## **DEBT ADMINISTRATION**

The District paid its debt in full during 2017.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District relies on the fire assessments (non-ad valorem taxes) 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 government, which provide funding for specific programs, projects, or activities. Florida's continued economic uncertainty and the rise in fuel and equipment costs 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.

**Holt Fire District**  
**Governmental Fund Balance Sheet and Statement of Net Position**  
September 30, 2020

	<b>General Fund</b>	<b>Adjustments (Note 2)</b>	<b>Statement of Net Position</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44,491	\$ -	\$ 44,491
Grant receivable	2,502	-	2,502
Prepaid expenses	8,326	-	8,326
Restricted cash	32,121	-	32,121
Refundable deposit	1,000		1,000
Capital assets, net	-	75,824	75,824
Total assets	\$ 88,440	75,824	\$ 164,264
 <b>LIABILITIES</b>			
Accounts payable	\$ 5,495	-	\$ 5,495
Total liabilities	5,495	-	5,495
 <b>Fund balance/ net position</b>			
Nonspendable	8,326	(8,326)	-
Restricted for capital additions	32,121	(32,121)	-
Unassigned	42,498	(42,498)	-
Total fund balance	82,945	(82,945)	-
Total liabilities and fund balance	\$ 88,440		
 Net position			
Investment in capital assets, net of related debt		75,824	75,824
Restricted for capital additions		32,121	32,121
Unrestricted		50,824	50,824
<b>Total net position</b>		<b>\$ 158,769</b>	<b>\$ 158,769</b>

See accompanying notes to financial statements

**Holt Fire District**  
**Governmental Fund Revenues, Expenditures and**  
**Changes in Fund Balance and Statement of Activities**  
**For the Year Ended September 30, 2020**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Property assessments	\$ 101,012	\$ -	\$ 101,012
Impact fees	8,426	-	8,426
State grant/capital grant	2,502	-	2,502
Miscellaneous	17,553	-	17,553
Insurance recoveries	25,360	-	25,360
Interest revenue	1,171	-	1,171
Total revenues	<u>156,024</u>	<u>-</u>	<u>156,024</u>
<b>Expenditures/expenses</b>			
Public Safety			
Current			
Fire protection	145,123	-	145,123
Depreciation	-	1,208	1,208
Capital outlay	2,502	(2,502)	-
Total expenditures/expenses	<u>147,625</u>	<u>(1,294)</u>	<u>146,331</u>
Excess of revenues over (under) expenditures	<u>8,399</u>	<u>1,294</u>	<u>9,693</u>
<b>Special &amp; Extraordinary items</b>			
Loss on impairment of property (Note 10)	-	(79,541)	(79,541)
<b>Net change in fund balance/net position</b>	<u>8,399</u>	<u>(78,247)</u>	<u>(69,848)</u>
<b>Fund balance/net position</b>			
Beginning of the year	74,546	154,071	228,617
End of the year	<u>\$ 82,945</u>	<u>\$ 75,824</u>	<u>\$ 158,769</u>

See accompanying notes to financial statements

**Holt Fire District**  
**General Fund Statement of Revenues, Expenditures - Budget and Actual**  
**For the Year Ended September 30, 2020**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Property assessments		\$ 101,012	
Impact fees		8,426	
State grants		2,502	
Miscellaneous		17,553	
Insurance recoveries		25,360	
Interest revenue		1,171	
<b>Total revenues</b>	<u>\$ 110,000</u>	<u>156,024</u>	<u>\$ 46,024</u>
<b>EXPENDITURES</b>			
Current			
Fire protection		145,123	
Capital outlay		2,502	
<b>Total expenditures</b>	<u>\$ 110,000</u>	<u>147,625</u>	<u>(37,625)</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ 8,399</u>	<u>\$ 8,399</u>

See accompanying notes to financial statements

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Nature of operations**

Holt Fire District (the District) is an independent special district originally established by Ordinance 84-38 by the Okaloosa County Board of 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 purpose of providing fire control and protection 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 218.33, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting. The District's purpose is to protect lives, property and nature resources through fire suppression, fire inspection, rescue and emergency medical response.

**Basis of presentation**

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

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

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Basis of presentation (continued)**

- Financial statements prepared using full accrual accounting for all the District's activities.

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

As required by accounting principles generally accepted in the United States of America, these financial statements present Holt Fire District as the primary government. In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financial accountable and, as such, be included within the District's financial statements. Management utilized criteria set forth in GASB No.61 for determining financial accountability of potential component units in evaluating all potential component units.

In accordance with GASB No. 61, the District (primary government) is financially accountable if a financial benefit or burden relationships exists between the potential component unit and the District. As of September 30, 2020, the Holt Fire District had no component units, as defined by GASB 61.

**Measurement focus and basis of accounting**

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

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

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

**Government-wide financial statements**

Government-wide financial statements display information about the District as a whole. Government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are



**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Government-wide financial statements (continued)**

recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

Property assessments are recognized in the year for which they are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied. Revenues from charges for services are recognized in the fiscal year the services were provided.

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

**Fund financial statements**

Governmental 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.

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

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

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

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**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, 2020.

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, all the District's deposits are fully insured or collateralized at the highest level of security. As of September 30, 2020, \$59,791 of the District's deposits were on deposit with a "Qualified Public Depository as required. The District's fundraising bank account is not required to be held in public funds.

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.
- Interest bearing time deposits or savings account in qualified public depositories.
- Direct obligations of the U.S. Treasury.
- 

As of September 30, 2020, the District did not have any investments.

**Prepaid Items**

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

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Capital Assets**

Capital assets which include property, improvements and equipment, are reported in the government wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of longer than one year. Capital assets are reported at historical costs or estimated historical cost when no historical costs records are available. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20-40 years
Improvements other than buildings	10-40 years
Furniture and fixtures	5-10 years
Vehicles and equipment	3-15 years

**Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for *deferred outflows of resources*. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. The District has no deferred outflows of resources as of September 30, 2020.

In addition to liabilities, the Statement of Net Position will sometimes report a section of *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has no deferred inflows of resources as of September 30, 2020.

**Government-mandated and voluntary nonexchange transactions**

In July 2020, The District was awarded a State of Florida, Department of Financial Services Grant and Aid to Local Government and Nonstate Entities - Fixed Capital Outlay to build a new fire station (see note 8).

In accordance with GASB Statement 33, *Accounting and Financial Reporting for Nonexchange transactions*, the District (recipient) recognizes assets when all applicable eligibility requirements are met or resources are received, whichever is first on its government-wide financial statements.

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Government-mandated and voluntary nonexchange transactions (continued)**

Eligibility requirements are established by the provider and may stipulate the qualifying characteristics of recipients, time requirements, allowable costs, and other contingencies. The District also recognizes revenues and expenses/expenditures when all applicable eligibility requirements are met on the government-wide financial statements. On its fund financial statements, the District recognizes revenues when all applicable eligibility requirements are met and the resources are available.

**Long-term obligations**

In the government-wide financial statement any long-term debt and other long-term obligations are reported as governmental activity in the statement of net position.

**Revenues**

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

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

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

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

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Revenues (continued)**

Revenue recognition criteria for property taxes under GASB require that taxes expected to be collected within sixty days of the current period be accrued. No accrual has been made for 2020 property assessments because the non-ad valorem taxes are not legally due until after the end of the fiscal year. Current year taxes, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to being uncollectible and, therefore, are not recorded as a receivable on the financial statement date.

During the 2020 fiscal year, the District continued its fundraising efforts to purchase fire gear and equipment for its volunteer firefighters. As of September 30, 2020, the District's miscellaneous income includes fundraising revenue of \$12,824. The District spent \$5,663 to purchase the ribs for resale which resulted in a net revenue of \$7,161 for the District's fundraising activities.

**Budgets**

The District prepares an annual operating budget for the fiscal year commencing October 1. The budget is based on an analysis of prior year actual revenues and expenditures along with anticipated spending and revenue sources. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval. Budget amendments are approved by the Board of Commissioners. The District did not amend the budget for the fiscal year ending September 30, 2020.

**Encumbrances**

Encumbrances represents commitments 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 reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. For the year ended September 30, 2020, the District had no encumbrances.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Estimates (continued)**

reported amounts of assets, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statement and reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Fund Balance**

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

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, 2020 of \$8,326 is from prepaid expenditures which are not in spendable form.

Restricted – This category includes resources restricted by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation. The District’s impact fees are considered restricted funds and the balance as of September 30, 2020 is \$32,121.

Committed – This category includes resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority which is the Board of Commissioners. To be reported as committed, amounts cannot be used for any other purpose unless the Board of Commissioners takes the same highest-level action to remove or change the constraint. There are no committed funds as of September 30, 2020.

Assigned – This category includes resources that are intended to be used for specific purposes but is neither restricted nor committed. These are resources that have been set aside for a specific purpose by an authorized governmental body or official. There are no assigned funds as of September 30, 2020.

Unassigned – This category is the residual classification for the District’s fund balance that are available for any purpose. The balance as of September 30, 2020 is \$42,498.

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

**Fund Balance (continued)**

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

**Net Position**

When both restricted and unrestricted sources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed. However, the District did not utilize restricted resources during 2020 because it intends to use the funds to build a new fire station.

**Subsequent events**

The Commissioners have evaluated subsequent events through June 30, 2021, which is the date the financial statements were available to be used.

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

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

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

Total fund balance for governmental fund	\$ 82,945
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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.

75,824

Total net position of governmental activities

\$ 158,769

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

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

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

**Reconciliation of Governmental Fund Revenues,  
Expenditures and Changes in fund balance and Statement of Net Activities**

Net change in fund balance - governmental fund	\$ 8,399
--	----------

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	2,502
Less: current year depreciation	<u>(1,208)</u>

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

Loss on impairment of asset	<u>(79,541)</u>
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Net change in net position of governmental activities	<u><u>\$ (69,848)</u></u>
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**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE- 3 - CASH**

At September 30, 2020 the bank value of the District's deposits was \$79,112.

**NOTE 4 – CHANGES IN CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2020 was as follows:

	Balance 09/30/2019	Additions	Deletions	Asset Impairments	Balance 09/30/2020
<b>Governmental Activities:</b>					
Capital Assets not being depreciated					
Land	\$ 73,322	\$ -	\$ -	\$ -	\$ 73,322
Construction in progress	-	2,502	-	-	2,502
Total capital assets not being depreciated	73,322	2,502	-	-	75,824
Capital Assets being depreciated:					
Buildings	118,078	-	-	(118,078)	-
Improvements other than buildings	2,772	-	-	(2,772)	-
Furniture and equipment	94,840	-	(21,791)	-	73,049
Vehicles and trucks	206,232	-	-	-	206,232
Total capital assets being depreciated	421,922	-	(21,791)	(120,850)	279,281
Less accumulated depreciation	(341,173)	(1,208)	21,791	41,309	(279,281)
Total Capital Assets being depreciated, net	80,749	(1,208)	-	(79,541)	-
Governmental activities capital assets, net	\$ 154,071	\$ 1,294	\$ -	\$ (79,541)	\$ 75,824

Depreciation expense of \$1,208 was charged in the Statement of Activities.

**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 volunteers; and natural disasters. The District purchases insurance through commercial carriers and also participates in the Florida Municipal Insurance Trust (for workers' compensation insurance coverage). Coverage through these carriers includes automobile, general liability and surety (public official) bond coverage. The District believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in insurance coverage from the prior year. Insurance coverage has been sufficient to cover all claims made in prior three fiscal years.

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

***NOTE 6 – 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 an emergency generator and a flagpole on the south side of Highway 90 east of Summertime Drive in Holt.

The contract requires the District to:

- Dedicate real property for public use for the term of the agreement as a public recreational area available to the public for recreational and community purposes
- To notify the County when activities such as training exercises will be conducted
- To not convert all or any of the project site or project facilities to other purposes
- Agrees to not charge fees for use of the recreational facility, unless agreed in writing by the County. If funds are approved, the funds received from use of the facility may only be used for improvements to the site
- To not restrict hours for usage that conflicts with county approved Ordinances or Agreements at the facility unless situations warrant such restrictions and are agreed to in writing by the County
- Retain a front portion of the property for future construction of a new Fire House

***NOTE 7 – LEASES***

In February 2020, the District's fire station was condemned for occupancy. The District entered into a five-year lease agreement to rent a location at 483 Highway 90W in Holt, Florida. The future minimum lease payments under operating leases are as follows:

2021	\$12,000
2022	\$12,000
2023	\$12,000
2024	\$12,000
2025	\$2,000

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

***NOTE 8 – GRANTS***

On July 1, 2020, the District was awarded a \$813,000 grant by the State of Florida Department of Financial Services Grants and Aids to Local Government and Nonstate Entities - Fixed Capital Outlay for the construction of a new fire station. The District must submit expenditures for approval and reimbursement as the project progresses. The District has begun the process to obtain bids to begin the construction project. As of September 30, 2020 the District had expended \$2,052 of the grant which is recorded as capital outlay on the governmental statement of revenues, expenses, and changes in fund balance and construction in progress in the Statement on Net Position. A grant receivable was recorded as of September 30, 2020 in the amount of \$2,052 and was subsequently received in June 2021.

***NOTE 9 – INSURANCE RECOVERY***

During the fiscal year ended September 30, 2020, the District incurred a loss to a firetruck which resulted in an insurance claim totaling \$25,860. The District received an insurance recovery of \$25,360 as reported in the Governmental Fund Revenues, Expenditures and Changes in Fund Balance and Statement of Activities. The District evaluated the asset for impairment. The magnitude of the damage was considered significant; however, the insurance recovery was sufficient to repair the damage which resulted in no decline in the service utility. The asset was determined not impaired.

***NOTE 10 – LOSS ON IMPAIRMENT***

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The District has evaluated events or changes in circumstances that may have affected the District's assets and has determined that impairment of a capital asset did occur in one circumstance. In 2020, the District's fire station located at 490 Highway 90 W, Holt, Florida was inspected and deemed unfit for occupation. The District has attempted to remediate the property but has been told by contractors that the damage cannot be repaired, and the building should be demolished. The District received a grant from the State of Florida in 2020 for a new fire station at a different location. The magnitude of the event was considered significant with a substantial decline in the service utility as the District will no longer utilize the asset. The asset was determined to be impaired with no fair market value. The District cancelled its insurance coverage on the property in March 2020. An impairment loss of \$79,541 was recorded in the Statement of Activities as a special & extraordinary item.

**Holt Fire District**  
**Notes to Financial Statements**  
**September 30, 2020**

***NOTE 11 – BUDGET VARIANCES***

For the year ended September 30, 2020, the District exceeded budgeted expenditures by \$37,625 as a result of the rental expense and small equipment purchases.

***NOTE 12 - SUBSEQUENT EVENTS***

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  
Holt Fire District  
PO Box 226  
Holt, FL 32564

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 Holt Fire District (hereinafter called the "District"), as of and for the year ended September 30, 2020, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 30, 2021.

**Internal Control Over Financial Reporting**

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

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

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

*weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses (2020-01 and 2020-02) as material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses (2020-03, 2020-04 and 2020-05) as a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Holt Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses (2020-06 and 2020-07).

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

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

### **Purpose of the Report**

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



Crestview, FL  
June 30, 2021



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

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

To the Board of Commissioners  
Holt Fire District  
PO Box 226  
Holt, FL 32564

We have examined Holt Fire District's (hereafter referred to as "the District") compliance with Florida Statute 218.415 in regard to investments for the year ended September 30, 2020. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on the District's compliance based on our examination.

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

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

In our opinion, the District complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2020.

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

Crestview, FL  
June 30, 2021



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## MANAGEMENT LETTER

To the Board of Commissioners  
Holt Fire District  
PO Box 226  
Holt, FL 32564

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

We have audited the financial statements of the Holt Fire District, Florida (hereinafter called the "District"), as of and for the fiscal year ended September 30, 2020, and have issued our report thereon dated June 30, 2021.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in those reports and schedule, which are dated June 30, 2021, 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. Corrective actions have been taken to address



findings and recommendations made in the preceding financial audit report (see accompanying schedule of findings and responses).

Tabulation of Uncorrected Audit Findings		
Current Year Finding #	2019 FY Finding #	2018 FY Finding #
2020-01	2019-01	2018-01
2020-02	2019-02	2018-02
2020-03	2019-03	2018-03
2020-04	2019-04	2018-04
2020-05	2019-05	2018-05
2020-06	2019-06	2018-06

### **Official Title and Legal Authority**

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

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not Holt Fire District met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the 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, we 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 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 2020-01).

**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.

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

Crestview, FL  
June 30, 2021

**Holt Fire District**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2020**

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

**#2020-01 - (Prior Years 2019-01 and 2018-01) Financial Statement Preparation, Knowledge and Audit Adjustments**  
**(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.

**#2020-02 (Prior Years 2019-02 and 2018-02) – Lack of segregation of duties**  
**(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 believes the costs in correcting the weakness outweighs the benefits derived from additional controls.

**Holt Fire District**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2020**

**#2020-03** (Prior Years 2019-03 and 2018-03) – **Compliance with the District’s purchasing policy**  
(Internal Control – Significant deficiency)

***Finding:***

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 item purchased. The District also requires approval by the board of commissioners for all purchases \$500 of greater. During our testing, we identified multiple purchases that did not have a proper source document.

***Recommendation:***

We recommend that the District develop a formal written purchasing policy (to including debit card and credit card purchases) so that all purchasers are aware of the policy.

***District’s Response:***

The District will establish a written purchasing policy and ensure compliance with the policy.

**#2020-04** (Prior Years 2019-04 and 2018-04) – **Improper Account Coding**  
(Internal Control – Significant deficiency)

***Finding:***

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.

***Recommendation:***

We recommend that the District enter credit card transactions individually and prepare a monthly reconciliation of the credit card statements.

***District’s Response:***

The District will enter credit card transactions individually and prepare reconciliations to the credit card statements in order to properly code credit card purchases.

**Holt Fire District**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2020**

**#2020-05** (Prior Years 2019-05 and 2018-05) – **Timely completion of bank account reconciliations**  
(Internal Control – Significant deficiency)

***Finding:***

We made the District aware during the 2014, 2017, 2018 and 2019 audits that bank account 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 2020 audit, we discovered that bank reconciliations in QuickBooks were not completed on at least a quarterly basis.

***Recommendation:***

We recommend that the District prepare bank reconciliations in QuickBooks on a regular basis.

***District’s Response:***

The District will make sure that bank account reconciliations are prepared on a regular basis (at minimum quarterly) and that long outstanding items are identified and resolved before the end of the fiscal year.

**#2020-06** (Prior Years 2019-06 and 2018-06) – **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 established a website which contained more information than last year but did not meet the minimum content required.

***Recommendation:***

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

***District’s Response:***

The District will finish the construction of its website and ensure the minimum content requirements are properly posted.

**Holt Fire District**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**For the Year Ended September 30, 2020**

**#2020-07 – Non-compliance with Regulations – Actual expenditures exceed budgeted amounts**  
**(Compliance)**

***Finding:***

The District's actual expenditures exceeded the budgeted amounts by \$37,625 for the fiscal year ending September 30, 2020. 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.