



**Dorcas Fire District**

**FINANCIAL STATEMENTS**

**September 30, 2021**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Dorcas Fire District  
Crestview, Florida

### Report on the Audit of the Financial Statements

#### *Qualified Opinions*

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

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Qualified Opinion*

We did not obtain sufficient appropriate audit evidence about the amount recognized for impact fees because the District failed to maintain adequate documentation related to the receipt of impact fees. We were unable to obtain sufficient appropriate audit evidence about impact fees by other auditing procedures.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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 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***

Our 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 our 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 and *Government 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, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment 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 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024 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 solely 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 effectiveness of the District's 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 District's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Niceville, Florida  
March 12, 2024

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

## **Management's Discussion and Analysis**

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

The primary purpose of the District is to provide fire suppression, fire inspection, rescue and emergency medical services for the following area in Okaloosa County: all sections east of the Shoal River and north of Eglin Air Force Base, on the north until the greater Almarante area, and on the west by the Walton County. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required to ensure that there are sufficient reserve funds for future operations and for new capital needs.

### **Financial Highlights**

- Total assets decreased by \$23,339.
- Net position decreased by \$44,928.
- Total revenues increased by 13% or \$33,359 and total expenses increased by 25% or \$67,441. Revenues increased due to the CARES Grant revenue and an increase in property tax amounts. Expenses increased as a result of higher personnel costs and more repairs and maintenance expenses during the year.

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

This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement 37.

The Statement of Net Position and the Statement of Activities on pages 9 and 10 provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's funds.

Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District's financial health or financial position.

## Condensed Statement of Net Position

The following table reflects the condensed Statement of Net Position and is compared to the unaudited prior year.

<i>As of September 30,</i>	2021	2020	Change
<b>Assets</b>			
Current and other assets	\$ 117,393	141,170	\$ (23,777)
Capital assets, net	438,941	438,503	438
<b>Total assets</b>	<b>556,334</b>	<b>579,673</b>	<b>(23,339)</b>
<b>Liabilities</b>			
Current liabilities	5,244	5,334	(90)
Noncurrent liabilities	271,152	249,473	21,679
<b>Total liabilities</b>	<b>276,396</b>	<b>254,807</b>	<b>21,589</b>
<b>Net position (deficit)</b>			
Net investment in capital assets	167,789	193,031	(25,242)
Unrestricted	67,080	94,676	(27,596)
Restricted	45,069	37,159	7,910
<b>Total net position (deficit)</b>	<b>\$ 279,938</b>	<b>\$ 324,866</b>	<b>\$ (44,928)</b>

For more detailed information, see the accompanying Statement of Net Position.

Total assets decreased \$23,339 or 4% during the fiscal year ended September 30, 2021. Total liabilities increased \$21,589 or 8% primarily as a result of a new loan.

## Condensed Statement of Activities

The following schedule compares the Statement of Activities for the current and prior fiscal years.

<i>Year ended September 30,</i>	2021	2020	Change
<b>General revenues</b>			
Ad valorem taxes, net of fees	\$ 239,839	226,655	\$ 13,184
Impact Fees	29,937	33,534	(3,597)
Miscellaneous	24,000	228	23,772
<b>Total general revenues</b>	<b>293,776</b>	<b>260,417</b>	<b>33,359</b>
<b>Expenses</b>			
	<b>338,704</b>	<b>271,263</b>	<b>67,441</b>
Increase (decrease) in net position	(44,928)	(10,846)	(34,082)
Net position, beginning of year	324,866	335,712	(10,846)
Net position, end of year	\$ 279,938	\$ 324,866	(44,928)

For more detailed information, see the accompanying Statement of Activities.



Ad valorem tax revenue increased \$13,184 or 6% over the previous year as a result of growth in the taxable base. Impact fees decreased \$3,597 or 11% over the previous year due to less new commercial construction in the current year. Miscellaneous revenue increased \$23,772 or 10,426% due to the District receiving \$20,000 from Okaloosa County as part of the CARES Grant and a \$4,000 loan forgiveness from Dorcas Volunteer Fire. Expenses increased \$67,441 or 25% primarily as a result of an increase in repairs and maintenance spending.

Overall, net position decreased \$44,928 for fiscal year 2021.

### Governmental Fund

As of September 30, 2021, the District's governmental fund (as presented on pages 11 and 13) reported a fund balance of \$112,149, which represents a decrease of \$25,562 or 19% as compared to the prior year.

During fiscal year 2021, the District incurred \$56,970 in capital outlay expenditures, which represents a decrease of \$27,710 or 33% from prior year capital outlay expenditures of \$84,680. This decrease was due to the halt of all capital expenditures except those that were absolutely necessary to continue functioning.

### Capital Assets

The following schedule provides a summary of the District's capital assets activity. The District's net investment in capital assets activities as of September 30, 2021 was \$167,789 (net of accumulated depreciation). This amount represents a net decrease of \$25,242 or 13%. This decrease was primarily due to current year depreciation.

A listing of capital assets by major category for the current and prior year follows:

<i>September 30,</i>	<b>2021</b>	2020	Change
Land	<b>9,082</b>	9,082	\$ -
Building and improvements	<b>453,758</b>	453,758	-
Fire Trucks	<b>574,192</b>	570,635	3,557
Fire and Rescue Equipment	<b>479,121</b>	427,008	52,113
Other	<b>4,234</b>	2,934	1,300
Total, prior to depreciation	<b>1,520,387</b>	1,463,417	56,970
Accumulated depreciation	<b>(1,081,446)</b>	(1,024,914)	(56,532)
Capital assets	<b>438,941</b>	438,503	438
Liabilities related to capital assets	<b>(271,152)</b>	(245,472)	(25,680)
Net investment in capital assets	<b>\$ 167,789</b>	193,031	\$ (25,242)

Additional information about the District’s capital assets is presented in Note 2 to financial statements.

**Long-term Liabilities**

As of September 30, 2021, the District has long-term liabilities which include three direct borrowing agreements, two of which are related to capital assets. The District’s long-term liabilities due in more than one year increased \$7,668 as compared to 2020 primarily as a result of an additional equipment lease being added.

<i>September 30,</i>	<b>2021</b>	2020	Change
Building mortgage loan payable, more than one year	<b>213,238</b>	231,113	(17,875)
Equipment lease payable, more than one year	<b>29,543</b>	-	29,543
Loan from Dorcas Volunteer Fire	-	4,000	(4,000)
<b>Total long-term liabilities</b>	<b>\$ 242,781</b>	\$ 235,113	\$ 7,668

Additional information about the District’s long-term liabilities is presented in Note 3 to the financial statements.

**Future Financial Factors**

Dorcas Fire District is an independent special district created by section 2005-331, Laws of Florida. The District is an independent fire control district operating under the provisions of Chapter 191, Florida Statutes, and was organized in Okaloosa County, FL., under County Ordinance 84.39. The Board establishes policy and sets the millage rate. The District has taxing authority as revenues are generated by ad valorem taxes. Rates for fiscal year 2021 have been established to provide for the operations of the District and necessary capital and operating requirements.

**BOARD OF FIRE COMMISSIONERS**

Deborah Wimer-Zills  
Commissioner

**MANAGEMENT**

John Polinsky  
Fire Chief

## **BASIC FINANCIAL STATEMENTS**

**Dorcas Fire District**  
**Statement of Net Position**

<i>September 30, 2021</i>	<b>Governmental Activities</b>
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<b>Assets</b>	
Cash and cash equivalents	\$ 19,952
Prepaid items	30,361
Restricted assets	
Cash and cash equivalents	67,080
Capital assets	
Non-depreciable	9,082
Depreciable, net	429,859
<hr/>	
Total assets	\$ 556,334
<hr/>	
<b>Liabilities</b>	
Accounts payable	\$ 2,121
Accrued interest	1,875
Payroll liabilities	1,248
Non-current liabilities	
Notes payable, due within one year	28,371
Notes payable, due in more than one year	242,781
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Total liabilities	276,396
<hr/>	
<b>Net position</b>	
Net investment in capital assets	167,789
Restricted for impact fees	67,080
Unrestricted	45,069
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Total net position	\$ 279,938
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*The accompanying notes are an integral part of these financial statements.*

**Dorcas Fire District  
Statement of Activities**

<i>For the year ended September 30, 2021</i>	<b>Governmental Activities</b>
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Expenses:	
Public safety:	
Personnel services	\$ 76,228
Materials and services	193,927
Depreciation	56,532
Interest	12,017
<hr/>	
Total program expenses	338,704
Program revenues:	
Operating grants and contributions	24,000
<hr/>	
Net program expense	314,704
General revenues	
Ad valorem taxes, net of fees	239,839
Impact fees	29,937
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Total general revenues	269,776
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Change in net position	(44,928)
Net position, beginning of year	324,866
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Net position, end of year	\$ 279,938
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*The accompanying notes are an integral part of these financial statements.*

**Dorcas Fire District**  
**Balance Sheet – Governmental Fund**

<i>September 30, 2021</i>	<b>General Fund</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 87,032
Prepaid items	30,361
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Total assets	\$ 117,393
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<b>Liabilities and Fund Balances</b>	
Liabilities	
Accounts payable	\$ 2,121
Accrued interest	1,875
Payroll liabilities	1,248
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Total liabilities	5,244
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Fund balances	
Nonspendable	
Prepaid items	30,361
Restricted for impact fees	67,080
Unassigned	14,708
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Total fund balances	112,149
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Total liabilities and fund balances	\$ 117,393
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*The accompanying notes are an integral part of these financial statements.*

**Dorcas Fire District**  
**Reconciliation of the Balance Sheet of the Governmental Fund**  
**to the Statement of Net Position**

*September 30, 2021*

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Total fund balance - governmental fund \$ 112,149

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 funds.

Governmental capital assets	\$ 1,520,387	
Less accumulated depreciation	1,081,446	438,941

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund.

Notes Payable	(271,152)
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Total net position of governmental activities	\$ 279,938
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*The accompanying notes are an integral part of these financial statements.*



**Dorcas Fire District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Governmental Fund**

*For the year ended September 30, 2021*

**General Fund**

**Revenues**

Ad valorem taxes, net of fees	\$	239,839
Impact fees		29,937
Miscellaneous		24,000

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Total revenues		293,776
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**Expenditures**

Personnel services		
Salaries		76,228
Operating		
Accounting and auditing		7,200
Insurance		60,619
Office and operating supplies		59,038
Repairs and maintenance		54,738
Travel		1,424
Utilities		10,908
Interest		12,017
Debt service		14,360
Capital outlay		56,970

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Total expenditures		353,502
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Deficiency of revenues under expenditures		(59,726)
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**Other Financing Sources**

Lease proceeds		40,039
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Net change in fund balance		(19,687)
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Fund balance, beginning of year		131,836
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Fund balance, end of year	\$	112,149
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*The accompanying notes are an integral part of these financial statements.*

**Dorcas Fire District**

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

*For the year ended September 30, 2021*

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Net change in fund balance - governmental fund \$ (19,687)

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

Governmental funds report 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. This is the amount by which capital outlay exceeded depreciation in the current period. 438

Lease proceeds is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. (40,039)

Repayment of note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 14,360

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Change in net position of governmental activities \$ (44,928)

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*The accompanying notes are an integral part of these financial statements.*

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of operations***

Dorcas Fire District (District) was created in Okaloosa County under County Ordinance 84.39. The District's charter was codified under the provisions of Chapter 2005-331, Laws of Florida. The District is an independent fire control district operating pursuant to the provisions of Chapter 191, Florida Statutes, the Independent Special Fire Control District Act. The current code, as adopted in 2005, authorizes the District to provide fire suppression, rescue and emergency medical services.

***Reporting entity***

The District is overseen by an elected board of commissioners. The accounting policies of the District conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies used by the District are described below.

***Basis of presentation***

The accounting policies of the District conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments in accordance with standards promulgated by GASB.

Governmental funds are used to account for the District's general governmental activities. The District has two funds, 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, and the fiduciary fund, which is presented separately.

***Government-wide and fund financial statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Program revenues* include grants and contributions. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental fund and the general fund.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Measurement focus, and basis of accounting and financial statement presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility and timing requirements imposed by the provider have been met.

The 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 government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the District.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fund financial statements***

The fund financial statements provide information about the District's fund. The emphasis of fund financial statements is on the major governmental fund.

The District reports only one fund. The General Fund is the District's operating fund. It accounts for all financial resources of the District.

***Assets, Liabilities, and Net Position***

***Cash and cash equivalents***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures when consumed rather than when purchased.

***Restricted Assets***

Certain assets of the District are classified as restricted assets on the statement of net position because their use is limited by law through constitutional provisions or enabling legislation; or by restrictions imposed externally by creditors, grantors, contributors or laws or regulations of other governments. Special restricted asset accounts have been established to account for the sources and uses of these limited use assets as follows:

*Impact fees* – Restricted for purchase or construction of new facilities, or equipment, to provide fire protection and emergency services. As of September 30, 2021, the restricted fund balance was \$67,080.

**Dorcas Fire District**  
**Notes to Financial Statements**

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Net Position (Continued)***

*Capital Assets*

Capital assets, which include property, plant, equipment, leased assets and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Capital asset classes	Lives
Buildings and improvements	40
Fire trucks	10
Fire and rescue equipment	5
Other	5

*Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds and is recorded as an adjustment to interest expense. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs – Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Net Position (Continued)***

*Categories and Classification of Net Position and Fund Balance*

*Net position flow assumption* – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

*Fund balance flow assumptions* – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund balance policies* – Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

*Nonspendable fund balance* – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Restricted fund balance* – Restricted fund balances are restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restricted funds consist of impact fees, which are restricted for purchase or construction of new facilities, or equipment, to provide fire protection and emergency services.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Assets, Liabilities, and Net Position (Continued)***

*Committed fund balance* – The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. There is no committed fund balance as of September 30, 2021.

*Assigned fund balance* – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Commissioners may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. There is no assigned fund balance as of September 30, 2021.

*Unassigned fund balance* – Unassigned fund balance is the residual classification for the General Fund.

***Revenues***

*Program Revenues* – Amounts reported as *program revenues* include grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Ad Valorem Property Tax Revenue* – Significant dates relative to ad valorem tax are as follows:

Assessment Date – January 1st  
Maximum Discount – November 1st  
Past Due – April 1st of the following year  
Tax Certificates Sold – June 1st of the following year

The Board of Commissioners approved a millage rate of 3.8308 for the year ended September 30, 2021.

***Use of estimates***

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



**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net position***

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

Net investment in capital assets – represents the cost of capital assets, less accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. At September 30, 2021, the District had direct borrowings of \$271,152 associated with capital assets. The balance of net investment in capital assets as of September 30, 2021 was \$167,789.

Unrestricted – indicates that portion of net position that is available for future periods. The unrestricted balance as of September 30, 2021 was \$45,069.

***Related Parties***

Payments of \$7,200 for monthly bookkeeping services were made to a company owned and operated by a member of the board of commissioners. There was no balance due at September 30, 2023.

***Subsequent events***

Management has evaluated subsequent events through March 12, 2024, which is the date the financial statements were available to be issued and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

***Recently issued accounting pronouncements***

The Governmental Accounting Standards Board has issued statements that will become effective in future years. These statements are as follows:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently issued accounting pronouncements (Continued)***

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for fiscal years beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2021.

In May 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement are to address financial reporting issues that result from the replacement of an Interbank Offered Rate (IBOR) by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment and clarification of the hedge accounting termination provisions when a hedged item is amended to replace the reference rate; replacing LIBOR as an appropriate benchmark interest rate for the evaluation of the effectiveness of an interest rate swap with a Secured Overnight Financing Rate or the Effective Federal Funds Rate; and providing exceptions to the lease modifications guidance in Statement 87 for lease contracts that are amended solely to replace an IBOR used to determine variable payments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently issued accounting pronouncements (Continued)***

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Assets and liabilities resulting from SBITAs should be recognized and measured using the facts and circumstances that existed at the beginning of the fiscal year in which this statement is implemented. Governments are permitted, but are not required, to include in the measurement of the subscription asset capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage incurred prior to the implementation of this Statement. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria*, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Recently issued accounting pronouncements (Continued)***

GASB Statement No. 100, *Accounting Changes and Error Corrections*, This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

The District is evaluating the requirements of the above statements and the impact on reporting.

**Dorcas Fire District**  
**Notes to Financial Statements**

**Note 2: CHANGES IN CAPITAL ASSETS**

The following is a summary of changes in the capital assets for the year ended September 30, 2021:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated				
Land	\$ 9,082	\$ -	\$ -	\$ 9,082
Capital assets being depreciated				
Building and improvements	453,758	-	-	453,758
Fire trucks	570,635	3,558	-	574,193
Fire and rescue equipment	427,008	52,112	-	479,120
Other	2,934	1,300	-	4,234
Total capital assets being depreciated	1,454,335	56,970	-	1,511,305
Less accumulated depreciation for				
Buildings and improvements	(182,459)	(11,344)	-	(193,803)
Fire trucks	(483,036)	(24,957)	-	(507,993)
Fire and rescue equipment	(357,326)	(19,877)	-	(377,203)
Other	(2,093)	(354)	-	(2,447)
Total accumulated depreciation	(1,024,914)	(56,532)	-	(1,081,446)
Total capital assets being depreciated, net	429,421	438	-	429,859
Governmental activities' capital assets, net	\$ 438,503	\$ 438	\$ -	\$ 438,941

Depreciation expense for fiscal year ended September 30, 2021, totaled \$56,532.

**Note 3: DEBT**

The District's debt consists of a mortgage on their fire station property due in 2032 with monthly payments of \$2,398 and an interest rate of 5.5%. During the current year, the District entered into a lease agreement for equipment with total monthly payments of \$742 and an interest rate of 4.25%. The District was forgiven its debt to Dorcas Volunteer Fire during the current year.

**Dorcas Fire District**  
**Notes to Financial Statements**

**Note 3: DEBT (Continued)**

The following is a schedule of years of future minimum debt payments for direct borrowings:

<i>For the years ending September 30,</i>	Governmental Activities			
	Fire Station Mortgage		Equipment Purchase Agreement	
	Principal	Interest	Principal	Interest
2022	\$ 17,875	\$ 13,319	\$ 10,496	\$ 2,116
2023	17,482	11,293	7,798	1,105
2024	18,468	10,307	8,136	767
2025	19,510	9,265	8,489	414
2026	20,610	8,164	5,121	73
2027-2031	121,859	22,015	-	-
2032	15,308	261	-	-
<b>Total</b>	<b>231,112</b>	<b>74,624</b>	<b>40,040</b>	<b>4,475</b>
<b>Current portion</b>	<b>(17,875)</b>	<b>(13,319)</b>	<b>(10,496)</b>	<b>(2,116)</b>
<b>Payable after one year</b>	<b>\$ 213,237</b>	<b>\$ 61,305</b>	<b>\$ 29,544</b>	<b>\$ 2,359</b>

**Note 4: CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Fire station mortgage	\$ 245,473	\$ -	\$ (14,360)	\$ 231,113	\$ 17,875
Equipment purchase agreement	-	40,039	-	40,039	10,496
Loan from Dorcas Volunteer Fire	4,000	-	(4,000)	-	-
<b>Total long-term liabilities</b>	<b>\$ 249,473</b>	<b>\$ 40,039</b>	<b>\$ (18,360)</b>	<b>\$ 271,152</b>	<b>\$ 28,371</b>

**Note 5: RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District maintains commercial insurance coverage for each of those risks of loss.

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

Board of Commissioners  
Dorcas Fire District  
Crestview, Florida

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 each major fund of Dorcas Fire District (District), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise District’s basic financial statements, and have issued our report there on dated March 12, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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 District’s internal control. Accordingly, we do not express an opinion on the effectiveness of District’s internal control.

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified 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 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. We consider the deficiencies described in the accompanying schedule of findings as items 2021-01, 2021-04 and 2021-06 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings as items 2021-02, 2021-03, 2021-08, 2021-09, 2021-10 and 2021-11 to be significant deficiencies

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 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 as items 2021-05 and 2021-07.

### **Dorcas Fire District's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of This 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 an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Niceville, Florida  
March 12, 2024



**2021-01 – Lack of segregation of duties between governance and management (prior year 2020-06)**

Condition: The primary member of governance is also responsible for maintenance of the general ledger.

Criteria: In order to maintain adequate segregation of duties, those in governance should have limited involvement in the day-to-day bookkeeping.

Cause: The limited resources of the District led to the board member offering bookkeeping services at a discounted rate for the benefit of the District.

Effect: The opportunity exists for misstatements to go undetected without appropriate levels of review and segregation of duties.

Recommendation: We recommend that the board establish a consistent procedure to review and approve the financial information and document such review and approval regularly at board meetings.

Management Response: Once a complete voting board becomes active, we will establish a consistent monitoring and approval of all expenditures.

**2021-02 – No formal written policies and procedures for the operations of the District (prior year 2020-03)**

Condition: The District does not have an official set of policies and procedures for operations.

Criteria: In order to ensure operations are running as intended, a policies and procedures manual should be implemented and referenced when performing duties.

Cause: Due to the small nature of the department, a formal written policies and procedures manual has not been a priority.

Effect: The lack of formal written policies and procedures can lead to tasks being performed incorrectly or inconsistently.

Recommendation: We recommend that management create and implement an official policies and procedures manual for District operations.

Management Response: The District had written policies and procedure manuals however when the building was broken into in 2019 and the office was destroyed many documents were taken or disposed. Once a complete voting board becomes active, that will be the first task at hand to recreate.

**2021-03 – Detailed financial statements are not presented at monthly board meetings**

Condition: Financial statements as a whole are not being presented at board meetings; only select transactions are being reviewed and discussed.

Criteria: In order to ensure the District is on track with its goals, detailed and complete financial statements should be reviewed each monthly board meeting.

Cause: The District does not believe it necessary to highlight the entire financial statements, choosing rather to focus on elements out of the ordinary for review and approval.

Effect: The District can unknowingly stray from goals and fail to implement corrective action in a timely manner.

Recommendation: We recommend that the District review detailed financial statements at each monthly board meeting.

Management Response: Detailed financials will be prepared and presented at the monthly board meetings.

**2021-04 – Inadequate maintenance of impact fee documentation (prior years 2020-01 and 2019-01)**

Condition: Impact fee voucher numbers are not kept in sequence and the sequence is not properly accounted for.

Criteria: Vouchers should be used in sequence with any skips in sequence properly voided and documented.

Cause: Because impact fees cannot be received digitally, the District occasionally finds itself receiving impact fees while at a call or when the receipt book is not readily available.

Effect: We are unable to determine whether impact fees are complete.

Recommendation: We recommend steps be taken to ensure that documentation for impact fees be adequately maintained.

Management Response: Inadequate maintenance of impact fee documentation has been an issue with each audit and every year more steps have been taken to resolve this issue. The District will continue to take steps to improve the process.

**2021-05 – Timely submission of the audited financial statements and the annual financial report (prior year 2020-04)**

Condition: The audited financial statements and the annual financial report were not filed on a timely basis.

Criteria: The state requires filing the audited financial statements and annual financial report by the following June 30 after fiscal year end.

Cause: The District had to undergo a change in auditors at the last minute, resulting in an audit that was unable to be performed in a timely manner.

Effect: Noncompliance with state requirements.

Recommendation: We recommend that arrangements are made with enough time for an audit to be performed in order for the annual financial report to be filed timely.

Management Response: A new professional auditing team has been established and audits should be more timely.

**2021-06 – Significant audit adjustments to the financial records**

Condition: In order for the financial statements to be in accordance with *Government Auditing Standards*, significant audit adjustments needed to be made.

Criteria: The District should maintain financial records in accordance with the applicable laws and regulations.

Cause: The District is performing only the essential bookkeeping duties.

Effect: The need for significant audit adjustments often results in an extended audit, making it harder to comply with the annual financial report deadline.

Recommendation: We recommend that management strive to maintain financial records that adhere to applicable laws and regulations as closely as possible.

Management Response: Management will work more closely with the current auditors in order to maintain financial records that adhere to applicable laws and regulations.

**2021-07 – The District did not file the Public Depositor Annual Report (prior year 2020-07)**

Condition: The District did not file the Public Annual Report.

Criteria: Applicable law requires that the Public Depositor Annual Report is filed in a timely manner.

Cause: The District did not follow the requirement to file the Public Depositor Annual Report.

Effect: Noncompliance with applicable laws and regulations.

Recommendation: We recommend that the District file the Public Depositor Annual Report and maintain Florida Deposit Identification and Acknowledgment forms for each bank account.

Management Response: Management will ensure that the Public Depositor Annual Report is filed.

**2021-08 – Incomplete recordkeeping relating to expenditures (prior years 2020-02)**

Condition: The District did not provide receipts for two purchases which were above the capitalization threshold.

Criteria: In order to ensure that transactions occurred and were accurate, adequate receipts and other documentation should be kept on file for all expenditures.

Cause: Receipts are occasionally misplaced or unintentionally destroyed as calls often interrupt the performance of office duties.

Effect: Without adequate recordkeeping, it becomes difficult to ascertain the occurrence and accuracy of expenditures.

Recommendation: We recommend that management ensure all documentation is appropriately retained.

Management Response: Management will ensure all documentation is appropriately maintained, clear and concise.

**2021-09 – Ad valorem tax rate documentation**

Condition: Ad valorem tax rates are not documented. The tax rates are approved only from what the state offers them each year.

Criteria: Ad valorem tax rates should be adequately documented and reviewed by the District.

Cause: The District has not felt it necessary to perform an official documentation and review of the rates that are readily available online.

Effect: Without adequate rate documentation, the District cannot ensure that the correct amounts have been received from the county.

Recommendation: We recommend that management ensure ad valorem tax rates are appropriately documented and reviewed.

Management Response: Management will ensure ad valorem tax rates are appropriately documented and reviewed.

**2021-10 – Impact fees receipt policy**

Condition: Impact fee receipts do not plainly state on the form that only check payments will be accepted.

Criteria: It should be explicitly stated on the impact fee receipt that payments can only be made via check.

Cause: The District has not established a reliable way to communicate this information, as the first contact with an impact fee payee is often when they make payment.

Effect: It is possible that impact fees will not be received appropriately or timely.

Recommendation: We recommend that management ensure the appropriate impact fee documentation explicitly states how payments should be received.

Management Response: Management will have the current receipt booklet annotate “Checks Only” and when new booklets are produced will have that information added to the template.

**2021-11 – Budget approval**

Condition: The budget was not voted on or approved because there was a lack of a full board of directors.

Criteria: In order for the District to know its goals and evaluate when adjustments are needed, a budget should be approved prior to the fiscal year to which it relates.

Cause: The District did not have a quorum of members able to officially vote and approve the budget for the year.

Effect: Without adequate goal tracking, it is unlikely that the District will operate effectively to meet its goals.

Recommendation: We recommend that a budget be approved before the beginning of the fiscal year to which it relates.

Management Response: A budget for each fiscal year will be prepared and approved by the active board.

## **INDEPENDENT AUDITOR'S MANAGEMENT LETTER**

Board of Commissioners  
Dorcas Fire District  
Crestview, Florida

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

We have audited the financial statements of Dorcas Fire District (District) as of and for the fiscal year ended September 30, 2021, and have issued our report thereon dated March 12, 2024.

### **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 Financial Statements performed in accordance with *Government Auditing Standards*, Schedule of Findings and Questioned Costs and Independent Accountants' Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 12, 2024, 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. No corrective actions have been taken to address findings and recommendations made in the preceding financial audit report.

<b>Tabulation of Uncorrected Audit Findings</b>		
<b>Current Year Finding #</b>	<b>2019-2020 FY Finding #</b>	<b>2018-2019 FY Finding #</b>
2021-01	2020-06	
2021-02	2020-03	
2021-04	2020-01	2019-01
2021-05	2020-04	
2021-07	2020-07	
2021-08	2020-02	

**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. The information required is disclosed in the notes to financial statements.

**Financial Condition and Management**

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

**Special District Component Units**

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

## **Specific Information**

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

- a. The total number of district employees compensated in the last pay period of the district's fiscal year as 2.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as none.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$76,228.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as none.
- e. 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 projects as none.
- f. A budget was not adopted as required under Sections 189.016(4), Florida Statutes.

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

- a. The millage rate or rates imposed by the district as 3.8308.
- b. The total amount of ad valorem taxes collected by or on behalf of the district as \$242,707.
- c. The total amount of outstanding bonds issued by the district and the terms of such bonds as none.

## **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 noted the following findings:

1. The board does not meet the required number of members.
2. The District is required to have a website, but does not.



## **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Joint 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.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Niceville, Florida  
March 12, 2024

**INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH  
LOCAL GOVERNMENT INVESTMENT POLICIES**

Board of Commissioners  
Dorcas Fire District  
Crestview, Florida

We have examined Dorcas Fire District's (District) compliance with the requirements of Section 218.415, Florida Statutes, *Local Government Investment Policies*, during the year ended September 30, 2021. Management of the District is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on District's compliance with the specified requirements 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 the District complied, in all material respects, with the specified requirements identified 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 judgment, including an assessment of the risk of material noncompliance, 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 District's compliance with specified requirements.

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

This report is intended solely for the information and use of the commissioners, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

*Carr, Riggs & Ingram, L.L.C.*

CARR, RIGGS & INGRAM, LLC  
Niceville, Florida  
March 12, 2024