

Board of Directors
Holt Community Fire Protection District
Holt, Missouri

We have audited the financial statements of Holt Community Fire Protection District as of and for the year ended December 31, 2023 and have issued our report thereon dated May 18, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and governmental auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 8, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note A to the financial statements. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were three misstatements detected as a result of audit procedures, all of which were immaterial to the financial statements taken as a whole and have been corrected by management.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 18, 2024.

Management Consultations with Other independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described above 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, as described below, that we consider to be significant deficiencies.

The trial balance provided for audit was not maintained by fund and the beginning of year fund balances did not agree with the prior year audited amounts. Accounting standards calls for funds of a governmental entity to be maintained with self-balancing funds for each of the governmental funds.

The former Chief was paid vacation hours upon separation of employment in excess of the District employee policies. It appeared as if management and the Board were not aware of said policies. We recommend appropriate policies be implemented District wide and fully understood by those in governance, management, and employees.

Also, as mentioned below, general fund actual expenditures exceeded budget by \$125,512, or 13%. Missouri budgetary statutes requires actual expenses be equal to or less than budget.

Compliance

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one material instances of noncompliance with provisions of certain laws, regulations, contracts, and grant agreements. As mentioned above, actual expenditures in the general fund exceeded budget. This is a violation of Missouri budget statutes. We recommend management and board members take a course on budgeting and budget statutes.

This information is intended solely for the use of the Board of Directors and management of the District and is not intended and should not be used by anyone other than these specified parties.

Kansas City, Missouri
May 18, 2024