

LAKE CITY AREA FIRE PROTECTION DISTRICT

AGENDA

November 28, 2023

Regular Meeting

5:00 p.m. – Lake City Fire Station, 131 N. Henson Street

Zoom Meeting Link for Guests:

<https://us02web.zoom.us/j/89130056656?pwd=K1RmY1d6T3V0RUJwZDdXMDJsL3RuQT09>

CALL TO ORDER

ROLL CALL

MINUTES **

BILLS PAYABLE

TREASURER'S REPORT **

MANAGER REPORT (emailed separately)

FIRE MARSHAL REPORT (emailed separately)

1. 2024 BUDGET – Review of Updated Draft, Schedule Public Hearing **
2. 2023 AUDIT – Engagement Letter with Green & Associates LLC **

ADJOURNMENT

** included in packet

RECORD OF PROCEEDINGS

Regular Meeting

October 31, 2023

Chairman Hall called the regular meeting of the Board of Directors of the Lake City Area Fire Protection District to order at 6:00 p.m. in the fire station. Those Directors present were: Brent Boyce, Dennis Cavit, and Jim Rowe (via video conference).

Director Brown was absent.

Also present were Bill Hagendorf, Manager (via video conference); Evan Milski, Fire Chief (via video conference); and Michelle Pierce, Secretary.

MINUTES OF PREVIOUS MEETING

Director Rowe moved, Director Cavit seconded to approve the minutes of the September 26, 2023 regular meeting as circulated. The motion passed with all voting yes in a general vote.

BILLS PAYABLE

Director Rowe moved, Director Boyce seconded to approve payment of the bills as circulated. The motion passed with all voting yes in a general vote.

TREASURER'S REPORT

Director Rowe moved, Director Boyce seconded to approve the Treasurer's Report for the month ending September 30, 2023 as circulated. The motion passed with all voting yes in a general vote.

QUARTERLY BUDGET REPORT

The Directors read the quarterly budget report submitted by Secretary Pierce.

MANAGER REPORT

The Directors read the report submitted by Manager Hagendorf (see attached).

FIRE MARSHAL REPORT

The Directors read the report submitted by Manager Hagendorf (see attached).

2024 BUDGET – Review of Draft

The Directors reviewed a draft of the proposed budget for 2024.

FINANCE – Review Draft Letter to Board of Commissioners Regarding Impacts of Increased Tourism

The Directors reviewed a draft letter to the Board of Commissioners. After some discussion, the Directors agreed to print it out on District letterhead and have it signed by Chairman Hall, Manager Hagendorf, and Fire Chief Milski. Manager Hagendorf stated that he would print it out on letterhead, sign it, and email it to Secretary Pierce who will obtain signatures from the chairman and fire chief and deliver it to the county administrator.

PERSONNEL – Review Status Update Regarding Succession Planning and Financial Impacts

The Directors reviewed a memo from Director Rowe outlining the committee's recommendation for succession planning and its financial impacts. In his memo, Director Rowe noted that the committee's recommendation is to divide the duties currently being performed by Manager Hagendorf into four areas of responsibility – Equipment and Facility Maintenance, Fire Chief, Fire Marshal, and Fire District Administrative Manager. Further, the committee is recommending that the committee move forward with filling the equipment and facility maintenance position and fire chief position in 2024.

Director Rowe stated that the committee is hopeful that filling these two positions can be accommodated within the District's current revenue stream. Director Rowe also noted that Manager Hagendorf has agreed to stay on as the District's administrative manager for the time being and that there is no timeline set for finding a replacement.

There was some discussion regarding the potential financial impacts associated with these recommendations. The Directors agreed that implementing the committee's full recommendation will require an eventual increase in revenues.

RECORD OF PROCEEDINGS

Regular Meeting (2)

October 31, 2023

PERSONNEL – Review Status Update Regarding Succession Planning and Financial Impacts (cont.)

Director Rowe moved, Director Cavit seconded to adopt the committee’s recommendation, and to authorize the committee to move forward in filling the equipment and facility maintenance position and fire chief position in 2024. The motion passed with all voting yes in a general vote.

FINANCE – Approve Sale of Eagle Compressor/Cascade/Fill Station to Chaffee County Fire

Manager Hagendorf stated that the Chaffee County fire department has expressed interest in purchasing the District’s Eagle Compressor/Cascade/Fill Station for \$4,500. He stated that the Chaffee County fire department would pick up the unit here. He stated that the replacement unit purchased with grant funds has been delivered.

Director Boyce moved, Director Cavit seconded to approve the sale of the District’s Eagle Compressor/ Cascade/ Fill Station to the Chaffee County fire department for \$4,500. The motion passed with all voting yes in a general vote.

BOARD OF DIRECTORS – Revised Firefighter Incident Response & Incident Standby Nominal Fee Policy

Director Boyce moved, Director Cavit seconded to adopt the revised Firefighter Incident Response & Incident Standby Nominal Fee Policy. The motion passed with all voting yes in a general vote.

BOARD OF DIRECTORS – Firefighter Training Nominal Fee Policy

Director Boyce moved, Director Cavit seconded to adopt the Firefighter Training Nominal Fee Policy. The motion passed with all voting yes in a general vote.

BOARD OF DIRECTORS – Revised Respiratory Protection Policy

Director Boyce moved, Director Rowe seconded to adopt the revised Respiratory Protection Policy. The motion passed with all voting yes in a general vote.

<u>BILLS PAYABLE TO AND FOR:</u>	<u>AMOUNT</u>	<u>FUND</u>
Bill Hagendorf – Contract Labor, District Manager	\$ 4,200.00	Gen.
Bill Hagendorf – Contract Labor, Fire Marshal	500.00	Gen.
Bill Hagendorf – Mileage Reimbursement, October 18 & 19, 2023	117.00	Gen.
Bill Hagendorf – Mileage Reimbursement, September 28 & 29, 2023	117.00	Gen.
CenturyLink – Phone Service	88.54	Gen.
Eli Loper – Training Stipend	125.00	Gen.
Evan Milski – Training Stipend	175.00	Gen.
Evan Milski – Incident Response Stipend	175.00	Gen.
Gunnison County Electric Association – Electricity	83.76	Gen.
Michelle Pierce – Contract Labor, Secretary	750.00	Gen.
Mike Carson – Training Stipend	200.00	Gen.
Mike Carson – Incident Response Stipend	125.00	Gen.
Mike Ralph – Training Stipend	200.00	Gen.
Mike Ralph – Incident Response Stipend	175.00	Gen.
Mike Tuttle – Training Stipend	75.00	Gen.
Mike Tuttle – Incident Response Stipend	200.00	Gen.
National Fire Prevention Association – 2024 Dues	175.00	Gen.
Patrick Tubbs – Training Stipend	175.00	Gen.
Patrick Tubbs – Incident Response Stipend	225.00	Gen.
Priya Hartman – Training Stipend	50.00	Gen.
Silas Hartman – Training Stipend	100.00	Gen.
Simply Broadband Solutions – 2-year contract payment	80.00	Gen.
Tom Hamel – Training Stipend	75.00	Gen.
Tom Hamel – Incident Response Stipend	75.00	Gen.
VISA – Active 911 subs., Heat Exchanger, Motor Oil, Fuse, CamPlus Rec.	1,398.84	Gen.
Willy Merfeld – Training Stipend	150.00	Gen.
Willy Merfeld – Incident Response Stipend	150.00	Gen.

RECORD OF PROCEEDINGS

Regular Meeting (3)

October 31, 2023

ADJOURNMENT

There being no further business to come before the Board, Director Boyce moved, Director Cavit seconded to adjourn the regular meeting at 6:54 p.m., but to meet again at the next regular meeting on November 28, 2023. The motion passed with all voting yes in a general vote.

Chairman

ATTEST:

Secretary

LAKE CITY AREA FIRE PROTECTION DISTRICT

Treasurer's Report

October 31, 2023

	<u>BEGINNING BALANCE 10/1/2023</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>ENDING BALANCE 10/31/2023</u>
GENERAL FUND	\$100,427.80	\$2,421.65	\$9,995.42	\$92,854.03
CAPITAL RESERVE FUND	\$522,351.93	\$711.08	\$19.60	\$523,043.41
CONTINGENCY RESERVE FUND	\$72,487.35	\$40.63	\$1.12	\$72,526.86
FACILITIES FUND	\$9,700.00	\$0.00	\$0.00	\$9,700.00
TOTALS	\$704,967.08	\$3,173.36	\$10,016.14	\$698,124.30

Petty Cash	\$25.00
Checking Acct - CBANKS	\$100.00
MM Acct - CBANKS	\$587,612.32
MM Acct - ColoTrust	\$90,386.98
Certificates of Deposit	\$20,000.00
TOTAL	\$698,124.30

Respectfully submitted,

Treasurer

LAKE CITY AREA FIRE PROTECTION DISTRICT

BUDGET FOR 2024

ASSESSED VALUATION OF \$31,477,130.00

GENERAL FUND

EXPENDITURES:	2022 Actual	2023 Budget	2023 Estimated	2024 Proposed
Elections				
Temporary Salary	\$0.00	\$0.00	\$0.00	\$0.00
Printing, Duplicating, etc.	\$0.00	\$0.00	\$0.00	\$0.00
Administration				
Contract Work	\$49,700.00	\$64,800.00	\$65,400.00	\$65,400.00
Office/Operating Supplies	\$561.98	\$500.00	\$325.00	\$500.00
Communication & Transportation	\$0.00	\$200.00	\$100.00	\$200.00
Printing, Duplicating, etc.	\$78.00	\$150.00	\$75.00	\$150.00
Publicity, Subscriptions & Dues	\$4,017.41	\$4,800.00	\$5,800.00	\$5,300.00
Professional Services (legal, audit)	\$5,180.00	\$5,200.00	\$5,900.00	\$6,000.00
Travel & Meetings	\$0.00	\$0.00	\$0.00	\$0.00
Insurance	\$8,370.00	\$10,000.00	\$9,500.00	\$10,000.00
Fire Fighting				
Operating Supplies	\$3,618.89	\$8,300.00	\$3,500.00	\$8,300.00
Repair & Maintenance Supplies	\$1,086.83	\$2,200.00	\$2,200.00	\$2,200.00
Professional Services	\$5,674.56	\$4,500.00	\$2,550.00	\$5,800.00
Repair & Maintenance Services	\$644.00	\$3,200.00	\$0.00	\$2,500.00
Other Machinery & Equipment	\$1,263.18	\$2,500.00	\$1,859.00	\$2,500.00
Travel & Meetings	\$0.00	\$0.00	\$0.00	\$0.00
Volunteer Firefighter Support	\$4,000.83	\$12,275.00	\$6,600.00	\$14,000.00
Pension Contributions	\$2,700.00	\$2,700.00	\$2,700.00	\$2,700.00
Fire Prevention				
Operating Supplies	\$0.00	\$200.00	\$0.00	\$200.00
Training				
Operating Supplies	\$44.99	\$750.00	\$0.00	\$750.00
Travel & Meetings	\$448.86	\$500.00	\$124.00	\$500.00
Training Services	\$459.63	\$750.00	\$100.00	\$750.00
Communications				
Operating Supplies	\$99.99	\$500.00	\$185.00	\$500.00
Repair & Maintenance Supplies	\$473.06	\$500.00	\$0.00	\$500.00
Repair & Maintenance Services	\$0.00	\$500.00	\$185.00	\$500.00
Professional Services - Dispatch/Active 911	\$7,187.00	\$7,200.00	\$7,200.00	\$7,600.00
Communications Equipment	\$0.00	\$0.00	\$0.00	\$0.00
Fire Station & Buildings				
Office Supplies	\$57.12	\$400.00	\$150.00	\$400.00
Operating Supplies	\$852.51	\$300.00	\$336.00	\$300.00
Repair & Maintenance Supplies	\$741.10	\$1,750.00	\$1,175.00	\$1,750.00
Utility Services	\$6,349.54	\$8,750.00	\$9,275.00	\$8,750.00
Professional Services	\$612.90	\$700.00	\$725.00	\$750.00
Repair & Maintenance Services	\$2,317.54	\$4,090.00	\$2,106.00	\$3,000.00
County Treasurer's Fee	\$3,945.64	\$3,900.00	\$3,900.00	\$4,195.00
TOTAL EXPENDITURES	\$110,485.56	\$152,115.00	\$131,970.00	\$155,995.00
Transfer to Facilities Fund	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
TOTAL EXPENDITURES & TRANSFER	\$112,485.56	\$154,115.00	\$133,970.00	\$157,995.00

LAKE CITY AREA FIRE PROTECTION DISTRICT
BUDGET FOR 2024

ASSESSED VALUATION OF \$31,477,130.00

REVENUES:	GENERAL FUND			
	2022 Actual	2023 Budget	2023 Estimated	2024 Proposed
Balance on January 1	\$155,552.36	\$134,398.00	\$157,169.00	\$124,956.00
Taxes				
Specific Ownership	\$6,361.18	\$5,000.00	\$5,000.00	\$5,000.00
Charges for Services				
Petitions	\$1,400.00	\$0.00	\$0.00	\$0.00
Contracts	\$0.00	\$0.00	\$25.00	\$0.00
Special Assessments	\$970.69	\$0.00	\$82.00	\$0.00
Refunds of Expenditures	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous Revenues				
Special Fire Protection Services	\$7,083.75	\$0.00	\$2,185.00	\$0.00
Miscellaneous Revenue	\$329.00	\$0.00	\$2,475.00	\$0.00
Earnings on Deposits	\$2,801.36	\$575.00	\$5,890.00	\$575.00
Donations from Private Sources	\$12,984.20	\$0.00	\$2,199.00	\$0.00
Miscellaneous Revenue - LCFR	\$1,690.00	\$0.00	\$4,095.00	\$0.00
Grants (VFA, etc.) (Recruitment/Retention Stipend)	\$1,120.00	\$0.00	\$1,950.00	\$8,900.00
Total Revenues	\$34,740.18	\$5,575.00	\$23,901.00	\$14,475.00
Total Revenues & Balance	\$190,292.54	\$139,973.00	\$181,070.00	\$139,431.00
Property Taxes	\$79,036.72	\$77,556.00	\$77,556.00	\$83,864.00
Plus Interest	\$325.24	\$300.00	\$300.00	\$300.00
Total Property Taxes	\$79,361.96	\$77,856.00	\$77,856.00	\$84,164.00
TOTAL REVENUES AVAILABLE	\$269,654.50	\$217,829.00	\$258,926.00	\$223,595.00
BALANCE ON DECEMBER 31	\$157,168.94	\$63,714.00	\$124,956.00	\$65,600.00

LAKE CITY AREA FIRE PROTECTION DISTRICT
BUDGET FOR 2024

ASSESSED VALUATION OF \$31,477,130.00				
<u>CAPITAL RESERVE FUND</u>				
<u>EXPENDITURES:</u>	2022 Actual	2023 Budget	2023 Estimated	2024 Proposed
Fire Fighting				
Vehicles	\$0.00	\$0.00	\$0.00	\$0.00
Other Machinery & Equipment (2023 Arctic Compressor	\$28,186.84	\$38,695.00	\$57,475.00	\$0.00
Operating Supplies	\$38,694.28	\$0.00	\$0.00	
Reserve for Equipment Replacement Schedule (\$45,720)year per attached)	\$0.00	\$457,746.00	\$0.00	\$500,666.00
County Treasurer's Fee	\$2,191.98	\$2,175.00	\$2,175.00	\$2,330.00
TOTAL EXPENDITURES	\$69,073.10	\$498,616.00	\$59,650.00	\$502,996.00
 <u>REVENUES:</u>				
Balance on January 1	\$427,419.15	\$454,986.00	\$418,887.00	\$445,626.00
Taxes				
Specific Ownership	\$3,534.01	\$1,850.00	\$1,850.00	\$1,850.00
Miscellaneous Revenues	\$0.00	\$0.00	\$0.00	\$0.00
Intergovernmental Revenue	\$12,916.80	\$36,760.00	\$36,852.00	\$49,524.00
Donations from Private Sources	\$0.00	\$0.00	\$0.00	\$0.00
Sale of Equipment	\$0.00	\$0.00	\$4,500.00	\$0.00
TOTAL REVENUES	\$16,450.81	\$38,610.00	\$43,202.00	\$51,374.00
TOTAL REVENUES AND BALANCE	\$443,869.96	\$493,596.00	\$462,089.00	\$497,000.00
Property Taxes	\$43,909.28	\$43,087.00	\$43,087.00	\$46,591.00
Plus Interest	\$180.69	\$100.00	\$100.00	\$100.00
Total Property Taxes	\$44,089.97	\$43,187.00	\$43,187.00	\$46,691.00
TOTAL REVENUES AVAILABLE	\$487,959.93	\$536,783.00	\$505,276.00	\$543,691.00
BALANCE ON DECEMBER 31	\$418,886.83	\$38,167.00	\$445,626.00	\$40,695.00

**LAKE CITY AREA FIRE PROTECTION DISTRICT
BUDGET FOR 2024**

ASSESSED VALUATION OF \$31,477,130.00

CONTINGENCY RESERVE FUND

<u>EXPENDITURES:</u>	2022 Actual	2023 Budget	2023 Estimated	2024 Proposed
County Treasurer's Fee	\$125.28	\$130.00	\$130.00	\$135.00
TOTAL EXPENDITURES	\$125.28	\$130.00	\$130.00	\$135.00
 <u>REVENUES:</u>				
Balance on January 1	\$69,999.54	\$72,504.00	\$72,596.00	\$75,088.00
Taxes				
Specific Ownership	\$201.95	\$150.00	\$150.00	\$150.00
TOTAL REVENUES	\$201.95	\$150.00	\$150.00	\$150.00
TOTAL REVENUES AND BALANCE	\$70,201.49	\$72,654.00	\$72,746.00	\$75,238.00
Property Taxes	\$2,509.11	\$2,462.00	\$2,462.00	\$2,662.00
Plus Interest	\$10.32	\$10.00	\$10.00	\$10.00
Total Property Taxes	\$2,519.43	\$2,472.00	\$2,472.00	\$2,672.00
TOTAL REVENUES AVAILABLE	\$72,720.92	\$75,126.00	\$75,218.00	\$77,910.00
BALANCE ON DECEMBER 31	\$72,595.64	\$74,996.00	\$75,088.00	\$77,775.00

LAKE CITY AREA FIRE PROTECTION DISTRICT

BUDGET FOR 2024

ASSESSED VALUATION OF \$31,477,130.00

FACILITIES FUND

<u>EXPENDITURES:</u>	2022 Actual	2023 Budget	2023 Estimated	2024 Proposed
Major Facilities Repair & Maintenance Expenses	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL EXPENDITURES	\$0.00	\$0.00	\$0.00	\$0.00
 <u>REVENUES:</u>				
Balance on January 1	\$5,700.00	\$7,700.00	\$7,700.00	\$9,700.00
Transfer from Contingency Reserve Fund	0.00	0.00	0.00	0.00
Transfer from General Fund	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
TOTAL REVENUES	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
TOTAL REVENUES & BALANCE	\$7,700.00	\$9,700.00	\$9,700.00	\$11,700.00
BALANCE ON DECEMBER 31	\$7,700.00	\$9,700.00	\$9,700.00	\$11,700.00

Green & Associates LLC

Certified Public Accountants & Business Consultants

November 15, 2023

To the Board of Directors

Lake City Area Fire Protection District
PO Box 574
Lake City, CO 81235

We are pleased to confirm our understanding of the services we are to provide Lake City Area Fire Protection District for the year ended December 31, 2023.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, each major fund, and the disclosures, which collectively comprise the basic financial statements of Lake City Area Fire Protection District as of and for the year ended December 31, 2023. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement Lake City Area Fire Protection District's 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. As part of our engagement, we will apply certain limited procedures to Lake City Area Fire Protection District's RSI in accordance with auditing standards generally accepted in the United States of America, (GAAS). These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by U.S. generally accepted accounting principles (GAAP) and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
- 3) Schedule of contributions – Multiyear
- 4) Schedule of Changes in Net Pension Liability / (Asset) and related Ratios Multiyear

The objectives of our audit are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP; and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. 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

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GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the government's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected customers, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the government and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls
- Improper revenue recognition due to fraud

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Lake City Area Fire Protection District's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also prepare the financial statements of Lake City Area Fire Protection District in conformity with accounting principles generally accepted in the United States of America based on information provided by you.

We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Management is responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records,

documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with accounting principles generally accepted in the United States of America. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for the financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Green & Associates LLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulatory agencies or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Green & Associates LLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to regulatory agencies or its designee. The regulatory agencies or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

David Green, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it. We expect to begin our audit on approximately May 1, 2023, or another agreed upon date, and to issue our reports no later than July 31, 2023.

Our fee for services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed \$5,250. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 60 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue a written report upon completion of our audit of Lake City Area Fire Protection District's financial statements. Our report will be addressed to The Board of Directors of Lake City Area Fire Protection District. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or withdraw from this engagement.

We appreciate the opportunity to be of service to Lake City Area Fire Protection District and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Very truly yours,



Green & Associates LLC

RESPONSE:

This letter correctly sets forth the understanding of Lake City Area Fire Protection District.

Management signature: _____
Title: _____
Date: _____

Governance signature: _____
Title: _____
Date: _____