

**ALMARANTE FIRE DISTRICT**  
LAUREL HILL, FLORIDA

AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY  
INFORMATION

YEAR ENDED SEPTEMBER 30, 2016

**JOSEPH A. JONES**  
Certified Public Accountant  
Crestview, Florida  
August 24, 2017

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Almarante Fire District  
Laurel Hill, Florida

**INDEPENDENT AUDITORS' REPORT**

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities of Almarante Fire District, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which comprise Almarante Fire District's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## **Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Almarante Fire District, as of August 24, 2017, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United State of America require that the management's discussion and analysis (MD&A) and required supplementary information, other than MD&A as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basis financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express and opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, I have also issued a report dated August 24, 2017 on my consideration of Almarante Fire District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Almarante Fire District's internal control over financial reporting and compliance.



Joseph A. Jones  
Certified Public Accountant  
Crestview, Florida  
August 24, 2017

## **Management Discussion and Analysis (MD&A)**

This MD&A of the District's financial condition provides an overview of the District's financial activities for the fiscal year. This discussion and analysis should be read in conjunction with the District's financial statements.

The Almarante Fire District (the District) is an independent special district originally established by Ordinance 88-50 by the Okaloosa County Board of Commissioners on December 20, 1988. The District was created for the purpose of providing fire control and protection services as well as rescue and emergency medical services within the territorial bounds of the District as defined by the State of Florida. The District operates one fire house, and its related equipment, and has only volunteer workers. The District is governed by an elected five member Board of Commissioners serving four year terms.

### **Financial Highlights**

The District's assets, \$488,816, exceeded liabilities (none), by \$488,816. Revenues, \$314,695, included \$239,471 in federal and state grants. Operating expenses, \$188,586, included \$40,524 of depreciation of fixed assets. Grant Revenues were used to purchase a \$248,000 new fire truck and \$3,122 of radio equipment.

### **Using the Audited Financial Statements and Supplementary Data**

The Audited Financial Statements consists of a series of financial statements, prepared in accordance with *Governmental Accounting Standards*. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. The Statement of Activities provides information on how the District's net position changes during the fiscal year. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The Statement of Revenues, Expenditures, and changes in Fund balances provides a more detailed listing of revenues and expenditures.

## The District's Funds

The District has one fund, the General Fund, from which all activities are carried out. The General Fund is used to report the cost of services provided to the residents of the District. The District continues to apply for grants to purchase equipment needed to provide improved services to residents of the district.

The District's total net assets were \$488,816 at the end of the fiscal year. The following is a condensed statement of net position (Table 1).

	<u>2016</u>
Current Assets	\$ 11,678
Capital Assets	477,138
Total Assets	<u>488,816</u>
Current Liabilities	-
Other Liabilities	-
Total Liabilities	<u>-</u>
Net Position:	
Invested in Capital Assets	477,138
Unrestricted	5,458
Restricted	6,220
Total Net Assets	<u>\$ 488,816</u>

Changes in District's net assets can be determined by reviewing the following condensed Statement of Activities (Table 2).

	<u>2016</u>
Revenues:	
Taxes	\$ 65,335
Grants	239,471
Impact Fees	4,015
Miscellaneous	5,874
Total Revenues	<u>314,695</u>
Operating Expenses, including Depreciation	<u>108,586</u>
Change in Net Assets	206,109
Net Assets at Beginning of Year	<u>282,707</u>
Net Assets at End of Year	<u>\$ 488,816</u>

## Capital Assets and Debt Administration

### Capital Assets

At the end of 2016, the District had \$477,138 invested in capital assets net of accumulated depreciation.

**Table 3**

	<u>2016</u>
Land	\$ 5,100
Buildings	49,822
Furniture & Equipment	98,831
Trucks and Automobiles	323,385
Total Capital Assets	<u>\$ 477,138</u>

The following table summarizes the changes in capital assets. These changes are presented in more detail in Note D to the financial statements.

**Table 4**

	<u>2016</u>
Balance at Beginning of Year	\$ 273,928
Plus Additions	251,122
Less Deletions	(7,388)
Less Depreciation	(40,524)
Total Capital Assets	<u>\$ 477,138</u>

The capital asset additions were as follows:

<u>Description</u>	<u>Category</u>	<u>Amount Paid</u>
Radio equipment	Equipment	\$3,122
New Engine 52 from Deep South	Trucks & Automobiles	248,000
Total Capital Asset Increases		<u>\$251,122</u>

The capital asset deletion was the sale of the old Engine 52 for \$4,500 on May 31, 2016.

Old engine 52's cost was \$10,000, minus \$2,612 accumulated depreciation, and the Un-depreciated cost was \$7,388.

The District received a \$238,096 Federal Emergency Management Agency (FEMA) grant to help pay for the new engine 52 fire truck purchased from Deep South.

The District received a \$1,375 Florida State Forestry grant to help pay for the radio equipment.

**Debt**

At September 30, 2016, the District had no outstanding debt.

**Economic Factors and Next Year's Budget**

The FY2016 tax rates for the Almarante Fire District were \$78.64 for residential property, \$110.00 for commercial business property, and 38 cents per acre for acreage.

The FY2017 tax rates for the Almarante Fire District are \$82.03 for residential property, \$116.11 for commercial business property, and 40 cents per acre for acreage.

**Contacting the District's Financial Management**

This financial report is designed to provide the residents of the District, customer and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Almarante Fire District at 3710 Old California Road, Laurel Hill, Florida 32567.

## **BASIC FINANCIAL STATEMENTS**

**Almarante Fire District**  
Statement of Net Position  
September 30, 2016

	Governmental Activities
Assets	
Cash	\$ 5,458
Restricted Cash	6,220
Capital Assets, Non-depreciable, net	5,100
Capital Assets, Depreciable, net	<u>472,038</u>
 Total Assets	 <u><u>488,816</u></u>
Liabilities	
None	-
 Total Liabilities	 <u><u>-</u></u>
Net position	
Investment in Capital Assets	477,138
Unrestricted	5,458
Restricted - Impact Fees	<u>6,220</u>
 Total Net Position	 <u><u>\$ 488,816</u></u>

See accompanying notes to the financial statements.

**Almarante Fire District**  
**Statement of Activities**  
**Year Ended September 30, 2016**

	Governmental Activities
Expenses	
Public Safety - Fire Protection	\$ (101,198)
Cost of engine 52 sold	(7,388)
	<hr/>
Total Expenses	<u>(108,586)</u>
Program Revenues	
Capital Grants	239,471
	<hr/>
General Revenues	
Taxes	65,335
Impact Fees	4,015
Insurance Refunds	1,152
Member reimbursement	122
DOT physicals reimbursement	100
Sale of old Engine 52	4,500
Total General Revenues	<hr/> 75,224 <hr/>
Total Revenues	<u>314,695</u>
Change in Net Position	206,109
Net Position Beginning	<hr/> 282,707 <hr/>
Net Position Ending	<u>\$ 488,816</u>

See accompanying notes to the financial statements.

**Almarante Fire District**

Balance Sheet - Governmental Fund

September 30, 2016

	General Fund
Assets	
Cash	\$ 5,458
Restricted Cash	6,220
Total Assets	<u>11,678</u>
Liabilities and Fund Balances	
Liabilities	
None	-
Total Liabilities	<u>-</u>
Fund Balances	
Non-spendable	-
Committed	-
Unassigned	5,458
Restricted	6,220
Total Fund Balances	<u>11,678</u>
Total Liabilities and Fund Balances	<u>\$ 11,678</u>

See accompanying notes to the financial statements.

**Almarante Fire District**

Reconciliation of the Governmental Fund Balance Sheet  
to the Statement of Net Position  
September 30, 2016

Total Fund Balances, governmental fund balance sheet	\$11,678
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet	477,138
Total net position – Statement of Net Position	<u>\$488,816</u>

See accompanying notes to the financial statements.

**Almarante Fire District**  
Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Fund  
Year Ended September 30, 2016

Revenues:

Federal Grant	\$ 238,096
State Grant	1,375
Taxes	65,335
Impact Fees	4,015
Insurance Refunds	1,152
Member reimbursement	122
DOT physicals reimbursement	100
Sale of old Engine 52	4,500
Total Revenues	314,695

Expenditures:

Operating Services:

Firefighter Incentive	2,073
Utilities	2,854
Telephone	1,702
Office	1,799
Expendable Equipment	9,066
Fuel	4,125
Audit Fee	3,500
Grant Writer Fee	5,000
Fees	3,518
Building Maintenance	1,390
Vehicle Maintenance	11,978
Insurance	10,137
Physical exams	1,210
Training	2,321
Total General Government, excluding Depreciation	60,673

Capital Outlay:

Equipment	3,122
Trucks & Automobiles	248,000

Total Expenditures	311,796
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Excess (Deficiency) of revenues over expenditures	2,899
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Fund balance, beginning of year	8,779
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Fund balance, end of year	\$ 11,678
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See accompanying notes to the financial statements.

**Almarante Fire District**

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended September 30, 2016

Net change in fund balances - governmental fund		\$ 2,899
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position		
Furniture and Equipment	\$ 3,122	
Trucks and Automobiles	<u>248,000</u>	
Totals		251,122
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported as an expenditure in the governmental funds Statement of Revenues, Expenditures and changes in Fund Balances		(40,524)
Adjusted basis of fire truck sold is a cost of equipment sold on the Statement of Activities, but is not reported as a cost on the governmental funds Statement of Revenues, Expenditures and changes in Fund Balances		(7,388)
Change in net position of the Statement of Activities		<u><u>\$ 206,109</u></u>

See accompanying notes to the financial statements.

**Almarante Fire District**  
Notes to Financial Statements  
September 30, 2016

**Note A – Summary of Significant Accounting Policies**

The accounting policies of the District conform to Generally accepted Accounting Principles (GAAP) as applicable to governments in accordance with those promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

**Measurement Focus, Basis of Accounting and Basis of Presentation**

The basic financial statements include both government-wide and fund financial statements.

**Government-wide Financial Statements** – Government-wide financial statements, including the statement of net position and statement of activities, present information about the District as a whole. These statements include the non-fiduciary financial activity of the primary government.

Government-wide financial statements are prepared using the economic resources measurement focus. The statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program, or department and are thereby clearly identifiable to a particular function.

Program revenues include grant revenues that are restricted to meeting the operations or capital requirements of a particular grant program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of grant direct expenditures with grant program revenues identifies the extent to which grant direct expenses are self-financing and draw from the grant revenues.

The government-wide financial statements are prepared using the accrual basis of account. Revenues are recognized when earned, and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements imposed by the provider have been satisfied.

When both restricted and unrestricted resources are available for use, it the government's policy to use restricted resources first and then unrestricted resources, as they are needed.

Government-wide financial statement net position is divided into three components – investment in capital assets, restricted; and unrestricted. These classifications are defined as follows:

**Note A – Summary of Significant Accounting Policies (continued)**

**Investment in capital assets** – This component of net position consists of capital assets, included restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as unspent proceeds.

**Restricted** – This component of net position consists of constraints placed on net positions imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

**Unrestricted** – This component of net position consists of amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

**Fund Financial Statements:**

**Government Funds** are used to account for the general government activities. Governmental fund types use the flow of current financial measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Taxes, reimbursements for incidents 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 period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

**Almarante Fire District**  
Notes to Financial Statements  
September 30, 2016

**Note A – Summary of Significant Accounting Policies (continued)**

The District reports the following major governmental fund:

**General Fund** – The General Fund is the primary operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

The following is a description of the District’s various fund balance accounts:

Non-spendable fund balance includes amounts that are not in a spendable form (prepaid insurance, for example) or are required to be maintained intact.

Restricted fund balance includes amounts restricted by creditor, grantors, contributors, laws, or regulations of other governments, constitutional provisions, or enabling legislation. The restricted funds of the District consist of Impact fees. Impact fees are restricted for purchase, or construction, of new facilities or equipment to provide fire protection and emergency services.

Committed fund balance can be used only for specific purposes as imposed by formal action of the Fire District’s board. There are no committed funds at the end of this fiscal year.

Assigned fund balance includes resources that are intended to be used for specific purposes, but are neither restricted nor committed. These are resources that have been set aside for a specific purpose by the District board. There are no assigned funds as of the end of this fiscal year.

Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Restricted resources are only used for their specific designation and with approval from the District’s board. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion of the expense.

The District considers committed amounts be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in the unrestricted fund balance classification could be used.

**Note A – Summary of Significant Accounting Policies (continued)**

**Fiduciary Funds** account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. The District currently has no fiduciary funds or trust funds.

***Cash, Deposits and Investments***

The District is authorized to invest in financial instruments as established in Section 218.415, Florida Statutes. The District maintains deposits with “Qualified Public Depositories” as defined in Chapter 280 Florida Statutes. The District has an investment policy that places the highest priority on the safety of principal and liquidity of funds. Investments in money market funds are reported at fair value. Funds in the Impact Fund are restricted for purchase of capital assets. All bank deposits are fully insured.

***Interest Rate Risk***

Section 218.415(17), Florida Statutes, limits investment maturities to provide sufficient liquidity to pay obligations as they come due. The District minimizes interest rate risk by structuring investments to mature to meet future operating cash requirements and investing primarily in short-term security such as money market accounts.

***Concentration of Credit Risk***

As mentioned above, the District limits investments to money market accounts or in certificate of deposits of banks that are insured by the Federal Deposit Insurance Corporation.

***Custodial Credit Risk***

For an investment, custodial credit risk is the risk that the District will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The District has no formal policy for custodial risk.

**Capital Assets**

Capital assets, which include property and equipment are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$1,000. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated asset are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**Almarante Fire District**  
Notes to Financial Statements  
September 30, 2016

**Note A – Summary of Significant Accounting Policies (continued)**

Property and equipment sold, destroyed or obsolete is removed from the accounts periodically. Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15 – 39
Vehicles & Equipment	7 – 15
Improvements	25
Office Equipment	5

Depreciation expense is not reported in the governmental fund financial statements. In the governmental fund financial statements, amounts incurred for acquisition of capital assets are reported as fund expenditures.

**Long Term Obligations**

The District has no long term debt.

**Tax Revenue**

The Okaloosa County Property Tax Calendar Significant dates relative to ad valorem tax revenue are as follows:

- Assessment date, Lien date – January 1
- Levy date – November 1
- Due Date – November 1
- Maximum Discount – November 30
- Past Due or Delinquent date – April 1
- Tax Certificates Sold – June 1

**Budgets and and Budgetary accounting**

The Fire District adopted a formal budget for the fiscal year. A Budgetary Comparison Schedule is included in the Required Supplementary Information.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, results could differ from those estimates.

**Note B – Deposits and Investments**

The District has not adopted a written policy for deposits or investing surplus funds. Regarding the investment of surplus funds, the Florida Statutes were followed. Restrict fund cash in the Impact Fund is restricted for purchase of capital assets.

**Almarante Fire District**  
Notes to Financial Statements  
September 30, 2016

**Note C – Contingency**

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

**Note D - Capital Assets**

Capital asset activity for the year ended September 30, 2016 was as follows:

Governmental Activities	Balance	Current Year:		Balance
	<u>9/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2016</u>
Capital assets, not being depreciated:				
Land	\$ 5,100	\$ -	\$ -	\$ 5,100
Total capital assets, not being depreciated	\$ 5,100	\$ -	\$ -	\$ 5,100
Capital assets, being depreciated:				
Buildings	\$ 115,041			\$ 115,041
Furniture and Equipment	\$ 205,471	\$ 3,122		\$ 208,594
Trucks and Automobiles	\$ 190,000	\$ 248,000	\$ 10,000	\$ 428,000
Total capital assets, being depreciated	\$ 510,513	\$ 251,122	\$ 10,000	\$ 751,635
Total Capital Assets before depreciation:	\$ 515,613	\$ 251,122	\$ 10,000	\$ 756,735
Less Accumulated Depreciation for:				
Buildings	\$ 57,755	\$ 7,464		\$ 65,219
Furniture and Equipment	\$ 97,414	\$ 12,349		\$ 109,763
Trucks and Automobiles	\$ 86,516	\$ 20,711	\$ 2,612	\$ 104,615
Total Accumulated Depreciation	\$ 241,685	\$ 40,524	\$ 2,612	\$ 279,597
Governmental activities capital assets, net	\$ 273,928	\$ 210,598	\$ 7,388	\$ 477,138

**Almarante Fire District**  
Notes to Financial Statements  
September 30, 2016

**Note E – Grants**

The district received the following grants:

Federal Emergency Management Agency (FEMA)	\$ 238,096
Florida Forest Service	<u>1,375</u>
Total grants revenue received	<u><u>\$ 239,471</u></u>

FEMA grant revenues and expenditures:

Grant Revenue Received	\$ 238,096
Grant expenditures:	
Grant expenditures for a new fire truck	248,000
Grant expenditure for grant application writing	<u>5,000</u>
Total	<u>253,000</u>
District funded	<u><u>\$ 14,904</u></u>

FEMA grant no. EMW-2014-FV-00236  
Catalog of Federal Domestic Assistance (CFDA) number 97.044  
Period of performance 07/01/2015 to 06/30/2016.  
Assistance to Firefighters grant: To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.  
For purchase of a new fire truck plus grant application costs.  
The grant requires a 5% contribution by the District.

Florida Forest Service grant

Grant Revenue Received	\$ 1,375
Grant expenditures for radio equipment	<u>3,122</u>
District funded	<u><u>\$ 1,748</u></u>

Florida Department of Agriculture and Consumer Services  
Forest Protection Bureau.  
For Volunteer Fire Assistance.  
For purchase of radio equipment.  
The grant requires a 50% contribution by the District.

**Almarante Fire District**  
Notes to Financial Statements  
September 30, 2016

**Note F – Risk Management**

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

**Note G – Subsequent Events**

Subsequent events have been evaluated through August 24, 2017, the date these financial statements were available to be issued, and no event was deemed to warrant recognition or disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION  
(Other than MD&A)**

**Almarante Fire District**  
 Budgetary Comparison Schedule  
 Governmental Funds  
 Year Ended September 30, 2016

	<u>Actual</u>	<u>Original and Final Budget</u>
<u>Revenues:</u>		
Federal Grant	\$238,096	
State Grant	1,375	
Taxes	65,335	\$ 61,603
Impact Fees	4,015	
Insurance Refunds	1,152	
Member reimbursement	122	
DOT physicals reimbursement	100	
Sale of old Engine 52	4,500	
Carryover from the prior year		6,562
Total Revenues	<u>314,695</u>	<u>68,164</u>
 <u>Expenditures:</u>		
Operating Services:		
Firefighter Incentive	2,073	2,000
Utilities & Telephone	4,555	4,150
Office	1,799	1,000
Expendable Equipment	9,066	8,514
Fire Prevention		1,000
Fuel	4,125	5,500
Audit Fee	3,500	5,000
Grant Writer Fee	5,000	17,000
Fees	3,518	
Building Maintenance	1,390	1,000
Vehicle Maintenance	11,978	10,000
Insurance	10,137	10,000
Physical exams	1,210	
Training	2,321	3,000
Total General Government, excluding Depreciation	<u>60,673</u>	<u>68,164</u>
Capital Outlay:		
Equipment	3,122	
Trucks & Automobiles	248,000	
Total Expenditures	<u>311,796</u>	<u>68,164</u>
Excess (Deficiency) of revenues over expenditures	2,899	-
Fund balance, beginning of year	<u>8,779</u>	
Fund balance, end of year	<u>\$ 11,678</u>	<u>\$ -</u>

## **COMPLIANCE SECTION**

**JOSEPH A JONES**  
**CERTIFIED PUBLIC ACCOUNTANT**

6075 Bud Moulton Road  
Crestview, Fl. 32536  
Phone (850) 682-8950  
Cell phone (850) 826-0630; Fax Phone (866) 521-9736  
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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Almarante Fire District  
Laurel Hill, Florida

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities of Almarante Fire District (“the District”), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the District’s basis financial statements, and have issued my report thereon dated August 24, 2017.

**Internal Control Over Financial Reporting**

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

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

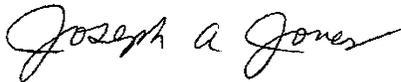
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit, I did not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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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



Joseph A. Jones  
Certified Public Accountant  
Crestview, Florida  
August 24, 2017

**JOSEPH A JONES**  
**CERTIFIED PUBLIC ACCOUNTANT**

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**MANAGEMENT LETTER**

To the Board of Directors  
Almarante Fire District  
Laurel Hill, Florida

**Report on the Financial Statements**

I have audited the financial statements of the Almarante Fire District, as of and for the fiscal year ended September 30, 2016, and have issued my report thereon dated August 24, 2017.

**Auditor's Responsibility**

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

**Other Reports and Schedule**

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated August 24, 2017, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that I determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There was no audit for FY2015, because District's revenues were less than \$100,000 and the District's expenditures were less than \$100,000. The most recent previous year audit was for FY2014. There was also an audit for FY2012. I will address the FY2014 finding 2014-1 and also the FY2012 findings 2012-2 and 2012-5.

Finding 2014-01, Lack of General Ledger Accounting: The District does not use a commercial general ledger accounting system. The District uses an excel spreadsheet that lists bank transactions as follows: (1) bank deposits are categorized and listed in separate columns, and these separate columns are categorized as separate revenue accounts; (2) checks and on line payments are categorized and listed in separate columns, and these separate columns are categorized as separate expenditure accounts. The spreadsheet columns are totaled each month.

No year-to-date totals, by revenue account or expenditure account, are provided. There is no balance sheet accounting in this excel spreadsheet. The District's accounting spreadsheet does not provide year-to-date general ledger totals for assets, liabilities, revenues, and expenditures. The District's monthly financial report includes only the previous month's revenues and expenditures, and does not provide year-to-date assets, liabilities, revenues, or expenditures. As a result, the District is unable to properly review their year-to-date financial condition. Recommendation: Recommend the District purchase, and use, a commercial general ledger accounting system, which will provide (at any point in time during the fiscal year) financial reports displaying year-to-date assets, liabilities, revenues, and expenditures.

*Auditor's determination as whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit reports.*

During my audit of FY2016, I found that Finding 2014-01 has not been fully corrected. In FY2016, the District purchased online general ledger software and used the general ledger software for part of the year, but did not use it for the entire fiscal year. The District used excel spreadsheets to list the receipts and disbursements for the entire year, creating separate columns for each revenue and expenditure category, and totaling up for the entire year the totals of each revenue and expenditure category. The District then used the excel spreadsheet totals to prepare financial statements for audit. As a result, the District has difficulty in accurately preparing monthly or year-to-date financial statements on a timely basis.

Finding 2012-2, Safeguarding Capital Assets: Internal controls and record keeping surrounding capital asset acquisitions, disposals and tracking are not adequate. The District does not conduct an annual inspection of its capital asset inventory and reconcile the capital asset inventory schedules to the general ledger on a regular basis in order to properly record purchases and disposals. The District does not have a policy to record, safeguard and dispose of capital assets.

*Auditor's determination as whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit reports.*

During my audit of FY2016, I found that Finding 2012-1 has been corrected. In FY2016 I found the District to be in compliance with the requirement to maintain internal controls and record keeping of capital assets. The finding is no longer appropriate and is closed.

Finding 2012-5, Submission of timely Audit Reports: Florida Statutes require special districts whose revenues or combined expenditures falling between \$50,000 and \$100,000 have an audit at least once every three years. The audit is due to the Auditor General no later than 9 months after year end. The Annual Financial Report (AFR) is due to the Department of Financial Services no later than 9 months after year end. The financial audit, and the AFR, were not submitted within the timeline prescribed by statute. The District is not in compliance with Florida statutes requiring timely submission of audited financial statements and the AFR.

*Auditor's determination as whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit reports.*

During my audit of FY2016, I found that Finding 2012-5 has not been corrected. In FY2016, the District is not in compliance with Florida statutes requiring timely submission of audited financial statements and the AFR.

### **Other 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 District has no component units.

### **Financial Condition**

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

Pursuant to Sections 10.554(1)(i)5.c. and 10.556(8), Rules of the Auditor General, I applied financial condition assessment procedures. It is management's responsibility to monitor the Almarante Fire District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

### **Annual Financial Report**

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Almarante Fire District for the fiscal year ended September 30, 2016, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2016. In connection with my audit, I determined that these two reports were in agreement.

### **Special District Component Units**

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. Almarante Fire District is not a component unit and has no components.

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, require that I address in the management letter any recommendations to improve financial management. In connection with my audit of FY2016, I did have two audit findings and they are findings FY2016-1 and FY2016-2.

Finding 2016-1, Submission of timely Audit Reports: Florida Statutes require special districts

whose revenues or combined expenditures falling between \$50,000 and \$100,000 have an audit at least once every three years. The audit is due to the Auditor General no later than 9 months after year end. The Annual Financial Report (AFR) is due to the Department of Financial Services no later than 9 months after year end. The financial audit, and the AFR, were not submitted within the timeline prescribed by statute. For FY2016 the District is not in compliance with Florida statutes requiring timely submission of audited financial statements and the AFR.

Recommendation: Recommend the District hire an auditor shortly after the end of the fiscal year end to allow the auditor to have sufficient time to complete the audit timely and in advance of the state's deadline for completion of the audit. .

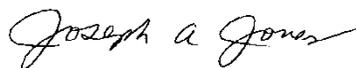
Finding 2016-2, Lack of a complete general ledger accounting system: During my audit of FY2016, I found that Finding 2014-01 has not been fully corrected. Finding 2016-2 is a repeat finding of 2014-1. In FY2016, the District purchased online general ledger software and used the general ledger software for part of the year, but did not use it for the entire fiscal year. The District used excel spreadsheets to list the receipts and disbursements for the entire year, creating separate columns for each revenue and expenditure category, and totaling up for the entire year the totals of each revenue and expenditure category. The District then used the excel spreadsheet totals to prepare financial statements for audit. As a result, the District has difficulty in accurately preparing monthly, or year-to-date, financial statements on a timely basis.

Recommendation: Recommend the District utilize a commercial general ledger accounting system software to ensure that all transactions get posted to the general ledger on a timely basis, and this will enable the District to produce timely, accurate, financial reports to the fire district's board on a monthly, and as needed, basis.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that I address 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 which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

### **Purpose of this letter**

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



Joseph A. Jones  
Certified Public Accountant  
Crestview, Florida  
August 24, 2017

**Almarante Fire District**  
P.O. Box 700  
3710 Old California Road  
Laurel Hill, FL. 32567

August 24, 2017

To: Joseph A. Jones, C.P.A.  
6075 Bud Moulton Road  
Crestview, Fl. 32536

Subject: Almarante Fire District's Response to the FY2016 Audit Findings

**Finding 2016-1, Submission of timely Audit Reports:** The financial audit and AFR were not submitted within the timeline prescribed by statute. Florida Statutes require special districts, whose revenues or expenditures fall between \$50,000 and \$100,000, have an audit at least once every three years. The audit is due to the Auditor General no later than 9 months after year end. The Annual Financial Report (AFR) is due to the Department of Financial Services no later than 9 months after year end. Auditor's Recommendation: Recommend the District hire an auditor shortly after the end of the fiscal year end to allow the auditor to have sufficient time to complete the audit timely and in advance of the state's deadline for completion of the audit.

**District's Response to Finding 2016-01:** Due to lack of sufficient cash on hand, we were unable to hire the CPA auditor until June 2017. Also, when we hired the auditor in June 2017, the auditor was unable to complete the audit until August 2017. In the future, we will try to hire an auditor shortly after the end of the fiscal year being audited, to allow the auditor sufficient time to complete the audit ahead of the June 30<sup>th</sup> deadline.

**Finding 2016-2, Lack of a complete general ledger accounting system: During my audit of FY2016, I found that Finding 2014-01 has not been fully corrected.** Finding 2016-2 is a repeat finding of 2014-1. In FY2016, the District purchased online general ledger software and used the general ledger software for part of the year, but did not use it for the entire fiscal year. The District used excel spreadsheets to list the receipts and disbursements for the entire year, creating separate columns for each revenue and expenditure category, and totaling up for the entire year the totals of each revenue and expenditure category. The District then used the excel spreadsheet totals to prepare financial statements for audit. As a result, the District has difficulty in accurately preparing monthly, or year-to-date, financial statements on a timely basis.

Auditor's Recommendation: Recommend the District utilize a commercial general ledger accounting system software to ensure that all transactions get posted to the general ledger on a timely basis, and this will enable the District to produce timely, accurate, financial reports to the fire district's board on a monthly, and as needed, basis.

**District's Response to Finding 2016-2:**

We will follow the auditor's advice to make improvements to our accounting system and in preparing financial statements. We will consider purchasing, and using, a Quickbooks Pro software .

Signature Charles M. Carroll

Charles Carroll, Fire Chief for Almarante Fire District