

ALMARANTE FIRE DISTRICT
LAUREL HILL, FLORIDA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2014

JOSEPH A. JONES
Certified Public Accountant
Crestview, Florida
December 8, 2015

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Board of Directors
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, 2014, 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 September 30, 2014, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

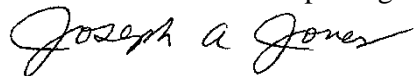
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United State of American 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 and 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 December 8, 2015 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
December 8, 2015

Management Discussion and Analysis (MD&A)

This Management Discussion and Analysis (MD&A) of Almarante Fire District financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. The District is a volunteer fire department, and the primary purpose of the District is provide fire, rescue and emergency medical assistance for the Almarante District which is in the Laurel Hill, Florida area. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required by Florida Statutes to ensure the District has sufficient reserve funds for future operations and anticipated capital acquisitions. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

Highlights

Financial Highlights

1. Assets, \$312,627, exceeded liabilities (none), by \$312,627. Total Revenues, \$176,422, included \$110,060 in federal and state grants. Operating expenses, \$85,052, included \$25,262 of depreciation. Grant Revenues were used to purchase \$113,920 of capital asset equipment and another \$9,766 of expendable 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 Board Statement 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended by Statement 37. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District’s finances. For governmental activities, the Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District’s operations in more detail than the government-wide financial statements by providing information about the District’s funds. Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District’s financial health or financial position.

The District's Funds

The District has one fund, the General Fund, which is used to pay for services provided to 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 \$312,627 at the end of the fiscal year. The following is a condensed statement of net position (Table 1).

Table 1

		<u>2014</u>
Current Assets		\$ 6,427
Capital Assets		306,200
	Total Assets	<u>312,627</u>
Current Liabilities		-
Other Liabilities		-
	Total Liabilities	<u>-</u>
Net Position:		
Invested in Capital Assets		306,200
Unrestricted		5,314
Restricted		1,113
	Total Net Assets	<u><u>\$ 312,627</u></u>

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

Table 2

		<u>2014</u>
Taxes		\$ 58,555
Grants		110,060
Miscellaneous		7,827
Total Revenues		<u>176,442</u>
Operating Expenses, including Depreciation		<u>85,052</u>
Change in Net Assets		91,390
Net Assets at Beginning of Year		<u>221,237</u>
Net Assets at End of Year		<u><u>\$ 312,627</u></u>

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the District had \$306,200 invested in capital assets, net of accumulated depreciation.

Table 3

	<u>2014</u>
Land	\$ 5,100
Buildings	64,751
Furniture & Equipment	120,198
Autos and Trucks	116,151
Total Capital Assets	<u>\$ 306,200</u>

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

Table 4

	<u>2014</u>
Balance at Beginning of Year	\$ 217,541
Additions	113,920
Depreciation	<u>(25,262)</u>
Total Capital Assets	<u>\$ 306,200</u>

This year's capital asset additions were as follows:

<u>Description</u>	<u>Category</u>	<u>Amount Paid</u>
Rescue Chain Saw	Equipment	\$1,335
Honda 5.5HP Blower	Equipment	1,474
14 Sets SCBA Equipment *	Equipment	107,065
Fire Hose	Equipment	2,100
Light Bar and Siren	Equipment	1,946
Total Capital Asset Increases		<u>\$113,920</u>

The District received \$110,060 in Federal and State Grants to buy this equipment.

In addition to the \$113,920 spent for capital asset equipment, the District spent another \$9,766 on expendable, smaller dollar value, equipment listed as expenditures rather than capital assets.

* SCBA = Self Contained Breathing Apparatus

Debt

At September 30, 2014, the District had no outstanding debt.

Economic Factors and Next Year's Budget

The FY2014 tax rates for the Almarante Fire District were \$76.31 for residential property, \$100.00 for commercial business property, and 25 cents per acre for acreage. The FY2015 tax rates for the Almarante Fire District were \$78.64 for residential property, \$110.00 for commercial business property, and 28 cents per acre for acreage.

Contacting the District's Financial Management

This financial report is designed to provide the residents of the District, customers 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, 2014

	Governmental Activities
Assets	
Cash	\$ 5,314
Restricted Cash	1,113
Capital Assets, Non-depreciable, net	5,100
Capital Assets, Depreciable, net	<u>301,100</u>
Total Assets	<u><u>312,627</u></u>
Liabilities	
None	<u>-</u>
Total Liabilities	<u><u>-</u></u>
Net position	
Investment in Capital Assets	306,200
Unrestricted	5,314
Restricted - Impact Fees	<u>1,113</u>
Total Net Position	<u><u>\$ 312,627</u></u>

See accompanying notes to the financial statements.

Almarante Fire District
Statement of Activities
Year Ended September 30, 2014

	Governmental Activities
Expenses	
Public Safety - Fire Protection	<u>\$ (91,390)</u>
Total Expenses	<u>(91,390)</u>
Program Revenues	
Capital Grants	<u>110,060</u>
General Revenues	
Taxes	58,555
Miscellaneous	<u>7,827</u>
Total General Revenues	<u>66,382</u>
Total Revenues	<u>176,442</u>
Change in Net Position	85,052
Net Position Beginning	<u>227,575</u>
Net Position Ending	<u>\$ 312,627</u>

See accompanying notes to the financial statements.

Almarante Fire District**Balance Sheet - Governmental Fund**

September 30, 2014

	General Fund
Assets	
Cash	\$ 5,314
Restricted Cash	1,113
Total Assets	<u>6,427</u>
Liabilities and Fund Balances	
Liabilities	
None	-
Total Liabilities	<u>-</u>
Fund Balances	
Non-spendable	-
Committed	-
Unassigned	5,314
Restricted	1,113
Total Fund Balances	<u>6,427</u>
Total Liabilities and Fund Balances	<u>\$ 6,427</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, 2014

Total Fund Balances, governmental fund balance sheet	\$6,427
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet	306,200
Total net position – governmental activities	<u><u>\$312,627</u></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, 2014

Revenues:

Federal Grant	\$ 107,065
State Grant	2,995
Taxes	58,555
Impact Fees	869
Insurance Refunds	1,270
Utility Refunds	1,306
Incentive Revenue	686
Sale of Ambulance	3,250
Miscellaneous Refunds	446
Total Revenues	<u>176,442</u>

Expenditures:

Operating Services:

Incentive	1,787
Utilities	3,772
Office	1,495
Equipment	9,766
Fuel	6,299
Fees	14,851
Building Maintenance	4,828
Vehicle Maintenance	9,211
Insurance	13,790
Training	330
Total General Government, excluding Depreciation	<u>66,128</u>

Capital Outlay:

Equipment	<u>113,920</u>
Total Expenditures	<u>180,048</u>

Excess (Deficiency) of revenues over expenditures (3,607)

Fund balance, beginning of year	<u>10,033</u>
Fund balance, end of year	<u>\$ 6,427</u>

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, 2014

Net change in fund balances - governmental fund	\$ (3,607)
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position	113,920
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 fund	(25,262)
Change in net position of governmental activities	<u>\$ 85,052</u>

See accompanying notes to the financial statements.

Almarante Fire District
Notes to Financial Statements
September 30, 2014

Note 1 – Nature of organization

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.

Note 2 – 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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:

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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

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 that can be spent only for the specific purposes stipulated by external resource providers (for example, impact fees as authorized under FL Statute 191.009(2)), constitutionally, or through enabling legislation (that is legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of the resource provider.

Committed fund balance includes amounts that can be used only for specific purposes determined by a formal action of the government's highest decision making authority which is the Board of Commissioners. Commitments may be changed or lifted only the government taking the same formal action that imposed the constraint originally.

Assigned fund balance includes resources that are intended to be used for specific purposes. Intent can be expressed by the governing board (the board of commissioners) or by management to whom the governing body delegates the authority.

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.

The District does not have any proprietary funds.

Note 2 – 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, 2014

Note 2 – 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.

Almarante Fire District
Notes to Financial Statements
September 30, 2014

Note 3 – Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balance	<u>Current Year:</u>		Balance
	<u>9/30/2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2014</u>
Governmental Activities				
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	91,551	113,920		205,471
Trucks and Automobiles	190,000			190,000
Total capital assets, being depreciated	396,592	113,920	-	510,513
Total Capital Assets before depreciation:	401,692	113,920	-	515,613
Less Accumulated Depreciation for:				
Buildings	42,826	7,464		50,291
Furniture and Equipment	80,142	5,131		85,273
Trucks and Automobiles	61,182	12,667		73,849
Total Accumulated Depreciation	184,151	25,262	-	209,413
Governmental activities capital assets, net	\$ 217,541	\$ 88,658	\$ -	\$ 306,200

Almarante Fire District
Notes to Financial Statements
September 30, 2014

Note 4 – 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. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. There were no claims during the fiscal year. There has been no significant reduction in insurance coverage from the prior fiscal year.

Note 5 – Subsequent Events

Subsequent events have been evaluated through December 8, 2015, 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, 2014

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Over (Under)</u>
<u>Revenues:</u>			
Federal Grant	\$107,065		\$ 107,065
State Grant	2,995		2,995
Taxes	58,555	\$ 70,227	(11,672)
Impact Fees	869		869
Insurance Refunds	1,270		1,270
Utility Refunds	1,306		1,306
Incentive Revenue	686		686
Sale of Ambulance	3,250		3,250
Miscellaneous Refunds	446		446
Total Revenues	<u>176,442</u>	<u>70,227</u>	<u>106,215</u>
<u>Expenditures:</u>			
Incentive	1,787	4,000	(2,213)
Utilities	3,772	3,500	272
Office	1,495	2,000	(505)
Equipment	9,766	10,000	(234)
Fuel	6,299	7,500	(1,201)
Fees (Auditor, grant writer, etc.)	14,851	7,000	7,851
Building Maintenance	4,828	6,000	(1,172)
Vehicle Maintenance	9,211	8,000	1,211
Insurance	13,790	14,000	(210)
Training	330	3,000	(2,670)
Total General Government	<u>66,128</u>	<u>65,000</u>	<u>1,128</u>
Capital Outlay:			
New Station	-	5,227	(5,227)
Equipment	113,920	-	113,920
Total Expenditures	<u>180,048</u>	<u>70,227</u>	<u>109,822</u>
Excess (Deficit) of revenues over expenditures	(3,607)	-	(3,607)
Fund Balance beginning of year	<u>10,033</u>	<u>6,427</u>	<u>3,607</u>
Fund Balance end of year	<u>\$ 6,427</u>	<u>\$ 6,427</u>	<u>\$ (0)</u>

COMPLIANCE SECTION

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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, 2014, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued my report thereon dated December 8, 2015.

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.

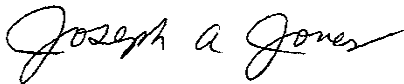
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit, I did not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

A handwritten signature in black ink that reads "Joseph A. Jones". The signature is written in a cursive, flowing style.

Joseph A. Jones
Certified Public Accountant

Crestview, Florida
December 8, 2015

JOSEPH A JONES
CERTIFIED PUBLIC ACCOUNTANT

6075 Bud Moulton Road
Crestview, Fl. 32536
Phone (850) 682-8950
Fax (866) 521-9736
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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, 2014, and have issued my report thereon dated December 8, 2015.

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 December 8, 2015, 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 FY2013, because District's revenues were less than \$100,000 and the District's expenditures were less than \$100,000. There were 6 findings in the FY2012 audit as follows:

Finding 2012-01, Bank Reconciliations: The Board of Commissions did not perform or review bank reconciliations or review bank statements in a timely manner during fiscal year 2009 and fiscal year 2010. A new District Treasurer in FY2011, upon reviewing previous bank statements and bills, identified unsupported ATM withdraws and excessive use of a gas card by its former fire chief. The District received restitution for the amounts identified in fiscal year

2012. During FY2012, the bank statements were reviewed timely; however formal bank reconciliations are not prepared and reviewed.

FY2014 review of Finding 2012-01: The current treasurer reviews the bank statements timely and prepares timely bank reconciliations. I did not find any unsupported ATM withdraws or excessive use of the gas card. The treasurer provides a monthly bookkeeper's report (or financial report) to the board at each month's board meeting. Corrections to this finding have occurred. This finding is no longer appropriate and is closed.

Finding 2012-02, 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.

FY2014 review of Finding 2012-02: Internal controls and record keeping surrounding capital asset acquisitions, disposals and tracking continue to be not adequate. The District does not conduct an annual inspection of its 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. The District does not conduct an annual inspection of its capital asset inventory. This finding has not been corrected in FY2014, and this finding continues to be uncorrected.

Finding 2012-03, Lack of Supporting Documentation: Florida Statute requires the District maintain financial records for a five year period. Auditors were unable to locate all supporting documentation for certain expenditures. Certain current year invoices were missing. The District record retention is not in compliance with Florida Statute.

FY2014 review of Finding 2012-03: All invoices requested for the FY2014 audit were provided. All FY2014 invoices appear to be in District files. Corrections to this finding have occurred. This finding is no longer appropriate and is closed.

Finding 2012-04, Preparing Financial Statements: The District is required to prepare financial statements in accordance with generally accepted accounting principles. The District must rely on an external auditor to propose audit adjustments and prepare annual financial statements in accordance with generally accepted accounting principles. The District's management consists of individuals who volunteer their services and do not have the education or experience to prepare full disclosure financial statements.

FY2014 review of Finding 2012-04: The District did provide me with complete financial statements, based on a general ledger accounting system. The District does not list capital assets in its accounting system. The financial statements provided were not prepared in accordance with generally accepted accounting principles as they were not in the correct format and title for a governmental entity, and they did not include notes to the financial statements. This finding has not been corrected in FY2014, and this finding continues to be uncorrected.

Finding 2012-05, 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.

FY2014 review of Finding 2012-05: The District is late in submitting FY2014 submitting audited financial statements. This finding has not been corrected for FY2014.

Finding 2012-06, Budget Compliance: The adopted budget must regulate expenditures of the special district. In FY2012, actual expenditures exceeded budget amounts by \$30,635. Capital expenditures were \$31,913 for FY2012, but the amount budgeted for capital outlay was \$4,700. The District funded FY2012 capital expenditures with amounts carried over from prior years, but an appropriate budget amendment was not executed.

FY2014 review of Finding 2012-06: The District is in compliance with budget for FY2014. This finding is no longer appropriate and is closed.

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. This information is disclosed in the notes and Almarante Fire District has no component units.

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that I 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. I performed this assessment as of the fiscal year end and I did not find any deteriorating conditions.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for the Almarante Fire District for fiscal year ended September 30, 2014, 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, 2014. 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, I am making the following recommendations (Note: there was no audit for FY2013):

Finding 2012-02, Safeguarding Capital Assets (Repeat Finding): 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.

Finding 2012-04, Preparing Financial Statements, (Repeat Finding): The District is required to prepare financial statements in accordance with generally accepted accounting principles. The District must rely on an external auditor to propose audit adjustments and prepare annual financial statements in accordance with generally accepted accounting principles. The District's management consists of individuals who volunteer their services and do not have the education or experience to prepare full disclosure financial statements.

Finding 2012-05, Submission of timely Audit Reports, (Repeat Finding): 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, nor the AFR, was 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.

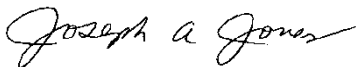
Finding 2014-01, Lack of General Ledger Accounting: The District does not use a commercial general ledger accounting system. The District uses an excel spreadsheet that lists bank transactions as follows: (1) bank deposits are categorized and listed in separate columns, and these separate columns are 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.

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
December 8, 2015

Almarante Fire District
3710 Old California Road
Laurel Hill, FL. 32567

December 8, 2015

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

Subject: Almarante Fire District's Response to the FY2014 Audit Findings

Finding 2012-02 Safeguarding Capital Assets (Repeat Finding): 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.

District's Response to Finding 2012-02: The auditor is providing us with a depreciation schedule which lists the capital assets. We will use this depreciation schedule to help us prepare an inventory listing (using Excel) of the District's capital assets (Land, Building, Equipment, Autos and Trucks, Furniture, Computers, etc.). We will compare this list with actual capital assets on hand. We will maintain this list as a computer spreadsheet, and we will add to the list capital assets purchased or received as donations, and will delete from the list capital assets disposed of. Periodically (at least every September 30th), we will conduct an inventory of capital assets on hand and we will compare that inventory list with our capital asset list in the computer file. We will make updates to our computer file to ensure it agrees with capital assets on hand. We will investigate any missing capital assets.

Finding 2012-04 Preparing Financial Statements (Repeat Finding): The District is required to prepare financial statements in accordance with generally accepted accounting principles. The District must rely on an external auditor to propose audit adjustments and prepare annual financial statements in accordance with generally accepted accounting principles. The District's management consists of individuals who volunteer their services and do not have the education or experience to prepare full disclosure financial statements.

District's Response to Finding 2012-04: We will follow the auditor's advice to make improvements to our accounting system and in preparing financial statements. As mentioned below in our response to Finding 2014-01, we will consider purchasing, and using, a commercial general ledger accounting system, that will help provide us with year-to-date financial statement information at any point time during the fiscal year.

Finding 2012-05 Submission of Timely Audit Reports (Repeat Finding): 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, nor the AFR, was 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.

District's Response to Finding 2012-05: For the FY2014 audit, we could no longer afford the auditor that we used for FY2012, and we were unable to hire a replacement auditor until March 2015. This replacement auditor was unable to complete the audit within the 9 month deadline of June 30, 2015. In the future we will hire an auditor at an earlier date to ensure the audit is completed within the 9 month deadline.

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.

District's Response to Finding 2014-01: We will consider purchasing, and using, a commercial general ledger accounting system such as Quickbooks.

Please call if you have questions. Thank you.

Signature Charles M. Carroll

Charles Carroll, Fire Chief for Almarante Fire District