

**DUETTE FIRE AND RESCUE DISTRICT**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2018**

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**DUETTE FIRE AND RESCUE DISTRICT  
FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Duette Fire and Rescue District  
Manatee County, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of Duette Fire and Rescue District (District), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the 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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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 judgment, 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District as of September 30, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 20 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Christopher, Smith, Leonard,  
Bristow + Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

June 24, 2019  
Bradenton, Florida

**DUETTE FIRE AND RESCUE DISTRICT**  
**35800 State Road 62, Duette, Florida 34219**  
**941-776-9900**

**Management's Discussion and Analysis**

As management of the Duette Fire and Rescue District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended September 30, 2018.

**Financial Highlights**

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,296,761 (*net position*).
- The District's total net position decreased by \$34,403.
- As of the close of the current fiscal year, the District's governmental fund (general fund) reported ending fund balances of \$187,468, which is a decrease of \$16,352. Of this total amount, \$187,468 is *available for spending* at the District's discretion (*unassigned fund balance*).

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Duette Fire and Rescue District's financial statements. The District's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows, liabilities and deferred inflows, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected revenues and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by fire assessments (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The District is engaged in only governmental activities. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

The government-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District utilizes a general fund.

**Governmental funds.** Governmental funds focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds are reported using the modified accrual method of accounting and the current financial resources focus. As a result, long-term assets and liabilities are not included. The District uses a General fund. The General Fund is the general operating fund. All general tax revenues are accounted for in this fund. From this fund all general operating expenditures and personal service expenditures, as well as budgeted capital outlay are paid.

A reconciliation to facilitate the comparison between the governmental fund financial statements and the government-wide financial statements is presented.

The District adopts an annual budget for its general fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 10 to 13 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the information provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 14 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Duette Fire and Rescue District, assets exceeded liabilities by \$1,296,761 at the close of the most recent fiscal year.

A significant portion of the District's net position, \$1,109,293, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide fire protection and emergency services to citizens within the boundaries of the District; consequently, these assets are *not* available for future spending. The District also had significant assets in cash and cash equivalents at year-end.

The following table presents a condensed statement of net position as of September 30, 2018, with comparable totals as of September 30, 2017.

### Net Position

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2018</b>	<b>2017</b>
Current and other assets	\$ 199,417	\$ 218,705
Capital assets	<u>1,109,293</u>	<u>1,127,344</u>
Total assets	1,308,710	1,346,049
Other liabilities	<u>11,949</u>	<u>14,885</u>
Total liabilities	<u>11,949</u>	<u>14,885</u>
Net position:		
Net Investment in Capital Assets, net of related debt	1,109,293	1,127,344
Unrestricted	<u>187,468</u>	<u>203,820</u>
Total net position	<b><u>\$ 1,296,761</u></b>	<b><u>\$ 1,331,164</u></b>

Unrestricted net position of \$187,468 may be used to meet the District's ongoing obligations to citizens and creditors.

The District's net position decreased by \$34,403 during the current fiscal year. Personal service costs were \$46,030 and operating costs were \$79,546. The District also incurred \$57,465 in depreciation expense. Revenues amounted to \$152,966, including fire assessments of \$152,496.

The following table presents the change in net position for the years ended September 30, 2018 and 2017.

### Changes in Net Position

	<b>Governmental Activities</b>	<b>Governmental Activities</b>
	<b>2018</b>	<b>2017</b>
General revenues:		
Fire assessments	\$ 152,496	\$ 153,533
Other	<u>470</u>	<u>980</u>
Total revenues	152,966	154,513
Expenses:		
Fire protection services	129,904	118,150
Depreciation	<u>57,465</u>	<u>60,131</u>
Total expenses	<u>187,369</u>	<u>178,281</u>
Decrease in net position	(34,403)	(23,768)
Net Position - Beginning	<u>1,331,164</u>	<u>1,354,932</u>
Net Position – End	<b><u>\$ 1,296,761</u></b>	<b><u>\$ 1,331,164</u></b>

### Financial Analysis of the Government's Funds

The District utilizes only a Governmental Fund, which includes the General Fund.

**Governmental funds.** The focus of the District's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's general fund reported ending fund balances of \$187,468. Of this total, \$187,468 is *unassigned fund balance*, and is available for spending at the District's discretion.

As a measure of the general fund's liquidity, it may be useful to compare *unassigned fund balance* to total general fund expenditures. *General fund balance* represents approximately 111 percent of total general fund expenditures.

The fund balance of the District's general fund decreased by \$16,352 during the current fiscal year. Current year revenues included fire assessments (non-advalorem taxes) in the amount of \$152,496. Current year expenditures included personal service costs of \$46,030, operating costs of \$79,546, and capital outlay of \$43,742.

### General Fund Budgetary Highlights

During the year, the General Fund budget was amended. Budgeted revenues were \$161,455. For the current fiscal year, actual revenues were less than budgeted revenues by \$8,489. Original budgeted expenditures were \$201,569 and final budgeted expenditures were \$182,904. Actual expenditures were less than the final budgeted amount by \$13,586, mainly due to less operating costs than anticipated.

The General Fund budget is presented as required supplementary information on page 20.

### Capital Assets

The District's investment in capital assets for the year ended September 30, 2018 amounts to \$1,109,293 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, and machinery and equipment. During the current year, the District's investment in capital assets decreased by \$18,051. This was comprised of depreciation expense, which exceeded capital asset additions.

### **Capital Assets**

	<b>Governmental Activities 2018</b>	<b>Governmental Activities 2017</b>
Land	\$ 24,718	\$ 24,718
Building and improvements	987,557	1,018,825
Machinery and equipment	97,018	83,801
Total (net of accumulated depreciation)	<u><u>\$ 1,109,293</u></u>	<u><u>\$ 1,127,344</u></u>

Additional information on the District's capital assets are included in the notes to the financial statements.



### **Economic Factors and Next Year's Budgets**

For fiscal year 2019, budgeted revenues are \$161,455. Budgeted expenditures are \$182,904. No other significant changes were made or are expected in fiscal year 2019.

### **Requests for Information**

This financial report is designed to provide a general overview of the Duette Fire and Rescue District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District at, Duette Fire and Rescue District, 35800 S.R. 62 E., Duette, Florida 34219.

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DUETTE FIRE AND RESCUE DISTRICT  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 199,417
Capital assets:	
Land	24,718
Other capital assets, net of depreciation	<u>1,084,575</u>
<b>Total assets</b>	<u><u>1,308,710</u></u>
<b>LIABILITIES</b>	
Accounts payable and other current liabilities	<u>11,949</u>
<b>Total liabilities</b>	<u><u>11,949</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	1,109,293
Unrestricted	<u>187,468</u>
<b>Total net position</b>	<u><u>\$ 1,296,761</u></u>

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

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DUETTE FIRE AND RESCUE DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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	<u>Governmental Activities</u>
Public safety–fire protection	
Personal services	\$ 46,030
Operating expenses	83,874
Depreciation	57,465
Total program expenses	<u>187,369</u>
 General revenues:	
Fire assessments	152,496
Miscellaneous	470
Total general revenues	<u>152,966</u>
 Decrease in net position	(34,403)
 Net position – beginning	1,331,164
Net position – ending	<u><u>\$ 1,296,761</u></u>

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

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DUETTE FIRE AND RESCUE DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUND  
SEPTEMBER 30, 2018

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	<u>GENERAL FUND</u>
 <u>ASSETS</u>	
Cash and cash equivalents	\$ 199,417
<b>TOTAL ASSETS</b>	<b><u>\$ 199,417</u></b>
 <u>LIABILITIES AND FUND BALANCES</u>	
<b>LIABILITIES</b>	
Accounts payable	\$ 10,823
Accrued expenses	1,126
<b>Total liabilities</b>	<b><u>11,949</u></b>
 <b>FUND BALANCES</b>	
Spendable:	
Unassigned	187,468
<b>Total fund balances</b>	<b><u>187,468</u></b>
 <b>TOTAL LIABILITIES AND FUND BALANCES</b>	 <b><u>\$ 199,417</u></b>

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

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DUETTE FIRE AND RESCUE DISTRICT  
RECONCILIATION OF THE BALANCE SHEET  
OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018

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

Fund Balance–Total Governmental Funds	\$ 187,468
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,109,293</u>
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<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 1,296,761</u></u></b>
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The accompanying notes are an integral part of these financial statements.

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**DUETTE FIRE AND RESCUE DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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	<b>GENERAL FUND</b>
	<hr/>
<b>REVENUES</b>	
Fire assessments	\$ 152,496
Miscellaneous	<hr/> 470
Total revenues	152,966
<b>EXPENDITURES</b>	
Current:	
Personal services	46,030
Operating expenses	79,546
Capital outlay	<hr/> 43,742
Total expenditures	<hr/> 169,318
Net change in fund balances	(16,352)
<b>FUND BALANCES – Beginning</b>	<hr/> 203,820
<b>FUND BALANCES – Ending</b>	<hr/> <b>\$ 187,468</b> <hr/>

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

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**DUETTE FIRE AND RESCUE DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUND  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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

Net changes in fund balances – total governmental funds	\$ (16,352)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.	<u>(18,051)</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ (34,403)</u></u></b>
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Depreciation expense	\$ (57,465)
Capital additions shown as expenditures in the general fund	<u>39,414</u>
	<u><u>\$ (18,051)</u></u>

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

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DUETTE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies followed by the Duette Fire and Rescue District, Manatee County, Florida:

- (a) Reporting Entity – Duette Fire and Rescue District (the District) is a public municipal corporation in the State of Florida created by House Bill 1375 of the Legislature of the State of Florida on June 23, 2006. The District began operations effective October 1, 2008. The District is an independent special district. No component units exist.

Revenue is provided by special assessments against taxable real estate lying within the territorial bounds of the District as defined by the State of Florida. Disbursements are made for maintenance and upkeep of the fire station, purchase of firefighting and rescue equipment, payment of wages, employee benefits, and administrative expenses.

The State of Florida passed legislation, which took effect June 1985, and provides for the District to collect impact fees to defray the cost of improvements required to provide fire and emergency service to the new users of the District. Any impact fees collected are to be used exclusively for the acquisition, purchase or construction of new facilities and equipment required to provide these services to the new users in the District. During the current fiscal year, the District did not collect impact fees.

- (b) Basis of Presentation –The District's financial statements include Government-wide (which reports the District as a whole) and Fund financial statements (which report only on the General Fund). The Financial Statements present only governmental activities, as the District conducts no business type activities. The District does not have fiduciary funds.

Basis of Accounting: Financial Statements – Government Wide Statements– The Government-Wide Financial Statements (Statement of Net Position and Statement of Activities) are prepared using the economic resources measurement focus and the accrual basis of accounting. For the most part, interfund activity has been removed from these statements. The District's net position is reported in three parts (as applicable): net investment in capital assets, restricted net position, and unrestricted net position. The statement of activities reports direct expenses of the program offset by program revenues. Program revenues include capital and operating grants, contributions, and charges for services, as applicable. Taxes (fire assessments) and other items properly not included in program revenues are reported as general revenues.



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DUETTE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Financial Statements – Fund Financial Statements – The District's accounts are organized on the basis of funds, which are a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures. The District utilizes governmental funds, which follow the modified accrual basis of accounting. Under this method, revenues are recorded when they become measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a fund liability is incurred. The District reports the following governmental fund, considered to be a major fund:

Governmental Funds

General Fund – The General Fund is the general operating fund of the District. All general tax revenues are accounted for in this fund. From the fund are paid the personal service and operating costs, as well as budgeted capital expenditures.

- (c) Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (d) Budgets and Budgetary Accounting – The District prepares an annual operating budget for the fiscal year commencing October 1. Prior to September 1 of each year, the Secretary/Treasurer of the District's Board of Commissioners prepares a proposed budget for the upcoming fiscal year. The budget is based on an analysis of prior year actual revenues and expenditures along with anticipated spending and revenue sources. Once the proposed budget is compiled, it is brought before the Board of Commissioners for approval.

Expenditures should not exceed total appropriations. Appropriations lapse at the end of the year.

- (e) Property Taxes – Property taxes become due and payable on November 1 of each year. The county tax collector remits the District's portion as such revenues are received. The District collects nearly all of its tax revenues during the period November 1 through April 1, at which time the taxes become delinquent. The maximum rates of tax are set by the Legislature of the State of Florida. Actual assessment amounts are based on the square footage of a structure and type of occupancy and is determined by the Board of Commissioners of the District.

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DUETTE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

(e) Property Taxes – Continued

The key dates in the property tax cycle are as follows:

Assessment roll validated	July 1
Beginning of fiscal year for which taxes have been levied	October 1
Tax bills rendered and due	November 1
Property taxes payable:	
Maximum discount	November 30
Delinquent	April 1
Tax certificates sold	May 31
Fiscal year begins	October 1
Fiscal year ends	September 30

Property taxes are recognized as revenue in the fiscal year for which the taxes have been levied to the extent they result in current receivables. Under the system outlined above, no material amount of taxes is receivable after the end of the fiscal year.

- (f) Net Position – Net position is reported in three parts as applicable: net investment in capital assets, restricted and unrestricted. When both restricted and unrestricted resources are available, restricted resources are used first, and then unrestricted resources, as they are needed.
- (g) Fund Balance – Governmental Accounting Standards Board (GASB) Statement No. 54 established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, under GASB 54, are Nonspendable and Spendable. Spendable is then further classified as Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance.

In accordance with GASB Statement 54, the District classified governmental fund balance as follows:

Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

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DUETTE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

(g) Fund Balance – Continued

Spendable Fund Balance:

- Restricted – includes amounts that can be spent only for specific purposes because of State or Federal laws or enabling legislation, or which are externally restricted by providers, such as creditors or grantors.
- Committed – includes amounts that can be spent only for specific purposes that are determined by a formal action of the Board of Commissioners through a resolution or the budget process.
- Assigned – includes amounts designated for a specific purpose by the Board of Commissioners through a resolution or the budget process, which are neither restricted or committed.
- Unassigned – includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

General Fund

Spendable:

Unassigned	\$ 187,468
Total Fund Balances	<u>\$ 187,468</u>

(h) Cash and Investments – Florida Statute 218.415 authorizes the District to invest in the following:

- (a) Local Government Surplus Funds Trust Fund or an intergovernmental investment pool authorized through the Florida Interlocal Cooperation Act.
- (b) Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating company.

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DUETTE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

(h) Cash and Investments – Continued

(c) Interest bearing time deposits or savings accounts in state-certified Qualified Public Depositories as defined in Section 280.02 Florida Statutes.

(d) Direct obligations of the U.S. Treasury.

The District maintains one cash account. The account is unrestricted and available for use as determined by the annual budget. The account consists of a demand deposit account.

The District bank account is with a banking institution that posts collateral as required by state statutes (Qualified Public Depositories). As a result, all amounts which exceed FDIC insured limits are collateralized pursuant to Chapter 280 of the Florida Statutes. At September 30, 2018, the carrying amount of the District's deposits were \$199,417 and the bank balance was \$205,417.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, at September 30, 2018 the District only had a demand deposit account.

(i) Compensated Absences – The District does not have a policy for compensated absences. As a result, no liability has been established.

(j) Capital Assets – Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$500 and an estimated useful life of longer than one year. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal repair and maintenance that do not add to the value of the asset or extend the useful life of the asset are expensed as incurred. The District does not have infrastructure assets.

Property, plant and equipment of the District are depreciated on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Building	20 – 39
Fire Engines	10
Vehicles	5
Furniture, fixtures and equipment	3 – 7

**DUETTE FIRE AND RESCUE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2018**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

- (k) Long-Term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, no long-term obligations are reported as they are not due to be paid from current financial resources.

**NOTE B – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2018 was:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 24,718	\$ -0-	\$ -0-	\$ 24,718
Total capital assets, not being depreciated	<u>24,718</u>	<u>-0-</u>	<u>-0-</u>	<u>24,718</u>
Capital assets being depreciated:				
Buildings and improvements	1,219,464	-0-	-0-	1,219,464
Machinery and equipment	<u>304,413</u>	<u>39,414</u>	<u>(16,378)</u>	<u>327,449</u>
Total capital assets being depreciated	<u>1,523,877</u>	<u>39,414</u>	<u>-0-</u>	<u>1,546,913</u>
Less accumulated depreciation for:				
Buildings and improvements	(200,639)	(31,268)	-0-	(231,907)
Machinery and equipment	<u>(220,612)</u>	<u>(26,197)</u>	<u>16,378</u>	<u>(230,431)</u>
Total accumulated depreciation	<u>(421,251)</u>	<u>(57,465)</u>	<u>-0-</u>	<u>(462,338)</u>
Total capital assets, being depreciated, net	<u>1,102,626</u>	<u>(18,051)</u>	<u>-0-</u>	<u>1,084,575</u>
Governmental activities capital assets, net	<u>\$ 1,127,344</u>	<u>\$ (18,051)</u>	<u>\$ -0-</u>	<u>\$ 1,109,293</u>

**NOTE C – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There has been no significant reduction in coverage from the prior year. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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DUETTE FIRE AND RESCUE DISTRICT  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET TO ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Fire protection services –				
Fire assessments	\$ 156,955	\$ 156,955	\$ 152,496	\$ (4,459)
Grant income	–	4,500	–	(4,500)
Miscellaneous income	6,500	–	470	470
	<u>163,455</u>	<u>161,455</u>	<u>152,966</u>	<u>(8,489)</u>
<b>EXPENDITURES</b>				
Personal services	47,740	47,740	46,030	1,710
Operating expenses	93,864	94,964	79,546	15,418
Capital outlay	59,965	40,200	43,742	(3,542)
	<u>201,569</u>	<u>182,904</u>	<u>169,318</u>	<u>13,586</u>
Total expenditures				
Net change in fund balance	(38,114)	(21,449)	(16,352)	5,097
<b>FUND BALANCE – October 1, 2017</b>	<u>203,820</u>	<u>203,820</u>	<u>203,820</u>	<u>–</u>
<b>FUND BALANCE – September 30, 2018</b>	<u><b>\$ 165,706</b></u>	<u><b>\$ 182,371</b></u>	<u><b>\$ 187,468</b></u>	<u><b>\$ 5,097</b></u>

**Note 1 – Budgetary Basis**

The General Fund budget is prepared on a basis consistent with generally accepted accounting principles.

## **OTHER AUDITOR'S REPORTS**



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*

To the Board of Commissioners  
Duette Fire and Rescue District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Duette Fire and Rescue District, Florida, (District) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 24, 2019.

**Internal Control Over Financial Reporting**

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

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

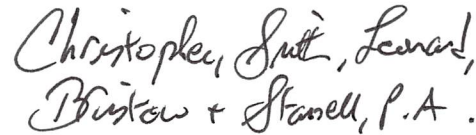
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## Compliance and Other Matters

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

## Purpose of this Report

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



CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

June 24, 2019  
Bradenton, Florida

## MANAGEMENT LETTER

Board of Commissioners  
Duette Fire and Rescue District

We have audited the financial statements of Duette Fire and Rescue District, (the District) as of and for the fiscal year ended September 30, 2018, and have issued our report thereon dated June 24, 2019.

### **Auditor's Responsibility**

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

### **Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Independent Accountant's Report on an examination conducted in accordance with AICPA Professional Standards, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated June 24, 2019, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no recommendations made in the preceding audit report.

### **Financial Condition and Management**

Section 10.554(1)(i)5.a. and 10.566(7), Rules of the Auditor General, requires us to apply appropriate procedures and communicate the results of our determination as to whether or not Duette Fire and Rescue District has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific conditions met. In connection with our audit, we determined that the Duette Fire and Rescue District was not in a state of financial emergency as it did not meet any of the conditions described in Section 218.503(1), Florida Statutes.



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

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

#### Additional Matters

Section 10.544(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

#### Purpose of this Letter

Our 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, the Board of Commissioners, and applicable management, and is not intended to be and should not be used by anyone other than those specified parties.

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*  
CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

June 24, 2019  
Bradenton, Florida

INDEPENDENT ACCOUNTANT'S REPORT  
ON INVESTMENT COMPLIANCE

Board of Commissioners  
Duette Fire and Rescue District  
Manatee County, Florida

We have examined the Duette Fire and Rescue District's compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2018. Management of the District is responsible for the District's compliance with the specified requirements. Our responsibility is to express an opinion on the District's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those requirements require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the District complied in all material respects, with Section 218.415, Florida Statutes, regarding the investment of public funds for the year ended September 30, 2018.

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

*Christopher, Smith, Leonard,  
Bristow & Stanell, P.A.*

CHRISTOPHER, SMITH, LEONARD,  
BRISTOW & STANELL, P.A.

June 24, 2019  
Bradenton, Florida