

ALMARANTE FIRE DISTRICT
LAUREL HILL, FLORIDA

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION**

YEAR ENDED SEPTEMBER 30, 2019

EDWARD E. CHAPMAN
Certified Public Accountant
Springville, Alabama
August 16, 2020

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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, 2019, and the related notes to the financial statements, which comprise Almarante Fire District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Almarante Fire District, as of August 16, 2020, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued a report dated August 16, 2020 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.

Edward E. Chapman
Certified Public Accountant
Springville, Alabama
August 16, 2020

Management Discussion and Analysis (MD&A)

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

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

Financial Highlights

The District's assets, \$414,783, exceeded liabilities (none), by \$414,783. Revenues, \$109,898 included \$19,265 in federal and state grants. Operating expenses, \$108,272, included \$49,499 of depreciation of fixed assets. Grant revenues were used to make improvements to the fire station \$6,445, make improvements to existing vehicles \$4,812, purchase personal protective equipment \$14,346, purchase mobile radios \$2,693, and purchase uniforms \$5,534.

Using the Audited Financial Statements and Supplementary Data

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

The District's Funds

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

The District's total net assets were \$414,783 at the end of the fiscal year. The following is a condensed statement of net position (Table 1).

Table 1

	<u>2019</u>
Current Assets	\$ 33,691
Capital Assets	381,092
Total Assets	<u>414,783</u>
Current Liabilities	-
Other Liabilities	-
Total Liabilities	<u>-</u>
Net Position:	
Invested in Capital Assets	381,092
Unrestricted	20,379
Restricted	13,312
Total Net Assets	<u>\$ 414,783</u>

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

Table 2

	<u>2019</u>
Revenues:	
Taxes	\$ 78,487
Grants	19,265
Impact Fees	8,832
Miscellaneous	3,314
Total Revenues	<u>109,898</u>
Operating Expenses, including Depreciation	<u>108,272</u>
Change in Net Assets	1,626
Net Assets at Beginning of Year	413,157
Net Assets at End of Year	<u>\$ 414,783</u>

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the District had \$381,092 invested in capital assets net of accumulated depreciation.

Table 3

	<u>2019</u>
Land	\$ 5,100
Buildings	33,444
Furniture & Equipment	97,381
Trucks and Automobiles	245,167
Total Capital Assets	<u>\$ 381,092</u>

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

Table 4

	<u>2019</u>
Balance at Beginning of Year	\$ 396,761
Plus Additions	33,830
Less Deletions	(0)
Less Depreciation	(49,499)
Total Capital Assets	<u>\$ 381,092</u>

The capital asset additions were as follows:

<u>Description</u>	<u>Category</u>	<u>Amount Paid</u>
Resurface Bay Floors	Buildings	\$4,485
Garage Doors	Buildings	1,960
Light Bar & Sirens	Equipment	1,500
Light Bar & Sirens	Equipment	3,312
Personal Protection Equipment	Equipment	14,346
Mobile Radio	Equipment	2,693
Uniforms	Equipment	5,534
Total Capital Asset Increases		<u>\$33,830</u>

The District received a Florida State Forestry grant in the amount of \$2,800 to help pay for the uniforms and AED.

The District received a Florida State Forestry grant in the amount of \$2,330 to help pay for lights/siren and mobile radios.

The District received a Florida Department of Services grant in the amount of \$14,135 for five sets of personal protection equipment.

Debt

At September 30, 2019, the District had no outstanding debt.

Economic Factors and Next Year's Budget

The FY2018 tax rates for the Almarante Fire District were \$89.05 for residential property, \$126.05 for commercial business property, and 44 cents per acre for acreage.

The FY2019 tax rates for the Almarante Fire District are \$93.66 for residential property, \$132.57 for commercial business property, and 46 cents per acre for acreage.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

Almarante Fire District
Statement of Net Position
September 30, 2019

	Governmental Activities
Assets	
Cash	\$ 20,379
Restricted Cash	13,312
Capital Assets, Non-depreciable, net	5,100
Capital Assets, Depreciable, net	375,992
	<hr/>
Total Assets	414,783
	<hr/>
Liabilities	
None	-
	<hr/>
Total Liabilities	-
	<hr/>
Net position	
Investment in Capital Assets	381,092
Unrestricted	20,379
Restricted - Impact Fees	13,312
	<hr/>
Total Net Position	\$ 414,783
	<hr/>

See accompanying notes to the financial statements.

Almarante Fire District

Statement of Activities

Year Ended September 30, 2019

	Governmental Activities
Expenses	
Public Safety - Fire Protection	\$ (108,272)
Total Expenses	<u>(108,272)</u>
Program Revenues	
Capital Grants	<u>19,265</u>
General Revenues	
Taxes	78,487
Impact Fees	8,832
Insurance proceeds	714
Sale of out of service assets	<u>2,600</u>
Total General Revenues	<u>90,633</u>
Total Revenues	<u>109,898</u>
Change in Net Position	1,626
Net Position Beginning	<u>413,157</u>
Net Position Ending	<u>\$ 414,783</u>

See accompanying notes to the financial statements.

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

September 30, 2019

	General Fund
Assets	
Cash	\$ 20,379
Restricted Cash	13,312
Total Assets	<u>33,691</u>
Liabilities and Fund Balances	
Liabilities	
None	-
Total Liabilities	<u>-</u>
Fund Balances	
Non-spendable	-
Committed	-
Unassigned	20,379
Restricted	13,312
Total Fund Balances	<u>33,691</u>
Total Liabilities and Fund Balances	<u>\$ 33,691</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, 2019**

Total Fund Balances, governmental fund balance sheet	\$33,691
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet	381,092
Total net position – Statement of Net Position	<u>\$414,783</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, 2019**Revenues:

State Grant	\$ 19,265
Taxes	78,487
Impact Fees	8,832
Insurance proceeds	714
Sale of out of service assets	2,600
Total Revenues	<u>109,898</u>

Expenditures:

Operating Services:

Firefighter Incentive	3,663
Utilities	4,993
Office	2,815
Expendable Equipment	7,619
Fuel	5,067
Legal	1,599
Dues	3,278
Building Maintenance	2,749
Vehicle Maintenance	8,413
Insurance	15,517
Training	3,060
Total General Government, excluding Depreciation	<u>58,773</u>

Capital Outlay:

Equipment	27,385
Buildings	6,445

Total Expenditures	<u>92,603</u>
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Excess (Deficiency) of revenues over expenditures	17,295
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Fund balance, beginning of year	16,396
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Fund balance, end of year	<u>\$ 33,691</u>
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See accompanying notes to the financial statements.

Almarante Fire District

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2019

Net change in fund balances - governmental fund	\$ 17,295
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Capital outlay, reported as expenditures in governmental fund,
is shown as capital assets in Statement of Net Position

Equipment	\$ 27,385	
Buildings	<u>6,445</u>	
Totals		33,830

Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported as an expenditure in the governmental funds Statement of Revenues, Expenditures and changes in Fund Balances	(49,499)
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Change in net position of the Statement of Activities	<u>\$ 1,626</u>
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See accompanying notes to the financial statements.

Almarante Fire District
Notes to Financial Statements
September 30, 2019

Note A – Summary of Significant Accounting Policies

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

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

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

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

Note A – Summary of Significant Accounting Policies (continued)

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

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

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

Fund Financial Statements:

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

Taxes, reimbursements for incidents and interest associated with the current fiscal period, are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

Almarante Fire District
Notes to Financial Statements
September 30, 2019

Note A – Summary of Significant Accounting Policies (continued)

The District reports the following major governmental fund:

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

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

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

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

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

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

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

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

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

Note A – Summary of Significant Accounting Policies (continued)

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

Cash, Deposits and Investments

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Capital Assets

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

Almarante Fire District
Notes to Financial Statements
September 30, 2019

Note A – Summary of Significant Accounting Policies (continued)

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

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

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

Long Term Obligations

The District has no long term debt.

Tax Revenue

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

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

Budgets and and Budgetary accounting

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

Estimates

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

Note B – Deposits and Investments

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

Almarante Fire District
Notes to Financial Statements
September 30, 2019

Note C – Contingency

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

Note D - Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

	Balance 9/30/2018	Current Year:		Balance 9/30/2019
Governmental Activities		Additions	Deletions	
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	\$ 6,445		\$ 121,486
Equipment	\$ 208,594	\$ 27,385		\$ 235,979
Trucks and Automobiles	\$ 440,000	\$	\$	\$ 440,000
Total capital assets, being depreciated	\$ 763,635	\$ 33,830	\$	\$ 797,465
Total Capital Assets before depreciation:	\$ 768,735	\$ 33,830	\$	\$ 802,565
Less Accumulated Depreciation for:				
Buildings	\$ 80,148	\$ 7,894		\$ 65,219
Equipment	\$ 127,346	\$ 11,252		\$ 109,763
Trucks and Automobiles	\$ 164,482	\$ 30,353	\$	\$ 104,615
Total Accumulated Depreciation	\$ 371,976	\$ 49,499	\$	\$ 279,597
Governmental activities capital assets, net	\$ 396,759	\$ (15,669)	\$	\$ 381,092

Almarante Fire District
Notes to Financial Statements
September 30, 2019

Note E – Grants

The district received the following grants:

Florida Department of Financial Services	\$ 14,135
Florida Forest Service	5,130
Total grants revenue received	<u>\$ 19,265</u>

Florida Department of Financial Services grant revenues and expenditures:

Grant Revenue Received	\$ 14,135
Grant expenditures:	
Grant expenditures personal protection equipment	14,346
Total	<u>14,346</u>
District funded	<u>\$ 211</u>

Florida Forest Service grant

Grant Revenue Received	\$ 5,130
Grant expenditures for uniform, lights/siren, AED, radio equipment	<u>12,216</u>
District funded	<u>\$ 7,086</u>

Florida Department of Agriculture and Consumer Services

Forest Protection Bureau.

For Volunteer Fire Assistance.

For purchase of uniforms, lights/siren, AED, radio equipment.

The grant requires a 50% contribution by the District.

Almarante Fire District
Notes to Financial Statements
September 30, 2019

Note F – Risk Management

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

Note G – Subsequent Events

Subsequent events have been evaluated through August 16, 2020, 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, 2019

		Original and Final
<u>Revenues:</u>	<u>Actual</u>	<u>Budget</u>
State Grant	19,265	
Taxes	78,487	\$ 87,472
Impact Fees	8,832	
Insurance proceeds	714	
Sale of out of service assets	2,600	
Carryover from the prior year		2,444
Total Revenues	<u>109,898</u>	<u>89,916</u>
<u>Expenditures:</u>		
Operating Services:		
Firefighter Incentive	3,663	6,000
Utilities	4,993	5,500
Office	2,815	2,000
Expendable Equipment	7,619	
Fire Prevention		1,000
Fuel	5,067	5,500
Legal	1,599	3,000
Dues	3,278	4,500
Building Maintenance	2,749	5,000
Vehicle Maintenance	8,413	12,000
Insurance	15,517	13,500
Training	3,060	6,000
Total General Government, excluding Depreciation	<u>58,773</u>	<u>64,000</u>
Capital Outlay:		
Equipment	27,385	14,000
Building	6,445	
Total Expenditures	<u>92,603</u>	<u>78,000</u>
Excess (Deficiency) of revenues over expenditures	17,295	11,916
Fund balance, beginning of year	<u>16,396</u>	<u>16,396</u>
Fund balance, end of year	<u>\$ 33,691</u>	<u>\$ 28,312</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, 2019, and the related notes to the financial statements, which collectively comprise the District's basis financial statements, and have issued my report thereon dated August 16, 2020.

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.

Edward E. Chapman
Certified Public Accountant
Springville, Alabama
August 16, 2020

EDWARD E CHAPMAN
CERTIFIED PUBLIC ACCOUNTANT

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MANAGEMENT LETTER

To the Board of Directors
Almarante Fire District
Laurel Hill, Florida
Report on the Financial Statements

I have audited the financial statements of the Almarante Fire District, as of and for the fiscal year ended September 30, 2019, and have issued my report thereon dated August 16, 2020.

Auditor's Responsibility

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

Other Reports and Schedule

I have issued my Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*, and Chapter 10.550 Rules of the Florida Auditor General. Disclosures in those reports and schedule, which are dated August 16, 2020, 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 FY2018, because District's revenues were less than \$100,000 and the District's expenditures were less than \$100,000. The most recent previous year audit was for FY2016. There was also an audit for FY2014 and FY2012. I will address the FY2014 finding 2014-1 and also the FY2012 findings 2012-5.

Finding 2014-1, Lack of General Ledger Accounting: The District does not use a commercial general ledger accounting system. The District uses an excel spreadsheet that lists bank transactions as follows: (1) bank deposits are categorized and listed in separate columns, and these separate columns are categorized as separate revenue accounts; (2) checks and on line payments are categorized and listed in separate columns, and these separate columns are categorized as separate expenditure accounts. The spreadsheet columns are totaled each month. No year-to-date totals, by revenue account or expenditure account, are provided. There is no

balance sheet accounting in this excel spreadsheet. The District's accounting spreadsheet does not provide year-to-date general ledger totals for assets, liabilities, revenues, and expenditures. The District's monthly financial report includes only the previous month's revenues and expenditures, and does not provide year-to-date assets, liabilities, revenues, or expenditures. As a result, the District is unable to properly review their year-to-date financial condition.

Recommendation: Recommend the District purchase, and use, a commercial general ledger accounting system, which will provide (at any point in time during the fiscal year) financial reports displaying year-to-date assets, liabilities, revenues, and expenditures.

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

During my audit of FY2019, I found that Finding 2014-1 has not been fully corrected. In FY2016, the District purchased online general ledger software and used the general ledger software for part of the year, but did not use it for the entire fiscal year. The District used excel spreadsheets to list the receipts and disbursements for the entire year, creating separate columns for each revenue and expenditure category, and totaling up for the entire year the totals of each revenue and expenditure category. The District then used the excel spreadsheet totals to prepare financial statements for audit. As a result, the District has difficulty in accurately preparing monthly or year-to-date financial statements on a timely basis.

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

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

During my audit of FY2019, I found that Finding 2012-5 has not been corrected. In FY2019, the District is not in compliance with Florida statutes requiring timely submission of audited financial statements and the AFR. The District did make several attempts to have the FY2019 completed timely but due to limitations of Covid-19 Pandemic and health related issue of the prior CPA the audit report was not filed by the June 30, 2019 deadline. The District signed my engagement letter on June 1, 2019 which was immediately upon learning of the health issue of the prior CPA. Thirty days was an insufficient amount of time to complete the audit.

Other Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The District has no component units.

Financial Condition

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

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

Annual Financial Report

Section 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, requires that I apply appropriate procedures and report the results of our determination as to whether the annual financial report for the Almarante Fire District for the fiscal year ended September 30, 2019, 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, 2019. In connection with my audit, I determined that these two reports are in agreement.

Special District Component Units

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

Other Matters

Section 10.554(1)(i)2., Rules of the Auditor General, require that I address in the management letter any recommendations to improve financial management. In connection with my audit of FY2019, I did have two audit findings and they are findings FY2014-1 and FY2012-5.

Finding 2012-5 (repeat), Submission of timely Audit Reports: Florida Statutes require special districts whose revenues or combined expenditures falling between \$50,000 and \$100,000 have an audit at least once every three years. The audit is due to the Auditor General no later than 9 months after year end. The Annual Financial Report (AFR) is due to the Department of Financial Services no later than 9 months after year end. The financial audit, and the AFR, were not submitted within the timeline prescribed by statute. For FY2019 the District is not in compliance with Florida statutes requiring timely submission of audited financial statements and the AFR.

Recommendation: Recommend the District hire an auditor shortly after the end of the fiscal year end to allow the auditor to have sufficient time to complete the audit timely and in advance of

the state's deadline for completion of the audit. .

Finding 2014-1 (repeat), Lack of a complete general ledger accounting system: During my audit of FY2019, I found that Finding 2014-1 has not been fully corrected. In FY2016, the District purchased online general ledger software and used the general ledger software for part of the year, but did not use it for the entire fiscal year. The District used excel spreadsheets to list the receipts and disbursements for the entire year, creating separate columns for each revenue and expenditure category, and totaling up for the entire year the totals of each revenue and expenditure category. The District then used the excel spreadsheet totals to prepare financial statements for audit. As a result, the District has difficulty in accurately preparing monthly, or year-to-date, financial statements on a timely basis.

Recommendation:

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

Section 10.554(1)(i)3., Rules of the Auditor General, requires that I address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with my audit, I did not have any such findings.

Purpose of this letter

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

Edward E Chapman
Certified Public Accountant
Springville, Alabama
August 16, 2020

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

August 16, 2020

To: Edward E Chapman, C.P.A.
7224 US Hwy 11
Springville, Alabama 35146

Subject: Almarante Fire District's Response to the FY2019 Audit Findings

Finding 2012-5, Submission of timely Audit Reports (repeat): The financial audit and AFR were not submitted within the timeline prescribed by statute. Florida Statutes require special districts, whose revenues or expenditures fall between \$50,000 and \$100,000, have an audit at least once every three years. The audit is due to the Auditor General no later than 9 months after year end. The Annual Financial Report (AFR) is due to the Department of Financial Services no later than 9 months after year end. Auditor's Recommendation: Recommend the District hire an auditor shortly after the end of the fiscal year end to allow the auditor to have sufficient time to complete the audit timely and in advance of the state's deadline for completion of the audit.

District's Response to Finding 2012-05: The District did retain Joe Jones CPA to complete our 2019 audit in a timely manner. Due to the Covid-19 Pandemic and issues regarding Mr. Jones health the audit was not completed by the June 30, 2020 deadline. As soon as we realized these issues, we retained Mr. Chapman to complete the audit. We expect to continue to use Mr. Chapman for future audits and expect that the next audit will be completed and filed with the state in a timely manner.

Finding 2014-1, Lack of a complete general ledger accounting system: During my audit of FY2019, I found that Finding 2014-01 has not been fully corrected (repeat). In FY2016, the District purchased online general ledger software and used the general ledger software for part of the year, but did not use it for the entire fiscal year. In 2019 the District used excel spreadsheets to list the receipts and disbursements for the entire year, creating separate columns for each revenue and expenditure category, and totaling up for the entire year the totals of each revenue and expenditure category. The District then used the excel spreadsheet totals to prepare financial statements for audit. As a result, the District has difficulty in accurately preparing monthly, or year-to-date, financial statements on a timely basis.

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

District's Response to Finding 2014-1:

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

Signature Charles M. Carroll Date 8/16/2020
Charles Carroll, Fire Chief for Almarante Fire District