ALMARANTE FIRE DISTRICT
ALMARANTE, FLORIDA

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2023

EDWARD E CHAPMAN
Certified Public Accountant
Springville, Alabama
June 26, 2024

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INDEPENDENT AUDITORS' REPORT

To:
Board of Commissioners
Almarante Fire District
Laurel Hill, Florida

Opinions

I have audited the accompanying financial statements of the governmental activities of Almarante Fire District, Laurel Hill, Florida, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which comprise Almarante Fire District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of Almarante Fire District, as of September 30, 2023 and respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of my report. I am required to be independent of the Almarante Fire District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management 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, and for 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.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Almarante Fire District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Almarante Fire District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Almarante Fire District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Required Supplmentary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 basic 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 an 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 June 26, 2024 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 JR.

Edward E. Chapman
Certified Public Accountant
Springville, Alabama
June 26, 2024

ALMARANTE FIRE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2023

As management of Almarante Fire District (the District), we offer readers of the financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended September 30, 2023.

FINANCIAL HIGHLIGHTS

Financial Highlights

- The assets of the District exceeded liabilities by $377,281 and represents a change of ($19,853) from the prior year. Of this amount, $313,743 represents investment in capital assets, $27,736 is restricted for capital expansion projects, and $35,802 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's governmental fund reported an ending balance of $63,538 and represents a change of $7,838 from the prior year.
- At the end of the current fiscal year, the unassigned fund balance for the general fund was $28,745 or 19%, of the general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1. government-wide financial statements 2. fund financial statements 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 and liabilities, with the difference between the two reported as net position. This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the District.

The statement of activities presents information showing how the government'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 flow in future fiscal periods.

The government-wide financial statements distinguish and demonstrate that, as a governmental activity, the District is principally supported by special assessments and intergovernmental revenues. The governmental activities of the District include public safety services (fire and emergency medical services). The government-wide financial statements are found on pages 13 - 14 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has only a governmental fund.

FUNDS

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements 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.
Such information may be useful in evaluating a government's near-term financial requirements. The basic governmental fund financial statements are found on pages 15-18 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one governmental fund (general fund). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is considered a major fund.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison schedule is provided for the general fund to demonstrate compliance with this budget.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information, which is essential to the full understanding of the data provided in the government-wide and fund financial statements. Beginning on page 19 of this report are the notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial position. In the case of the district, assets exceeded liabilities by $377,281 (net position) as of September 30, 2023, as reported in Table 1.

The largest portion of the District's net position, $377,281, reflects its investment in capital assets ($313,743) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Table 1

	2023	2022
Current Assets	$67,608	$76,784
Capital Assets	$469,024	$496,715
Total Assets	$536,632	$573,499
Current Liabilities	$21,228	$21,084
Non-current Liabilities	$138,123	$155,281
Total Liabilities	$159,351	$176,365
Net Position:		
Invested in Capital Assets	$313,743	$324,855
Unrestricted	$35,802	$53,419
Restricted	$27,736	$18,860
Total Net Assets	$377,281	$397,134

Condensed Summary of Revenues, Expenses, and Changes in Net Position is reported in Table 2.

Table 2

	2023	2022
Special Assessment	$101,460	$92,732
Impact Fees	$12,386	$9,871
Sale of Capital Assets	$0	$3,000
Insurance Refunds	$2,358	$1,187
Insurance Claims	$0	$18,898
Miscellaneous Income	$2,415	$1,369
Grants	$40,412	$16,522
Total Revenues	$159,031	$143,579
Operating Expenses, including Depreciation	$178,884	$141,886
Change in Net Assets	($19,853)	$1,693
Net Assets at Beginning of Year	$397,134	$395,441
Net Assets at End of Year	$377,281	$397,134

During 2023, the change in net position was an increase of $1,693. This increase was the result of increased grants, tax collections, and impact fees. As of September 30, 2023, the excess of revenues over expenditures was decreased by $21,546.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budget versus actual comparison is reported in the required supplementary information other than management discussion and analysis. Additional notes regarding the budget to actual comparison can be found in the notes to the financial statements.

CAPITAL ASSETS

The District's investment in capital assets for its governmental activities as of September 30, 2023 amounts to $469,024 (net of depreciation). Capital assets include land, buildings, equipment, and fire trucks.

Additions for the fiscal year amounted to $43,743, there were no deletions for fiscal year 2023. Additional information regarding capital assets can be found in the notes to the financial statements.

Governmental Activities:	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land	$5,100	$0	$0	$5,100
Total Cost of Capital Assets, not being Depreciated	$5,100	$0	$0	$5,100
Capital Assets, being Depreciated:				
Buildings	$121,486	$5,032	$0	$126,518
Fire Equipment	$322,134	$38,711	$0	$360,845
Fire Trucks	$625,000	$0	$0	$625,000
Total Cost of Capital Assets, being Depreciated	$1,068,620	$43,743	$0	$1,112,363
Total Cost of Capital Assets before Depreciation	$1,073,720	$43,743	$0	$1,117,463
Less Accumulated Depreciation for:				
Buildings	$111,659	$4,949	$0	$116,608
Fire Equipment	$187,931	$26,486	$0	$214,416
Fire Trucks	$277,415	$40,000	$0	$317,415
Total Accumulated Depreciation	$577,005	$71,434	$0	$648,439
Total Capital Assets being Depreciated, Net	$491,615	($27,691)	$0	$463,924
Governmental Activities Capital Assets, Net	$496,715	($27,691)	$0	$469,024

Depreciation expense included in the Statement of Activities was $71,434.

LEASES

The District had no leases to be reported under GASB 87.

DEBT

In fiscal year 2022 the District entered into a purchase agreement to purchase three fire trucks with a total financing cost of $190,000. The agreement is financed at a rate of 3.494% and requires annual payments of $22,585 over ten years. See notes for additional details.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District relies on the fire assessments (non-ad valorem special assessments) and a limited array of permitted other sources (such as impact fees and charges for services) for their governmental activities. There are a limited number of recurring and non-recurring grants from both state and federal governments, which provide funding for specific programs, projects, or activities. Florida's continued economic uncertainty and rise in cost will continue to affect the District's operational funding.

REQUESTS FOR INFORMATION

This financial report is designed to provide the reader an overview of the District. Questions regarding any information provided in this report should be directed to David Brown, Chairman, Almarante Fire District, PO Box 700, Laurel Hill, Florida 32567

BASIC FINANCIAL STATEMENTS

Almarante Fire District
Statement of Net Position
September 30, 2023

	Governmental Activities
Assets	
Cash	$32,815
Restricted Cash	$27,736
Prepaid Insurance	$7,057
Capital Assets, Non-depreciable, net	$5,100
Capital Assets, Depreciable, net	$463,924
Total Assets	$536,632
Liabilities	
Accounts Payable and Other Current Liabilities	$4,070
Capital Lease Payable-Current	$17,158
Total Current Liabilities	$21,228
Capital Lease Payable-Noncurrent	$138,123
Total Liabilities	$159,351
Net position	
Investment in Capital Assets	$313,743
Unrestricted	$35,802
Restricted	$27,736
Total Net Position	$377,281

See accompanying notes to the financial statements.

Almarante Fire District
Statement of Activities
Year Ended September 30, 2023

	Governmental Activities
Expenditures	
Public Safety - Fire Protection	($178,884)
Total Expenditures	($178,884)
Program Revenues	
Capital Grants	$40,412
General Revenues	
Special Assessment	$101,460
Impact Fees	$12,386
Insurance Refunds	$2,358
Miscellaneous Income	$2,415
Total General Revenues	$118,619
Total Revenues	$159,031
Change in Net Position	($19,853)
Net Position Beginning	$397,134
Net Position Ending	$377,281

See accompanying notes to the financial statements.

Almarante Fire District
Balance Sheet - Governmental Fund
September 30, 2023

	General Fund
Assets	
Cash	$32,815
Restricted Cash	$27,736
Prepaid Insurance	$7,057
Total Assets	$67,608
Liabilities and Fund Balances	
Accrued Liabilities	$4,070
Total Liabilities	$4,070
Fund Balances	
Nonspendable	$7,057
Unassigned	$28,745
Restricted	$27,736
Total Fund Balances	$63,538
Total Liabilities and Fund Balances	$67,608

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, 2023

Total Fund Balances, governmental fund balance sheet		$63,538
Capital Assets, used in governmental activities, are not financial resources and therefore are not reported in the governmental funds balance sheet		
Capital Assets, Non-depreciable	$5,100	
Capital Assets, Depreciable	$1,112,363	
Total Capital Assets before Depreciation	$1,117,463	
Less Accumulated Depreciation	($648,439)	
Total Capital Assets, Net of Depreciation		$469,024
Noncurrent liabilities, used in governmental activities, are not financial resources and therefore are not reported in the governmental funds balance sheet		
Capital Lease Payable-Noncurrent		($138,123)
Capital Lease Payable-Current		($17,158)
Total net position per Statement of Net Position		$377,281

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, 2023

	General Fund
Revenues:	
Taxes	$101,460
Impact Fees	$12,386
Insurance Refunds	$2,358
Miscellaneous Income	$2,415
Grants	$40,412
Total Revenues	$159,031
Expenditures:	
Current	
Public Safety	$107,450
Capital Outlay	$43,743
Total Expenditures	$151,193
Excess (Deficiency) of Revenues over Expenditures	$7,838
Fund balance, Beginning of Year	$55,700
Fund balance, End of Year	$63,538

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, 2023

Net change in fund balances - governmental fund	$7,838
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position	$43,743
Depreciation expense on capital assets included in the Statement of Activities does not require the use of current financial resources; therefore it is not reported as an expenditure in the governmental fund	($71,434)
Change in net position of Statement of Activities	($19,853)

See accompanying notes to the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND DESCRIPTION OF THE DISTRICT

Almarante Fire District (the District) is an independent special district originally established by Ordinance 88-50 of the Okaloosa County Board of County Commissioners on December 20, 1988. District as an independent special district subject to Chapter 191, Florida Statutes. 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.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America applicable to governmental units and the Uniform Accounting System mandated by Section 218.3, Florida Statutes. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The following is a summary of the more significant accounting policies of the District:

The Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements present the District as the primary government. In evaluating the District as a reporting entity, management has considered all potential component units for which the District may or may not be financially accountable and, as such, be included within the District's financial statement. As of September 30, 2023, the District had no component units.

Government-Wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by special assessments and intergovernmental revenues, are reported separately from business-type activities (the District has no business-type activities to report on the government-wide financial statements), which rely, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Special assessments and other items not properly included among program revenues are reported instead as general revenue.

Measurement Focus and Basis of Accounting
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Fire assessments are recorded as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both 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. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Okaloosa County Tax Collector bills and collects property special assessments for the District in accordance with the laws of the State of Florida. Property special assessments attach as an enforceable lien on property as of the date of assessment and remain in effect until discharged by payment. Special assessments are payable when levied (on November 1st, or as soon thereafter as the assessment roll becomes available to the Tax Collector).

The following is the current Property tax calendar:

Levy Date	November 1st
Due Date	November 1st
Delinquent Date	April 1st

Revenue recognition criteria for property special assessments requires that property special assessments expected to be collected within 30 days of the current period be accrued. No accrual has been made for 2023 fire special assessments because the special assessments are not legally due until subsequent to the end of the fiscal year. Current year special assessments, which are uncollected as of the end of the fiscal year, are generally immaterial in amount and highly susceptible to being uncollectable and therefore, are not recorded as a receivable at the balance sheet date.

Basis of Presentation
The financial transactions of the District are recorded using fund accounting. A fund is a separate accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all special assessments.

The following classification is used to categorize the fund used by the District:

Governmental
Governmental funds focus on the determination of financial position and changes in financial position (sources, uses and balances of financial resources) and not net income. The District has the following major governmental fund:

General Fund – This is the District's primary operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

Assets, Liabilities, and Net Position or Fund Balance

Cash and Cash Equivalents
The District's cash on hand, demand deposits and short-term investments are considered cash and cash equivalents for purposes of these statements, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

Impact fee revenues are classified as restricted cash and can only be used for the acquisition, purchase or construction of new facilities and equipment required to provide services to new users in the District.

Deposits and Investments
The District maintains its deposits only with "Qualified Public Depositories" as defined in chapter 280, Florida Statutes. The provisions of this statute allow "Qualified Public Depositories" to participate in a multiple financial institution collateral pool to ensure the security for public deposits. All "Qualified Public Depositories" must place with the Treasurer of the State of Florida securities which have a market value equal to 50% of all public funds on deposit at the end of each month in excess of any applicable deposit insurance. In the event of default by a qualified public institution, the state treasurer will pay public depositors all losses. Losses in excess of insurance and collateral will be paid through assessments among all "Qualified Public Depositories".

The District does not have a formal written investment policy, but has adopted the investment policy as defined in Section 218.415, Florida Statutes, which requires the investment of surplus public funds and prescribes certain allowable investments including the Local Government Surplus Funds Trust Fund, Securities and Exchange Commission registered money market funds with the highest credit quality rating from the nationally recognized rating agency, interest-

bearing time deposits or savings accounts in qualified public depositories or direct obligations of the U.S. Treasury. The District had no investments at September 30, 2023.

Prepaid Items
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and governmental fund financial statements.

Capital Assets
Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000. Capital assets must also have an estimated useful life of longer than one year. Capital assets are recorded at cost where historical cost records are available and at an estimated historical cost when no historical records exist. Donated capital assets are reported at their estimated acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major improvements are capitalized and depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	20-40
Improvements other than buildings	10-40
Furniture and fixtures	5-10
Vehicles and equipment	3-15

Classification of Fund Balance
GASB guidance establishes 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 are comprised of the following:

- *Nonspendable* – includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: prepaid items.

- *Restricted* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed* – includes amounts that can only be used for the specific purposes determined by a formal resolution of the District's highest level of decision-making authority, the Commission. Commitments may be changed or lifted only by the District taking the same formal resolution that imposed the constraint originally.

- *Assigned* – comprises amounts intended to be used by the District for specific purposes that are neither restricted nor committed. *Intent* can be expressed by (a) the Commission or (b) a body (for example: a budget or finance committee) or official to which the Commission has delegated the authority to assign amounts to be set for specific purposes.

- *Unassigned* -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.

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 all other funds, unassigned is limited to negative residual fund balance. The District does not have a formal fund balance policy.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally considered to be expended from the most restrictive classification first.

Net Position
When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first.

Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Subsequent Events
The District has evaluated events and transactions that occurred between September 30, 2023 and June 26, 2024, which is the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no subsequent events that warranted additional disclosure.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABLITY

Budgets
The District prepares an annual operating budget for the fiscal year commencing October 1st. Prior to September 1st 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. Budget amendments are approved by the Board of Commissioners.

Encumbrances
Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. For the year ended September 30, 2023, the District had no encumbrances.

3. CASH DEPOSITS

At September 30, 2023 the value of the District's deposits was $60,551, all of which were held by Qualified Public Depositories under Chapter 280, Florida Statutes.

4. 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.

5. CHANGES IN CAPITAL ASSETS

Governmental Activities:	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, not being Depreciated:				
Land	$5,100	$0	$0	$5,100
Total Cost of Capital Assets, not being Depreciated	$5,100	$0	$0	$5,100
Capital Assets, being Depreciated:				
Buildings	$121,486	$5,032	$0	$126,518
Fire Equipment	$322,134	$38,711	$0	$360,845
Fire Trucks	$625,000	$0	$0	$625,000
Total Cost of Capital Assets, being Depreciated	$1,068,620	$43,743	$0	$1,112,363
Total Cost of Capital Assets before Depreciation	$1,073,720	$43,743	$0	$1,117,463
Less Accumulated Depreciation for:				
Buildings	$111,659	$4,949	$0	$116,608
Fire Equipment	$187,931	$26,486	$0	$214,416
Fire Trucks	$277,415	$40,000	$0	$317,415
Total Accumulated Depreciation	$577,005	$71,434	$0	$648,439
Total Capital Assets being Depreciated, Net	$491,615	($27,691)	$0	$463,924
Governmental Activities Capital Assets, Net	$496,715	($27,691)	$0	$469,024

Depreciation expense included in the Statement of Activities was $71,434.

6. 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.

7. COMMITMENTS

Interlocal Agreement

On May 1, 2021, the District entered a 10-year interlocal agreement with North Okaloosa Fire District to lease a single bay at Station 81 for a fire engine and equipment storage in the amount of $1 annually. As part of the agreement, the District agrees to provide on an automatic-aid basis the fire engine stored at Station 81 and certified personnel trained and authorized to conduct firefighting activities in the State of Florida. The District also agrees to participate in any Insurance Services Office, Inc, (ISO) inspections, audits or other inquiries. The agreement may be renewed annually as agreed by both parties.

8. MISCELLANEOUS INCOME

The District received $2,415 income that was classified as miscellaneous income. This income can be further described as donations and rebates.

9. IMPACT FEES

The District received $12,386 in impact fees during the fiscal year 2023. The District's impact fee rates are residential .2 and commercial .3 per square foot.

10. ACCOUNTS RECEIVABLE

Due to the nature of the District's funding it does not bill customers directly for assessments. Okaloosa County remits assessment payments received based on a schedule which uses November 1st as the levy date. Most payments are received November thru April. Payments are considered delinquent after April 1st.

11. GRANTS

The District did not receive any federal grant funding in fiscal year 2023.

The District was approved for three state grants in fiscal year 2023 as noted below:

Florida Department of Agriculture and Consumer Services

Grant Approval Amount	$12,028
Grant Revenue Received	$10,898
Expenditures	$10,898
District Funding Required	$0

In November 2022 the District was approved for a $12,028 non-matching grant to purchase equipment. The district purchased personal protection equipment and SCBA bottles in December 2022 and was reimbursed 100% of the cost of the equipment in February 2023. As of the September 30, 2023 the grant is closed.

Florida Department of Agriculture and Consumer Services

Grant Approval Amount	$15,268
Grant Revenue Received	$15,268
Expenditures	$15,268
District Funding Required	$0

In March 2023 the District was approved for a $15,268 non-matching grant to purchase equipment. The district purchased personal protection equipment, valves, hoses, and nozzles in March and April of 2023 and was reimbursed 100% of the cost of the equipment in April 2023. As of the September 30, 2023 the grant is closed.

Florida Department of Agriculture and Consumer Services

Grant Approval Amount	$14,582
Grant Revenue Received	$14,246
Expenditures	$14,246
District Funding Required	$0

In May 2023 the District was approved for a $14,582 non-matching grant to purchase equipment. The district purchased personal protection equipment, valves, hoses, radio equipment. SCBA supplies and nozzles in May 2023 and was reimbursed 100% of the cost of the equipment in June 2023. As of the September 30, 2023 the grant is closed.

12. DEBT

In FY2022, the Almarante Fire District purchased three trucks, listed below, in a capital lease/purchase agreement, financed by the Kansas State Bank. The current, and noncurrent, liability due to the Kansas State Bank is as follows at September 30, 2023

Current liability	$17,158
Non-current liability	$138,123
Total liability	$155,281

The lease/purchase agreement provided funding for the purchase of the following trucks:

Fire district truck description	Date Acquired	Cost
Ford F150 XL Supercab 4X4 X1E	2/9/2022	$28,920
Ford F150 XL Supercab 4X4 X1E	2/23/2022	$28,920
Ford F550 4X4 Diesel Super Cab	9/30/2022	$132,160
Total Financing cost of the purchase		$190,000

The $190,000 lease/purchase agreement requires ten annual payments of $22,585, with the first annual payment of $22,585 due on January 15, 2022.
The interest rate is 3.494%.
The lease/purchase financing payment schedule is as follows:

Due Date	Contract Payment	Applied to Interest	Applied to Principal	Purchase Option Price
1/15/2024	$22,585	$5,426	$17,158	$138,123
1/15/2025	$22,585	$4,827	$17,758	$120,365
1/15/2026	$22,585	$4,206	$18,378	$101,986
1/15/2027	$22,585	$3,564	$19,021	$82,966
1/15/2028	$22,585	$2,899	$19,685	$63,280
1/15/2029	$22,585	$2,211	$20,373	$42,907
1/15/2030	$22,585	$1,499	$21,085	$21,822
1/15/2031	$22,585	$763	$21,822	$0
	$180,676	$25,395	$155,281	

13. BUDGET VARIANCES

The District had an excess of expenditures over final budget of $53,703, excess of revenue over final budget of $52,310, and excess revenue over expenditures of ($1,393) for the year ending September 30, 2023.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than MD&A)

Almarante Fire District
Schedule of Revenues, Expenditures, and Change in Fund Balance
Budget to Actual - General Fund
Year Ended September 30, 2023

	Actual	Original and Final Budget	Variance with Final Budget- Positive (Negative)
Revenues:			
Taxes	$101,460	$106,721	($5,261)
Impact Fees	$12,386	$0	$12,386
Insurance Refunds	$2,358	$0	$2,358
Miscellaneous Income	$2,415	$0	$2,415
Grants	$40,412	$0	$40,412
Total Revenues	$159,031	$106,721	$52,310
Expenditures:			
Current			
Pubilic Safety	$107,450	$97,490	$9,960
Capital Outlay	$43,743	$0	$43,743
Total Expenditures	$151,193	$97,490	$53,703
Excess (Deficiency) of Revenue over Expenditures	$7,838	$9,231	($1,393)
Fund balance, Beginning of Year	$55,700	$55,700	$55,700
Fund balance, End of Year	$63,538	$64,931	$54,307

See independent auditors' report.

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*

To:
Board of Commissioners
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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued my report thereon dated June 26, 2024.

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

The 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 Jr.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
June 26, 2024

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MANAGEMENT LETTER

To the Board of Commissioners
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, 2023, and have issued my report thereon dated June 26, 2024.

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 Reporting Requirements

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 June 26, 2024, 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. The last audit of the Almarante Fire District was in FY 2022. There were 2 audit findings in the FY 2022 audit. In my FY 2023 audit, I have found that the District has corrected 0 of 2 FY 2022 findings listed below.

Finding 2022-01 Non-compliance with regulations – actual expenditures exceeded budgeted amounts and failure to budget to the same detail as required by the annual report.
The District's actual expenditures exceeded the budgeted amounts by $175,778 for the fiscal year ending September 30, 2022. Section 189.016(3) of the Florida Status require expenditures incurred to be pursuant to the adopted budget. The District failed to budget to the same detail as required by the annual report. Section 189.016(3) requires budgeting to at least the same detail as required by the annual report.

Status of Finding: I determined in my FY 2023 audit that the District expenditures exceeded the budgeted amounts and the District did not budget to the detail required by Section 189.016(3). Finding 2022-01 remains open.

Finding 2022-2, 2021-2, 2019-2, and 2016-2, Lack of complete general ledger accounting: The District does not use a commercial general ledger accounting system. 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 of receipts and disbursements for audit. There was no accounting of assets and liabilities. As a result, the District has difficulty in accurately preparing monthly, or year-to-date, financial statements on a timely basis.
Status of Finding: I determined in my FY 2023 audit that the District did not use general ledger accounting software for the entire year. Corrective actions have been taken to address the finding from the previous years in regard to the lack of a complete general ledger accounting system but the District did not have the new software in use for the full year. Findings 2022-02, 2021-2, 2019-2, and 2016-2 remains open.

Official 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. Almarante Fire District has no component units.

Financial Condition and Management

Section 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require that I apply appropriate procedures and communicate the results of my determination as to whether or not the 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.b. and 10.556(8), Rules of the Auditor General, I applied financial condition assessment procedures for the Almarante Fire District. 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 the same. I performed this assessment as of the fiscal year end and I did not find any deteriorating conditions.
Section 10.554(1)(i)2., Rules of the Auditor General, requires that I communicate any recommendations to improve financial management. In connection with my audit, I do have five audit findings and recommendations as follows:

Finding 2023-01 Non-compliance with regulations – actual expenditures exceeded budgeted amounts and failure to budget to the same detail as required by the annual report.
The District's actual expenditures exceeded the budgeted amounts by $53,703 for the fiscal year ending September 30, 2023. Section 189.016(3) of the Florida Status require expenditures incurred to be pursuant to the adopted budget. The District failed to budget to the same detail as required by the annual report. Section 189.016(3) requires budgeting to at least the same detail as required by the annual report.
Recommendation: Recommend the board review the budget for adjustments in a timely manner. The budget should be amended to reflect approved expenditures or changes. Budget in greater detail and at least to the detail required in the annual report.

Finding 2023-02, Lack of complete general ledger accounting.
The District did implement use of a commercial general ledger accounting software but the software was not in use for a full year and lacked beginning balances. 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 of receipts and disbursements for audit. There was no accounting of assets and liabilities. 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 enter beginning balances and continue using the commercial general ledger accounting software to ensure that all transactions get posted to the general ledger on a timely basis. This will enable the District to produce timely and accurate financial reports to the board.

Finding 2023-03, Impact bank account was not reconciled, and transactions lacked detail.
The impact bank account did not reconcile as of September 30, 2023 and some transactions noted in the Excel spreadsheet lacked details regarding date and source of the deposit.
Recommendation: Recommend the District reconcile all bank accounts monthly and ensure all transactions are properly itemized.

Finding 2023-04, Failure to retain invoice for expenditures.
I was unable to obtain one invoice requested during my testing.

- Coastal Rescue Solutions - $1,500.00

Recommendation: Recommend the District implement policies and procedures to ensure invoices are retained and accessible upon request.

Finding 2023-05, Failure to reconcile/identify grant activity.
Reconciliation of grant activity for financial reporting purposes was not prepared. Grant expenditures by grant was not presented in a manner that facilitated matching grants funds received with expenditures as required by U.S. generally accepted accounting principles.
Recommendation: District's management should adopt written policies and procedures for identifying and reconciling expenditure-driven grant revenue with qualifying expenditures.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that I communicate the failure of 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. In connection with our audit, we determined that there are no special district component unit required to be reported to the District.

Specific Information for an independent special district

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)(6), Rules of the Auditor General, the Almarante Fire District reported:

- The total number of district employees compensated in the last pay period of the district fiscal year as 0.
- The total number of independent contractors to whom nonemployee compensation was paid in the last month of the district's fiscal year as 0.
- All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as 0.
- All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as $3,925.
- Each construction project with a total cost of at least $65,000 approved by the district that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as 0.
- A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the district amends a final adopted budget under Section 189.016(6), Florida Statutes, can be found on page 31.

Specific Information for an independent special district that imposes non-ad valorem special assessments

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)7, Rules of the Auditor General, the Almarante Fire District reported:

- Annual rates of non-ad valorem special assessments imposed by the District for the audit year were $103.74 on residence, $146.83 per business, and $.52 per undeveloped acre.
- The total amount of special assessments collected by or on behalf of the district was $92,732.
- The total amount of outstanding bonds issued by the district and terms of such bonds is 0. The district has no outstanding bonds.

Additional Matters

Section 10.554(1)(i)3., Rules of the Auditor General, require I 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 warrants the attention of those charged with governance. In connection with my audit, I did not note 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 JR.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
June 26, 2024

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INDEPENDENT ACCOUNTANT'S REPORT ON EXAMINATION OF COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550, RULES OF THE AUDITOR GENERAL

To:
Board of Commissioners
Almarante Fire District
Laurel Hill, Florida

I have examined the Almarante Fire District's (the District) compliance with Section 218.415, Florida Statutes, regarding the investment of public funds during the year ended September 30, 2023.

Management is responsible for the District's compliance with those requirements. My responsibility is to express an opinion on the District's compliance based on my examination.

My examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards 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 judgement, including an assessment of the risk of material noncompliance, whether due to fraud or error. I believe that the evidence I obtained is sufficient and approperate to provide a reasonable basis for my opinion.

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

In my opinion, the Almarante Fire District did comply, in all material respects, with the aforementioned requirements for the year ended September 30, 2023.

Edward E Chapman JR.

Edward E Chapman
Certified Public Accountant
Springville, Alabama
June 26, 2024

Almarante Fire District

PO Box 700
Laurel Hill, FL 32567

June 26, 2024

Memorandum for: Edward E Chapman, Certified Public Accountant
7224 US Hwy 11, Springville, AL. 35146

Subject: District's response to the FY2023 audit findings

Finding 2023-01 Non-compliance with regulations – actual expenditures exceeded budgeted amounts and failure to budget to the same detail as required by the annual report.
The District's actual expenditures exceeded the budgeted amounts by $53,703 for the fiscal year ending September 30, 2023. Section 189.016(3) of the Florida Status require expenditures incurred to be pursuant to the adopted budget. The District failed to budget to the same detail as required by the annual report. Section 189.016(3) requires budgeting to at least the same detail as required by the annual report.
District's response to audit finding 2023-01: The District will amend the budget as necessary and budget in more detail going forward.

Finding 2023-02, Lack of complete general ledger accounting.
The District did implement use of a commercial general ledger accounting software but the software was not in use for a full year and lacked beginning balances. 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 of receipts and disbursements for audit. There was no accounting of assets and liabilities. As a result, the District has difficulty in accurately preparing monthly, or year-to-date, financial statements on a timely basis.
District's response to audit finding 2023-02: The District has started using QuickBooks Online to keep track of financial transaction. For FY 2024 we expect to have a full years' worth of data in the software so that next years audit will not need to rely on Excel other than supplemental schedules as needed. We are currently working with an accountant to get beginning balances added.

Finding 2023-03, Impact bank account was not reconciled, and transactions lacked detail.
The impact bank account did not reconcile as of September 30, 2023 and some transactions noted in the Excel spreadsheet lacked details regarding date and source of the deposit.
District's response to audit finding 2023-03: The District will start using the reconciliation function in QuickBooks Online and the board will review all reconciliations as part of our monthly oversite. QuickBooks Online will be linked to both bank accounts so that we are continuously in balance and proper transaction detail is imported, additional detail will be manually added as needed.

Finding 2023-04, Failure to retain invoice for expenditures.
I was unable to obtain one invoice requested during my testing.

- Coastal Rescue Solutions - $1,500.00

District's response to audit finding 2023-04: The District will implement procedures to ensure that all disbursements are backed up by invoices and that invoices are maintained and readily available when requested.

Finding 2023-05, Failure to reconcile/identify grant activity.
Reconciliation of grant activity for financial reporting purposes was not prepared. Grant expenditures by grant was not presented in a manner that facilitated matching grants funds received with expenditures as required by U.S. generally accepted accounting principles.
District's response to audit finding 2022-05: The District will implement procedures to ensure that all grant revenue and expenditures are tracked and classified correctly. Additional schedules will be used if needed.

Signed: David S Bram

Title: Board Chairman

Date June 26th 2024