

ARGYLE FIRE DISTRICT
ARGYLE, FLORIDA

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION

YEAR ENDED SEPTEMBER 30, 2015

JOSEPH A. JONES
Certified Public Accountant
Crestview, Florida
September 23, 2016

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Board of Directors
Argyle Fire District
Argyle, Florida

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities of Argyle Fire District, as of and for the year ended September 30, 2015, and the related notes to the financial statements, which comprise Argyle 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 Argyle Fire District, as of September 30, 2015, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

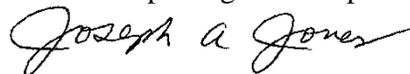
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States 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 September 23, 2016 on my consideration of Argyle 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 Argyle Fire District's internal control over financial reporting and compliance.



Joseph A. Jones
Certified Public Accountant
Crestview, Florida
September 23, 2016

Management Discussion and Analysis (MD&A)

This Management Discussion and Analysis (MD&A) of Argyle Fire District financial condition provides an overview of financial activity, identifies changes in financial position, and assists the reader in focusing on significant financial issues. In 1986, on a vote by the residents of the District, Argyle Fire District was created. The District is a volunteer fire department, and the primary purpose of the District is to provide fire, rescue, and emergency medical assistance for the Argyle District which is in the Argyle, Florida area. Although it is important to the long-term existence of the District to maintain its financial health, net position is accumulated only to the extent required by Florida Statutes to ensure the District has sufficient reserve funds for future operations and anticipated capital acquisitions. The MD&A provides summary level financial information; therefore, it should be read in conjunction with the accompanying financial statements.

Highlights

Financial Highlights

1. Assets, \$352,594, exceeded liabilities, \$33,628, by \$318,967. Total Revenues, \$216,134, included \$43,460 in federal grants. Operating expenses, \$232,394, included \$62,911 of depreciation. Federal grant revenues were used to fund the volunteer coordinator's pay, \$31,140, fuel incentive payments, \$10,440, and firefighter physicals, \$1,880. Fiscal year 2014 was the last fiscal year that the District received Walton County funding. In a referendum held in August 2014, the District voters approved an increase in the non-ad valorem special assessment for the fire District fire, raising the annual assessment effective with FY2015, from \$25 to \$100 for residential dwelling units, and from \$50 to \$200 for commercial or industrial units (under 5,000 square feet). The assessment will increase to \$300 for commercial or industrial units over 5,000 square feet.

Using the Audited Financial Statements and Supplementary Data

The Audited Financial Statements consists of a series of financial statements, prepared in accordance with *Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by Statement 37. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. For governmental activities, the Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's funds. Keys to understanding the financial condition of the District are the Statement of Net Position and the Statement of Activities. These statements present financial information in a form similar to that used by private business enterprises. The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. All of the current year revenues and expenses are taken into account regardless of when cash is received or paid. The net position of the District (the difference between assets and liabilities) is one indicator of the District's financial health or financial position.

Argyle Fire 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 provide improved services to residents of the district.

The District's total net assets were \$318,967 at the end of the fiscal year.

The following is a condensed statement of net position (Table 1).

Table 1

	<u>2015</u>	<u>2014</u>
Current Assets	\$ 91,546	\$ 79,930
Capital Assets	261,049	299,934
Total Assets	<u>352,594</u>	<u>379,863</u>
Current Liabilities	12,017	13,102
Non-current Liabilities	21,611	31,534
Total Liabilities	<u>33,628</u>	<u>44,636</u>
Net Position:		
Invested in Capital Assets	227,756	256,740
Unrestricted	69,049	56,327
Restricted	22,162	22,160
Total Net Assets	<u>\$ 318,967</u>	<u>\$ 335,227</u>

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

Table 2

	<u>2015</u>	<u>2014</u>
Taxes	\$ 168,416	\$ 40,645
Walton County Funds	-	72,292
Grants	43,460	40,982
Interest Income	2	
Insurance Claim	2,219	
Sale of Fixed Assets	2,000	
Miscellaneous	36	253
Total Revenues	<u>216,134</u>	<u>154,171</u>
Operating Expenses, including Depreciation	<u>232,394</u>	<u>181,746</u>
Change in Net Assets	(16,260)	(27,575)
Net Assets at Beginning of Year	335,227	362,802
Net Assets at End of Year	<u>\$ 318,967</u>	<u>\$ 335,227</u>

**Argyle Fire District
Capital Assets and Debt Administration**

Capital Assets

At the end of 2015, the District had \$261,049 invested in capital assets net of accumulated depreciation.

Table 3

	<u>2015</u>	<u>2014</u>
Land	\$ 8,500	\$ 8,500
Buildings	18,140	16,558
Office Equipment	177	256
Fire Equipment	72,027	74,942
Fire Trucks	143,469	183,989
Communication Equipment	18,735	15,354
Computer Equipment	-	336
Total Capital Assets	<u>\$261,049</u>	<u>\$299,934</u>

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

Table 4

	<u>2015</u>	<u>2014</u>
Balance at Beginning of Year	\$ 299,934	\$ 368,050
Additions	24,026	-
Depreciation	(62,911)	(68,116)
Total Capital Assets	<u>\$ 261,049</u>	<u>\$ 299,934</u>

Capital Asset additions during the year were as follows:

<u>Category</u>	<u>Description</u>	<u>Date</u> <u>Purchased</u>	<u>Cost</u>
Buildings	Storage Building	6/4/15	3,674
Communication Equipment	Antenna on fire tower	9/15/15	3,546
Fire Equipment	Cascade Air Breathing System	4/16/15	4,371
Fire Equipment	Elite Utility Trailer 6 X 12	06/05/15	1,222
Fire Equipment	Bunker Gear	08/15/15	6,214
			<u>11,807</u>
Fire Trucks	2002 Ford Ambulance	12/17/14	5,000
Totals			<u>24,026</u>

**Argyle Fire District
Debt**

At September 30, 2015, the Argyle Fire District owes \$31,535 in the form of a capital lease debt with Old National Bank Leasing for the purchase (in a prior year) of a Ford F-550 fire truck. As of September 30, 2015, there are 3 more payments of \$11,757 due on October 15th of the following years: 2015, 2016, and 2017.

Economic Factors and Next Year's Budget

In 1986 the fire District was created and an assessment fee of \$25 per occupied dwelling and \$50 or more per business depending on square footage. No fees were assessed per vacant land. Fees have not been increased until Resolution 2014-01 was passed in August 2014. In voting for Resolution 2014-01, the fire district voters approved an increase in the annual non-ad valorem special assessments on residences and businesses in the fire district beginning in FY2015 to raise funds to maintain and improve the services provided by the fire district. The increased assessments were deemed necessary to maintain the quality of services because Walton County is no longer providing financial assistance to the fire district and the cost of services has increased to the district. The annual non-ad valorem special assessments were increased to the following amounts for FY2015:

\$100.00 per residential dwelling unit

\$100.00 per residential dwelling unit for the first 4 in a trailer park, townhome or apartment,
and \$30.00 per each additional unit.

\$200.00 per commercial or industrial unit under 5,000 square feet

\$300.00 per commercial or industrial unit over 5,000 feet or \$300.00 per additional 5,000 square
feet over 10,000 square feet.

Contacting the District's Financial Management

This financial report is designed to provide the residents of the District, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the Argyle Fire District at P.O. Box 61, Argyle, Florida 32422.

BASIC FINANCIAL STATEMENTS

Argyle Fire District
Statement of Net Position
September 30, 2015

	Governmental Activities
Assets	
Cash	\$ 64,880
Restricted Cash	22,162
Prepaid Insurance	4,504
Capital Assets, Non-depreciable, net	22,980
Capital Assets, Depreciable, net	<u>238,069</u>
 Total Assets	 <u><u>352,594</u></u>
Liabilities	
Accounts Payable	335
Accrued Interest	1,758
Capital Lease, due within one year	9,923
Capital Lease, due in more than one year	<u>21,611</u>
Total Liabilities	<u><u>33,628</u></u>
Net position	
Investment in Capital Assets	227,756
Unrestricted	69,049
Restricted	<u>22,162</u>
Total Net Position	<u><u>\$ 318,967</u></u>

See accompanying notes to the financial statements.

Argyle Fire District
Statement of Activities
Year Ended September 30, 2015

	Governmental Activities
Expenses	
Public Safety - Fire Protection	\$ (230,503)
Interest on Capital Lease	(1,892)
Total Expenses	<u>(232,394)</u>
Program Revenues	
Operating Grants	<u>43,460</u>
General Revenues	
Taxes	168,416
Interest Income	2
Insurance claim	2,219
Sale of Fixed Assets	2,000
Miscellaneous	36
Total General Revenues	<u>172,674</u>
Total Revenues	<u>216,134</u>
Change in Net Position	(16,260)
Net Position Beginning	<u>335,227</u>
Net Position Ending	<u>\$ 318,967</u>

See accompanying notes to the financial statements.

Argyle Fire District
 Balance Sheet - Governmental Fund
 September 30, 2015

	General Fund
Assets	
Cash	\$ 64,880
Restricted Cash	22,162
Total Assets	<u>87,042</u>
Liabilities and Fund Balances	
Accounts Payable	335
Total Liabilities	<u>335</u>
Fund Balances	
Non-spendable	-
Committed	-
Unassigned	64,545
Restricted	22,162
Total Fund Balances	<u>86,707</u>
Total Liabilities and Fund Balances	<u>\$ 87,042</u>

See accompanying notes to the financial statements.

Argyle Fire District

Reconciliation of the Governmental Fund Balance Sheet
to the Statement of Net Position
September 30, 2015

Total Fund Balances, governmental fund balance sheet		\$86,707
Prepaid Insurance is recorded as expenditures in governmental funds when paid rather than assets as reported in the statement of net position		4,504
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	22,980	
Capital Assets, Depreciable	<u>773,546</u>	
Total Capital Assets before depreciation	796,526	
Less Accumulated Depreciation	<u>(535,477)</u>	
Total Capital Assets, net of depreciation		261,049
Capital leases are not payable in the current period and are not reported in the governmental funds balance sheet		
Accrued Interest on Capital Lease	(1,758)	
Capital Lease, due within one year	(9,923)	
Capital Lease, due in more than one year	<u>(21,611)</u>	
Total Capital Leases		(33,293)
Total Net Position – governmental activities		<u><u>\$318,967</u></u>

See accompanying notes to the financial statements.

Argyle Fire DistrictStatement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Fund
Year Ended September 30, 2015Revenues:

Federal Grant	\$ 43,460
Taxes	168,416
Interest Income	2
Insurance Claim	2,219
Sales of Fixed Assets	2,000
Miscellaneous Refunds	36
Total Revenues	<u>216,134</u>

Expenditures:

Public Safety

Expendable Equipment	3,600
Annual Fees & Appraisal Fees	1,072
Bookkeeping Fees	4,800
Dues & Subscriptions	125
Office Supplies	1,020
Utilities	5,004
Building Maintenance	6,512
Operating Supplies	846
Equipment Repairs	38,864
Volunteer Coordinator Pay	29,952
Fuel Incentive payments	11,390
Insurance	32,778
Legal Fees	2,500
Medical Expenses	1,560
Miscellaneous	165
Postage	186
Recruiting & Retention	6,888
Safety & Training	3,447
Telephone	2,704
Secretarial Fees	2,413
Vehicle Fuel	11,764
Total Public Safety	<u>167,591</u>
Debt Service - principal	9,377
Debt Service - interest	2,380
Total General Government, excluding Depreciation	<u>179,348</u>
Capital Outlay	<u>24,026</u>
Total Expenditures	<u>203,374</u>

Excess (Deficiency) of revenues over expenditures 12,760

Fund balance, beginning of year 73,947

Fund balance, end of year \$ 86,707

See accompanying notes to the financial statements.

Argyle 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, 2015

Net change in fund balances - governmental fund	\$ 12,760
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position	24,026
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	(62,911)
Principal paid on debt is an expenditure in governmental funds, but is shown as a payment of a liability in the Statement of Net Position	9,377
Interest expense paid is not accrued in Governmental funds reports, but the Statement of Activities reports accrual of interest expense.	2,380
Interest expense is accrued in Statement of Activities, but is not accrued in governmental funds reports.	(1,892)
Change in net position of governmental activities	<u><u>\$(16,260)</u></u>

See accompanying notes to the financial statements.

Argyle Fire District

Notes to Financial Statements

September 30, 2015

Note 1 – Nature of organization

The Argyle Fire District (the District) is an unincorporated district created by Ordinance 86-17 of the Walton County Board of County Commissioners to provide fire protection. The District's boundaries generally include all of the land, excluding any federal land or land within a municipality, in a specified area of Walton County as defined by Ordinance 86-17. The District is governed by a five (5) member elected commission. The powers of this Commission are regulated by ordinances and resolutions of the Fire District, Walton County, and the State of Florida.

Note 2 – Summary of Significant Accounting Policies

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Fund Financial Statements:

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

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

Argyle Fire District

Notes to Financial Statements

September 30, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

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

The District reports the following major governmental fund:

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

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

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

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

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

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

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

Restricted resources are only used for their specific designation and with approval from the District's board. Committed and Assigned funds are used for their specific designation. If the District does not have sufficient funds allocated to committed or assigned funds to cover the full cost of an expenditure, then unassigned funds would be used to cover the remaining portion of the expense. The District considers committed amounts be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in the unrestricted fund balance classification could be used.

The District does not have any proprietary funds.

Argyle Fire District

Notes to Financial Statements

September 30, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

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

Cash, Deposits and Investments

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Capital Assets

Capital assets, which include property and equipment are reported in the government-wide financial statements but are not recorded in the governmental fund financial statements. Capital assets are defined by the District as assets with an initial/individual cost of more than \$1,000. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Donated asset are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Argyle Fire District

Notes to Financial Statements

September 30, 2015

Note 2 – Summary of Significant Accounting Policies (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	30 – 40
Improvements	20
Vehicles & Equipment	5 – 10
Office equipment	3
Furniture and fixtures	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.

Tax Revenue

The Walton 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 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.

Argyle Fire District
Notes to Financial Statements
September 30, 2015

Note 3 - Capital Assets

Capital asset activity for the year ended September 30, 2015 was as follows:

Governmental Activities	Balance	Current Year:		Balance
	<u>9/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2015</u>
Capital assets, not being depreciated:				
Land	\$ 8,500	\$ -	\$ -	\$ 8,500
Communications Tower	14,480			14,480
Total capital assets, not being depreciated	<u>22,980</u>	-	-	<u>22,980</u>
Capital assets, being depreciated:				
Buildings	37,940	3,674		41,614
Office Equipment	4,858			4,858
Fire Equipment	235,841	11,807		247,648
Fire Trucks	458,518	5,000		463,518
Communication Equipment	1,499	3,546		5,045
Computer Equipment	10,864			10,864
Total capital assets, being depreciated	<u>749,520</u>	<u>24,026</u>	-	<u>773,546</u>
Total Capital Assets before depreciation:	<u>772,499</u>	<u>24,026</u>	-	<u>796,526</u>
Less Accumulated Depreciation for:				
Buildings	21,382	2,091		23,473
Office Equipment	4,602	79		4,681
Fire Equipment	160,900	14,721		175,621
Fire Trucks	274,529	45,519		320,048
Communication Equipment	624	165		789
Computer Equipment	10,528	336		10,864
Total Accumulated Depreciation	<u>472,566</u>	<u>62,911</u>	-	<u>535,477</u>
Total Capital Assets being depreciated, net	<u>276,954</u>	<u>(38,885)</u>	-	<u>238,069</u>
Governmental activities capital assets, net	<u>\$ 299,934</u>	<u>\$(38,885)</u>	<u>\$ -</u>	<u>\$ 261,049</u>

Argyle Fire District
Notes to Financial Statements
September 30, 2015

Note 4 - Capital Lease

The District has entered into a lease agreement with Old National Bank to finance a fire truck. The lease agreement qualifies as a capital lease for accounting purposes (title transfers at the end of the lease term) and, therefore, has been recorded as a purchase. Annual lease payments of \$11,757 are due October 15th of each year for years 2015, 2016, and 2017. The interest rate is 5.814%. The truck being financed is a Ford F-550 fire truck, which has a cost, accumulated depreciation, and carrying value as follows:

Cost	\$ 106,350
Accumulated Depreciation	<u>(72,600)</u>
Carrying Value	<u>\$ 33,750</u>

The following is a schedule of payments due, interest and principal due for each payment, accrued interest at the end of each fiscal year, and loan principal that is due within one year (current) and the loan principal that is due in more than one year (non-current):

<u>Dates</u>	<u>5.814% Interest</u>	<u>Total Payment</u>	<u>Principal Applied</u>	<u>Principal Balance</u>	<u>Accrued Interest</u>	<u>Current Principal</u>	<u>Non-Current Principal</u>
10/15/2013				40,913	-		
9/30/2014					2,281	9,377	31,535
10/15/2014	2,380	11,757	9,377	31,535	-		
9/30/2015					1,758	9,924	21,612
10/15/2015	1,833	11,757	9,924	21,612			
9/30/2016					1,205	10,500	11,111
10/15/2016	1,257	11,757	10,500	11,111			
9/30/2017					619	11,111	0
10/15/2017	646	11,757	11,111	0			
Totals	<u>6,116</u>	<u>47,028</u>	<u>40,912</u>				

Argyle Fire District
Notes to Financial Statements
September 30, 2015

NOTE 5 – Federal Grants

The District received \$43,460 of federal grants from the Department of Homeland Security (DHS), Federal Emergency Management Assistance (FEMA). This is a grant for Staffing and Adequate Fire and Emergency Response (SAFER). Purpose of the SAFER grant is to provide funding directly to fire departments to help increase the number of trained “front-line” fire fighters. All grant payments were approved in advance by FEMA before payment to the District. The grant expenditures were approved by FEMA before they were expended for the following purposes:

Volunteer coordinator	\$ 31,140
Firefighter Physicals	1,880
Fuel Incentive Program	10,440
Totals	<u>\$ 43,460</u>

NOTE 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 city 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 7 – Subsequent Events

Subsequent events have been evaluated through September 23, 2016, 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)**

Argyle Fire District
 Budgetary Comparison Schedule
 Governmental Funds
 Year Ended September 30, 2015

	<u>Actual</u>	Original and Final <u>Budget</u>	<u>Over (Under)</u>
Revenues:			
Federal Grant	\$ 43,460	\$ 50,500	\$ (7,040)
Taxes	168,416	175,745	(7,329)
Interest Income	2	1	1
Insurance Claim	2,219		2,219
Sales of Fixed Assets	2,000		2,000
Miscellaneous Refunds	36		36
Total Revenues	<u>216,134</u>	<u>226,246</u>	<u>(10,112)</u>
Plus Carryover from previous year	53,266	53,266	-
	269,400	- 279,512	(10,112)
Expenditures:			
Public Safety			
Expendable Equipment	3,600	2,200	1,400
Annual Fees & Appraisal Fees	1,072	1,030	42
Auditing Fees	-	4,500	(4,500)
Bookkeeping Fees	4,800	5,400	(600)
Dues & Subscriptions	125	130	(5)
Office Supplies	1,020	3,500	(2,480)
Utilities	5,004	6,725	(1,721)
Building Maintenance	6,512	4,750	1,762
Operating Supplies	846	3,458	(2,612)
Equipment Repairs	38,864	51,000	(12,136)
Volunteer Coordinator Pay	29,952	30,000	(48)
Fuel Incentive payments	11,390	10,500	890
Insurance	32,778	30,400	2,378
Legal Fees	2,500		2,500
Medical Expenses	1,560	2,000	(440)
Miscellaneous	165	1,000	(835)
Postage	186	550	(364)
Recruiting & Retention	6,888	8,300	(1,412)
Safety & Training	3,447	3,500	(53)
Telephone	2,704	2,850	(146)
Secretarial Fees	2,413	2,500	(87)
Vehicle Fuel	11,764	12,500	(736)
Total Public Safety	167,591	186,793	(19,202)
Debt Service - principal	9,377	9,400	(23)
Debt Service - interest	2,380	2,457	(77)
Total General Government, excluding Depreciation	<u>179,348</u>	<u>198,650</u>	<u>(19,301)</u>
Capital Outlay	24,026	33,000	(8,974)
Total Expenditures	<u>203,374</u>	<u>231,650</u>	<u>(28,275)</u>
Excess of Funds available over expenditures	66,025	47,862	18,163
Funds Expended plus carryover to next year	<u>\$ 269,400</u>	<u>\$ 279,512</u>	<u>\$ (10,112)</u>

See accompanying notes to the financial statements.

COMPLIANCE SECTION

JOSEPH A JONES
CERTIFIED PUBLIC ACCOUNTANT

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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
Argyle Fire District
Argyle, 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 Argyle Fire District (“the District”), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the District’s basis financial statements, and have issued my report thereon dated September 23, 2016.

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.

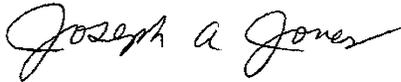
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit, I did not 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 Argyle Fire District's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective test of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Joseph A. Jones
Certified Public Accountant

Crestview, Florida
September 23, 2016

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MANAGEMENT LETTER

To the Board of Directors
Argyle Fire District
Argyle, Florida

Report on the Financial Statements

I have audited the financial statements of the Argyle Fire District, as of and for the fiscal year ended September 30, 2015, and have issued my report thereon dated September 23, 2016.

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 September 23, 2016, 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 findings and recommendations made in the preceding annual financial report have been corrected, and they are noted in the Other Matters paragraph regarding Section 10.554(1)(i)2, and listed under the heading Prior Year Findings and Recommendations.

Other Title and Legal Authority

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements.

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

Financial Condition

Section 10.554(1)(i)5.a., Rules of the Auditor General, requires that I report the results of my determination as to whether or not Argyle 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 Argyle 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 Argyle Fire District's financial condition, and my financial condition assessment was based in part on representations made by management and the review of financial information provided by same. I performed this assessment as of the fiscal year end and I did not find any deteriorating conditions.

Annual Financial Report

Section 10.554(1)(i)5.b., Rules of the Auditor General, requires that I report the results of my determination as to whether the annual financial report for the Argyle Fire District for fiscal year ended September 30, 2015, 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, 2015. In connection with my audit, I determined that these two reports were in agreement.

Special District Component Units

Section 10.554(1)(i)5.d., Rules of the Auditor General, requires that I determine whether or not a special district that is a component unit of a county, municipality, or special district, provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. Argyle 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 the fiscal year ended September 30, 2015, I do not have any finding and recommendations.

Prior Year Audit Findings and Recommendations

Finding 2010-01, Financial Statement Preparation Knowledge (Repeat Finding)

Condition: Assistance of external auditors was necessary to prepare the financial statements, including disclosures, in accordance with generally accepted accounting principles.

Cause: The finance officer lacks the experience, background and knowledge of Governmental and Financial Accounting Standards to prepare the District's financial statements including all note disclosures in accordance with generally accepted accounting principles.

Criteria: Management is responsible for the preparation of financial statements.

Effect: The finding could adversely affect the District's ability to prepare financial statements and ensure there is no material misstatement in the financial statements.

Recommendation: I encourage the District's personnel to increase their knowledge of these standards sufficiently to allow them to prepare financial statements including the notes in accordance with generally accepted accounting principles.

Status of Finding 2010-01: The District personnel have gained knowledge and experience necessary to prepare the District's financial statements, including disclosures, in accordance with generally accepted accounting principles. Finding 2010-01 is no longer valid and this finding is closed.

Finding 2010-02, Accounts Payable (Repeat Finding)

Condition: The District does not properly record accounts payable.

Cause: A timely accounting and reporting of accounts payable is not maintained.

Criteria: Recording accounts payable is a requirement of generally accepted accounting principles and the modified accrual basis of accounting.

Effect: Failure to properly record accounts payable could result in a material misstatement of the financial statements that is not prevented or detected and corrected on a timely basis.

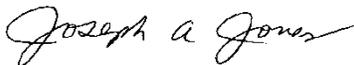
Recommendation: The District should record all expenditures in the period in which the liability is incurred.

Status of Finding 2010-02: The District personnel have gained knowledge and experience necessary to record accounts payable, and are now recording accounts payable. Finding 2010-02 is no longer valid and this finding is closed.

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 Argyle Fire District management and board, and is not intended to be and should not be used by anyone other than these specified parties.



Joseph A. Jones
Certified Public Accountant

Crestview, Florida
September 23, 2016