

ARGYLE FIRE DISTRICT
ARGYLE, FLORIDA

AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY
INFORMATION

YEAR ENDED SEPTEMBER 30, 2016

JOSEPH A. JONES
Certified Public Accountant
Crestview, Florida
September 6, 2017

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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, 2016, 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, 2016, and changes in financial position for the year ended in accordance with accounting principles general accepted in the United States of America.

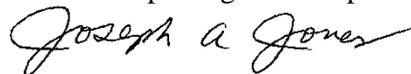
Other Matters

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 6, 2017 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 6, 2017

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, \$369,437, exceeded liabilities, \$32,943, by \$336,494. Total Revenues, \$267,645, included \$96,647 in federal grants. Operating expenses, \$250,117, included \$56,788 of depreciation. Federal grant revenues were used to fund the volunteer coordinator's pay, \$32,208, fuel incentive payments, \$24,280, and the Cascade System, \$48,883.

Using the Audited Financial Statements and Supplementary Data

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

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 \$336,494 at the end of the fiscal year.

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

Table 1

	<u>2016</u>	<u>2015</u>
Current Assets	\$ 87,355	\$ 91,546
Capital Assets	282,082	261,049
Total Assets	369,437	352,594
Current Liabilities	21,873	12,017
Non-current Liabilities	11,070	21,611
Total Liabilities	32,943	33,628
Net Position:		
Invested in Capital Assets	249,138	227,756
Unrestricted	65,191	69,049
Restricted	22,164	22,162
Total Net Assets	\$ 336,494	\$ 318,967

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

Table 2

	<u>2016</u>	<u>2015</u>
Taxes	\$ 169,072	\$ 168,416
Grants	96,647	43,460
Interest Income	2	2
Insurance Refunds	1,172	2,219
Miscellaneous	751	36
Total Revenues	267,645	214,134
Operating Expenses, including Depreciation	250,117	232,394
Change in Net Assets	17,527	(18,260)
Net Assets at Beginning of Year	318,967	335,227
Net Assets at End of Year	\$ 336,494	\$ 316,967

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

Capital Assets

At the end of 2016, the District had \$282,082 invested in capital assets net of accumulated depreciation.

Table 3

	<u>2016</u>	<u>2015</u>
Land	\$ 8,500	\$ 8,500
Buildings	15,911	18,140
Office Equipment	98	177
Fire Equipment	132,644	72,027
Fire Trucks	106,698	143,469
Communication Equipment	18,231	18,735
Computer Equipment	-	-
Total Capital Assets	<u>\$ 282,082</u>	<u>\$ 261,049</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>2016</u>	<u>2015</u>
Balance at Beginning of Year	\$ 261,049	\$ 299,934
Additions	77,822	24,026
Depreciation	(56,789)	(62,911)
Total Capital Assets	<u>\$ 282,082</u>	<u>\$ 261,049</u>

Capital Asset additions during the year were as follows:

<u>Category</u>	<u>Description</u>	<u>Date Purchased</u>	<u>Cost</u>
Fire Equipment	Cascade Air Breathing System	5/25/2016	\$ 48,883
Fire Equipment	Enclosed Trailer 7X16	12/8/2015	4,624
Fire Equipment	Bunker Gear	4/11/2016	3,978
Fire Equipment	LED Signs on trailer	8/24/2016	20,337
Totals			<u>\$ 77,822</u>

**Argyle Fire District
Debt**

At September 30, 2016, the Argyle Fire District had owes \$21,572, 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, 2016, there are 2 more payments of \$11,757 due on October 15th of the following years: 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 FY2016:

\$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, 2016

	Governmental Activities
Assets	
Cash	\$ 60,687
Restricted Cash	22,164
Prepaid Insurance	4,504
Capital Assets, Non-depreciable, net	22,980
Capital Assets, Depreciable, net	<u>259,102</u>
 Total Assets	 <u><u>369,437</u></u>
 Liabilities	
Accounts Payable	10,168
Accrued Interest	1,203
Capital Lease, due within one year	10,502
Capital Lease, due in more than one year	<u>11,070</u>
Total Liabilities	<u><u>32,943</u></u>
 Net position	
Investment in Capital Assets	249,138
Unrestricted	65,191
Restricted	<u>22,164</u>
Total Net Position	<u><u>\$ 336,494</u></u>

See accompanying notes to the financial statements.

Argyle Fire District
Statement of Activities
Year Ended September 30, 2016

	Governmental Activities
Expenses	
Public Safety - Fire Protection	\$ (248,879)
Interest on Capital Lease	(1,239)
Total Expenses	<u>(250,117)</u>
Program Revenues	
Operating Grants	<u>96,647</u>
General Revenues	
Taxes	169,072
Interest Income	2
Insurance Refunds	1,172
Miscellaneous	751
Total General Revenues	<u>170,998</u>
Total Revenues	<u>267,645</u>
Change in Net Position	17,527
Net Position Beginning	<u>318,967</u>
Net Position Ending	<u>\$ 336,494</u>

See accompanying notes to the financial statements.

Argyle Fire District

Balance Sheet - Governmental Fund

September 30, 2016

	General Fund
Assets	
Cash	\$ 60,687
Restricted Cash	22,164
Total Assets	<u>82,851</u>
Liabilities and Fund Balances	
Accounts Payable	10,168
Total Liabilities	<u>10,168</u>
Fund Balances	
Non-spendable	-
Committed	-
Unassigned	50,519
Restricted	22,164
Total Fund Balances	<u>72,683</u>
Total Liabilities and Fund Balances	<u>\$ 82,851</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, 2016

Total Fund Balances, governmental fund balance sheet		\$72,683
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	851,368	
Total Capital Assets before depreciation	<u>874,347</u>	
Less Accumulated Depreciation	<u>(592,266)</u>	
Total Capital Assets, net of depreciation		282,082
Capital leases are not payable in the current period and are not reported in the governmental funds balance sheet		
Accrued Interest on capital lease	(1,203)	
Capital Lease, due within one year	(10,502)	
Capital Lease, due in more than one year	<u>(11,070)</u>	
Total Capital Leases		(22,775)
Total net position per Statement of Net Position		<u><u>\$336,494</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, 2016Revenues:

Federal Grant	\$ 96,647
Taxes	169,072
Interest Income	2
Insurance Refunds	1,172
Miscellaneous Refunds	751
Total Revenues	<u>267,645</u>

Expenditures:

Public Safety	
Advertising	1,217
Air Packs	1,251
Annual Fees & Appraisal Fees	2,763
Auditing Fees	4,500
Bookkeeping Fees	4,800
Bookkeeping Supplies	1,286
Bunker Gear	379
Communication Center	986
Equipment Repairs	46,820
Expendable Equipment	11,241
Fire Prevention	469
Fuel Incentive payments	24,280
Grant Writer Fee	2,000
Insurance	28,348
Medical Expenses	48
Miscellaneous	413
Operating Supplies	3,075
Postage	595
Recruiting & Retention	2,451
Safety & Training	2,414
Secretarial Fees	2,415
Telephone	3,116
Utilities	5,226
Vehicle Fuel	9,789
Volunteer Coordinator Pay	32,208
Total Public Safety	<u>192,090</u>
Debt Service - principal	9,963
Debt Service - interest	1,794
Total General Government, excluding Depreciation	<u>203,847</u>
Capital Outlay	77,822
Total Expenditures	<u>281,668</u>
Excess (Deficiency) of revenues over expenditures	(14,024)
Fund balance, beginning of year	<u>86,707</u>
Fund balance, end of year	<u>\$ 72,683</u>

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, 2016

Net change in fund balances - governmental fund	\$(14,024)
Capital outlay, reported as expenditures in governmental fund, is shown as capital assets in Statement of Net Position	77,822
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	(56,789)
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	9,963
Interest expense paid is not accrued in Governmental funds reports, but the Statement of Activities reports accrual of interest expense.	555.38
Change in net position of Statement of Activities	<u>\$ 17,527</u>

See accompanying notes to the financial statements.

Argyle Fire District

Notes to Financial Statements

September 30, 2016

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 A – Summary of Significant Accounting Policies

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

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

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

Note A – 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, 2016

Note A – 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. There are no committed funds.

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. There are no assigned funds.

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, 2016

Note A – Summary of Significant Accounting Policies (continued)

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

Cash, Deposits and Investments

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

Interest Rate Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Capital Assets

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

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

Argyle Fire District

Notes to Financial Statements

September 30, 2016

Note A – Summary of Significant Accounting Policies (continued)

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

<u>Assets</u>	<u>Years</u>
Buildings	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.

Note B – Deposits and Investments

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

Note C – Contingency

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

Argyle Fire District
Notes to Financial Statements
September 30, 2016

Note D - Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

	Balance	<u>Current Year:</u>		Balance
	<u>9/30/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>9/30/2016</u>
Governmental Activities				
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>\$ -</u>	<u>\$ -</u>	<u>\$ 22,980</u>
Capital assets, being depreciated:				
Buildings	\$ 41,614			\$ 41,614
Office Equipment	\$ 4,858			\$ 4,858
Fire Equipment	\$ 247,648	\$ 77,822		\$ 325,470
Fire Trucks	\$ 463,518			\$ 463,518
Communication Equipment	\$ 5,045			\$ 5,045
Computer Equipment	\$ 10,864			\$ 10,864
Total capital assets, being depreciated	<u>\$ 773,546</u>	<u>\$ 77,822</u>	<u>\$ -</u>	<u>\$ 851,368</u>
Total Capital Assets before depreciation:	<u>\$ 796,526</u>	<u>\$ 77,822</u>	<u>\$ -</u>	<u>\$ 874,347</u>
Less Accumulated Depreciation for:				
Buildings	\$ 23,473	\$ 2,229		\$ 25,702
Office Equipment	\$ 4,681	79		\$ 4,759
Fire Equipment	\$ 175,621	\$ 17,205		\$ 192,826
Fire Trucks	\$ 320,048	\$ 36,772		\$ 356,820
Communication Equipment	\$ 789	\$ 504		\$ 1,294
Computer Equipment	\$ 10,864			\$ 10,864
Total Accumulated Depreciation	<u>\$ 535,477</u>	<u>\$ 56,789</u>	<u>\$ -</u>	<u>\$ 592,266</u>
Total Capital Assets being depreciated, net	<u>\$ 238,069</u>	<u>\$ 21,033</u>	<u>\$ -</u>	<u>\$ 259,102</u>
Governmental activities capital assets, net	<u>\$ 261,049</u>	<u>\$ 21,033</u>	<u>\$ -</u>	<u>\$ 282,082</u>

Argyle Fire District
Notes to Financial Statements
September 30, 2016

Note E - 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 2014, 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>(83,235)</u>
Carrying Value	<u>\$ 23,115</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	2,379.67	11,757	9,377	31,535	-		
9/30/2015					1,758	9,963	21,573
10/13/2015	1,794.16	11,757	9,963	21,573			
9/30/2016					1,203	10,502	11,070
10/15/2016	1,254.25	11,757	10,502	11,070			
9/30/2017					617	11,071	(0)
10/15/2017	621.43	11,692	11,071	(0)			
Totals	<u>6,050</u>	<u>46,963</u>	<u>40,913</u>				

Argyle Fire District
Notes to Financial Statements
September 30, 2016

NOTE F – Federal Grants

The District received \$96,647 in federal grants from the Department of Homeland Security, Federal Emergency Management Assistance (FEMA) as follows:

Staffing for Adequate Fire and Emergency Response (SAFER)	\$ 50,208
Assistance to Firefighters for a Cascade Air Breathing System	<u>46,439</u>
Total Grant revenues received	96,647

Expenditures of grant funds were as follows:

Staffing for Adequate Fire and Emergency Response (SAFER)	
Volunteer Coordinator expenditures	32,208
Fuel Incentive Program expenditures	<u>24,280</u>
Total SAFER expenditures	56,488
Purchase of the Cascade Air Breathing System	<u>48,883</u>
Total Expenditures of grant funds	<u>105,371</u>

This difference was funded by the District	<u><u>\$ 8,724</u></u>
--------------------------------------------	------------------------

Staffing for Adequate Fire and Emergency Response (SAFER) grant details are as follows:

- FEMA grant no. EMW-2011-FF-00453
- Catalog of Federal Domestic Assistance (CFDA) number 97.044
- Period of performance 11/21/2012 to 11/20/2016.
- To assist fire departments to help increase the number of trained "front-line" fire fighters.
- The SAFER grant does not require any funding contribution from the District.

Assistance for Firefighters grant for purchase of the Cascade System grant details are as follows:

- FEMA grant no. EMW-2014-FO-04850
- Catalog of Federal Domestic Assistance (CFDA) number 97.044
- Period of performance 8/6/2015 to 8/5/2016.
- Assistance to Firefighters grant: To protect the health and safety of the public and firefighting personnel against fire and fire-related hazards.
- For purchase of a Cascade Air Breathing System.
- The grant requires a 5% contribution by the District.

Argyle Fire District
Notes to Financial Statements
September 30, 2016

NOTE G – Risk Management

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

NOTE H – Subsequent Events

Subsequent events have been evaluated through September 6, 2017, 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, 2016

	<u>Actual</u>	<u>Original and Final Budget</u>
<u>Revenues:</u>		
Federal Grant	\$ 96,647	\$ 50,500
Taxes	169,072	175,745
Interest Income	2	1
Insurance Refunds	1,172	0
Miscellaneous Refunds	751	-
Total Revenues	<u>267,645</u>	<u>226,246</u>
Plus carryover from prior year	14,024	24,358
Funds available for expenditure	<u>281,668</u>	<u>250,604</u>
<u>Expenditures:</u>		
Public Safety		
Advertising	1,217	
Air Packs	1,251	2,108
Annual Fees & Appraisal Fees	2,763	630
Auditing Fees	4,500	4,500
Bookkeeping Fees	4,800	5,400
Bookkeeping Supplies	1,286	1,500
Bunker Gear	379	-
Communication Center	986	1,000
Equipment Repairs	46,820	52,000
Expendable Equipment	11,241	15,100
Fire Prevention	469	-
Fuel Incentive payments	24,280	10,500
Grant Writer Fee	2,000	-
Insurance	28,348	31,079
Medical Expenses	48	2,000
Miscellaneous	413	1,130
Operating Supplies	3,075	29,326
Postage	595	550
Recruiting & Retention	2,451	7,800
Safety & Training	2,414	3,500
Secretarial Fees	2,415	2,500
Telephone	3,116	2,850
Utilities	5,226	5,775
Vehicle Fuel	9,789	12,500
Volunteer Coordinator Pay	32,208	30,000
Total Public Safety	<u>192,090</u>	<u>221,748</u>
Debt Service - principal	9,963	10,000
Debt Service - interest	1,794	1,856
Total General Government, excluding Depreciation	<u>203,847</u>	<u>233,604</u>
Capital Outlay	77,822	17000
Total Expenditures	<u>281,668</u>	<u>250,604</u>
Excess (Deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>

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, 2016, 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 6, 2017.

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.

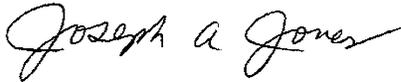
My consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit, I did not 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 6, 2017

**JOSEPH A JONES
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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, 2016, and have issued my report thereon dated September 6, 2017.

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 6, 2017, should be considered in conjunction with this management letter.

Prior Audit Findings

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

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. 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. and 10.556(7), 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, 2016, 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, 2016. In my audit, I determined 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, 2016, I do not have any finding and recommendations.

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 6, 2017