

Big Corkscrew Island
Fire Control and Rescue District
Audited Financial Statements
For the Fiscal Year Ended
September 30, 2011

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Board of Fire Commissioners
Big Corkscrew Island
Fire Control and Rescue District
Naples, FL

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities of Big Corkscrew Island Fire Control and Rescue District, as of and for the year ended September 30, 2011, which collectively comprise the Big Corkscrew Island Fire Control and Rescue District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Big Corkscrew Island Fire Control and Rescue District's management. Our responsibility is to express an opinion on the general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Big Corkscrew Island Fire Control and Rescue District as of September 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

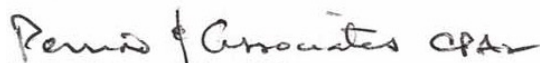
In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2012 on our consideration of the Big Corkscrew Island Fire Control and Rescue District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the



scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and budget information be presented to supplement the basic financial statements of the Big Corkscrew Island Fire Control and Rescue District. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information which consisted of inquires of management regarding the methods of measurement and presentation of the required supplementary information. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Big Corkscrew Island Fire Control and Rescue District's basic financial statements. The accompanying supplemental financial information as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Big Corkscrew Island Fire Control and Rescue District. Such information has been subject to the auditing procedures applied in the audit of the basis financial statements for the year ended September 30, 2011, and, in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Perrino & Associates
Certified Public Accountants
April 11, 2012

Big Corkscrew Island Fire Control and Rescue District
Management's Discussion and Analysis
September 30, 2011

General Information

The Big Corkscrew Island Fire Control & Rescue District's (the District) discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial ability to address the next and subsequent fiscal years challenges, identify any material deviations from the approved budget, and identify individual fund issues and concerns.

Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements which are composed of 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. It is designed to focus on the current fiscal year's activities, resulting changes and currently known facts, and should be read in conjunction with the District's financial statements.

Fiscal Year Highlights

As expected, the District's financial position declined during the fiscal year ended September 30, 2011. The District's revenue was down approximately 30% while expenses were down approximately 15% as compared to the fiscal year ended September 30, 2010. The District received a federal grant to support personnel costs. The District disposed of some capital assets. The District reduced its total debt.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement combines and consolidates governmental fund short-term spendable resources with capital assets and long-term obligations.

The statements include a Statement of Net Assets and a Statement of Activities that are designed to provide consolidated financial information about governmental activities of the District presented on the accrual basis of accounting.

The Statement of Net Assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, the increases or decreases to net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Big Corkscrew Island Fire Control and Rescue District
Management's Discussion and Analysis
September 30, 2011

Government-wide Financial Statements (Continued)

	Statement of Net Assets	
	Net Assets as of September 30,	
	2010	2011
Cash and Other Current Assets	\$ 4,464,647	\$ 3,888,345
Capital Assets, Net of Depreciation	3,986,794	3,771,277
Total Assets	\$ 8,451,441	\$ 7,659,622
Accounts Payable and Other Current Liabilities	\$ 241,236	\$ 324,152
Long-term Liabilities	1,212,377	975,387
Total Liabilities	\$ 1,453,613	\$ 1,299,539
Invested in Capital Assets, Net of Related Debt	\$ 3,048,314	\$ 2,951,021
Restricted Net Assets	485,406	476,929
Unrestricted Net Assets	3,464,108	2,932,133
Total Net Assets	\$ 6,997,828	\$ 6,360,083

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year ended September 30, 2011. The focus is on both gross and net costs of various activities that are supported by the District's general tax and other revenues. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in a future fiscal period (e.g. uncollected taxes earned). This statement is intended to summarize and simplify the user's analysis of the cost of various governmental services. An increase or decrease in net assets is an indication of whether the District's financial health is improving or deteriorating.

	Net Assets as of September 30,	
	2010	2011
Cash and Other Current Assets	\$ 4,464,647	\$ 3,888,345
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Total Assets	\$ 8,451,441	\$ 7,659,622
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Total Net Assets	\$ 6,997,828	\$ 6,360,083

Big Corkscrew Island Fire Control and Rescue District
Management's Discussion and Analysis
September 30, 2011

Government-wide Financial Statements (Continued)

Both of the financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues. The governmental activities of the District are for public safety.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District maintains two governmental funds, the General Fund and the Special Revenue Fund. Each fund's activity is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

General Fund Budgetary Highlights

The District adopts an annual appropriated budget for each of its governmental funds. The actual expenditures in the General Fund were \$912,808 less than the final amended budget. The decrease in appropriations resulted from conservative business practices in anticipation of property tax reform.

Capital Assets

The District's investment in capital assets, net of accumulated depreciation, totaled \$3,771,277 as of September 30, 2011. This investment in capital assets includes land, buildings and improvements, equipment, vehicles, and construction in progress costs.

Big Corkscrew Island Fire Control and Rescue District
Management's Discussion and Analysis
September 30, 2011

	Capital Assets (Net of Depreciation) As of September 30,	
	2010	2011
Land	\$ 765,081	\$ 765,081
Buildings and Improvements	1,302,744	1,254,936
Vehicles	696,330	585,063
Equipment and Furniture	239,954	175,766
Construction in Progress	983,685	990,431
Total Capital Assets (Net of Depreciation)	\$ 3,987,794	\$ 3,771,277

Debt

The District's debt consists of funds borrowed to acquire or construct capital assets as well as the liability to compensate staff for accumulated paid time off. The District's total debt decreased by \$116,430 during the fiscal year.

	Long-Term Debt Outstanding As of September 30,	
	2010	2011
Bank Loan	\$ 747,500	\$ 632,500
Capital Lease Obligation	190,980	66,642
Paid Time Off	274,451	276,245
Total Long-Term Debt	\$ 1,212,931	\$ 975,387

Economic Factors and Next Year's Budgets and Rates

The District relies on Ad Valorem Taxes for the largest portion of its budget. The District expects that the assessed value of property within the District boundaries will decrease by approximately 10% from the prior fiscal year. This expectation was taken into consideration when preparing the District's budget for the fiscal year ending September 30, 2012.

Contact Information

The basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about this report or need additional financial information, contact the District's Chief Financial Officer at 13250 Immokalee Road, Naples, FL 34120.

FIANANCIAL STATEMENTS

Big Corkscrew Island Fire Control and Rescue District
Statement of Net Assets
September 30, 2011

Exhibit 1

	Governmental	
	Activities	Total
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 3,844,856	\$ 3,844,856
Receivables	40,374	40,374
Prepaid Expenses	3,115	3,115
Noncurrent Assets:		
Capital Assets, Net of Depreciation (Note 3)	3,771,277	3,771,277
TOTAL ASSETS	\$ 7,659,622	\$ 7,659,622
 <u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 3,288	\$ 3,288
Accrued Liabilities (Note 4)	199,750	199,750
Debt - Current (Note 5)	121,114	121,114
Noncurrent Liabilities:		
Debt - Noncurrent (Note 5)	975,387	975,387
TOTAL LIABILITIES	\$ 1,299,539	\$ 1,299,539
 <u>NET ASSETS</u>		
Investment in Capital Assets, Net of Related Debt	\$ 2,951,021	\$ 2,951,021
Restricted for Capital Outlay	476,929	476,929
Unrestricted	2,932,133	2,932,133
TOTAL NET ASSETS	\$ 6,360,083	\$ 6,360,083

Big Corkscrew Island Fire Control and Rescue District
Statement of Activities
September 30, 2011

Exhibit 2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue Fees</u>	<u>Net (Expense) and Changes in Net Assets</u>
<u>Governmental Activities</u>			
Public Safety	\$ 3,181,133	\$ 96,868	\$ (3,084,265)
General Revenues:			
Ad Valorem Taxes			\$ 2,188,026
Interest Income			7,709
Grant Revenue			180,558
Interlocal Governmental Revenue			23,553
Other Revenue			46,674
Total General Revenues			<u>\$ 2,446,520</u>
Change in Net Assets			(637,745)
Net Assets Beginning September 30, 2010			<u>6,997,828</u>
Net Assets Ending September 30, 2011			<u><u>\$ 6,360,083</u></u>

Big Corkscrew Island Fire Control and Rescue District
 Balance Sheet – Governmental Funds
 September 30, 2011

Exhibit 3

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and Cash Equivalents (Note 2)	\$ 3,388,640	\$ 456,216	\$ 3,844,856
Receivables	19,346	21,028	40,374
TOTAL ASSETS	<u><u>\$ 3,407,986</u></u>	<u><u>\$ 477,244</u></u>	<u><u>\$ 3,885,230</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Accounts Payable	\$ 2,973	\$ 315	\$ 3,288
Accrued Liabilities (Note 4)	199,750	-	199,750
TOTAL LIABILITIES	<u><u>\$ 202,723</u></u>	<u><u>\$ 315</u></u>	<u><u>\$ 203,038</u></u>
 <u>FUND BALANCES</u>			
Restricted	\$ -	\$ 476,929	\$ 476,929
Assigned	397,359	-	397,359
Unassigned	2,807,904	-	2,807,904
TOTAL FUND BALANCES	<u><u>\$ 3,205,263</u></u>	<u><u>\$ 476,929</u></u>	<u><u>\$ 3,682,192</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,407,986</u></u>	<u><u>\$ 477,244</u></u>	<u><u>\$ 3,885,230</u></u>

Big Corkscrew Island Fire Control and Rescue District
 Reconciliation of Governmental Funds Balance Sheet
 To the Statement of Net Assets
 September 30, 2011

Exhibit 3.1

Total Fund Balances for Governmental Funds (Exhibit 3) \$ 3,682,192

Total net assets reported for governmental activities in the statement of net assets is different because:

Prepaid expenses are recorded as expenditures in the governmental funds when paid rather than assets as reported in the Statement of Net Assets 3,115

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

The capital assets consist of:

Land	\$ 765,081	
Buildings and Improvements	1,701,980	
Vehicles	1,162,002	
Furniture and Equipment	580,549	
Construction in Progress	990,430	
Accumulated Depreciation	<u>(1,428,765)</u>	
		3,771,277

Long-term liabilities are not payable in the current period and therefore are not reported in the governmental funds

The long-term liabilities consist of:

Notes Payable	\$ (690,000)	
Capital Lease Obligations	(130,256)	
Compensated Absences	<u>(276,245)</u>	
		<u>(1,096,501)</u>

Net Assets of Governmental Activities (Exhibit 1) \$ 6,360,083

Big Corkscrew Island Fire Control and Rescue District
 Combined Statement of Revenues, Expenditures,
 And Changes in Fund Balances
 Governmental Fund
 September 30, 2011

Exhibit 4

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 2,188,026	\$ -	\$ 2,188,026
Impact Fees	-	93,336	93,336
Fire Fees	3,532	-	3,532
Grant Revenues	180,558	-	180,558
Interest Income	6,990	719	7,709
Interlocal Governmental Revenues	23,553	-	23,553
Other Revenues	46,674	-	46,674
TOTAL REVENUES	\$ 2,449,333	\$ 94,055	\$ 2,543,388
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services	\$ 2,416,912	\$ -	\$ 2,416,912
Operating Expenditures	315,345	1,400	316,745
Grant Expenditures	180,558	-	180,558
Capital Outlay	-	6,745	6,745
Debt Service:			
Principal Payments	60,724	57,500	118,224
Interest and Finance Charges	9,089	36,887	45,976
TOTAL EXPENDITURES	\$ 2,982,628	\$ 102,532	\$ 3,085,160
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (533,295)	\$ (8,477)	\$ (541,772)
Fund Balances, September 30, 2010	3,738,558	485,406	4,223,964
Fund Balances, September 30, 2011	\$ 3,205,263	\$ 476,929	\$ 3,682,192

Big Corkscrew Island Fire Control and Rescue District
 Reconciliation of the Statement of Revenues, Expenditures
 And Changes in Fund Balances of Governmental Funds
 To the Change in Net Assets on the Statement of Activities
 For the Year Ended September 30, 2011

Exhibit 4.1

Net Changes in Fund Balances of Total Governmental Funds (Exhibit 4)	(541,772)
The change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report the outlay for capital assets as expenditures whereas the outlays are reported as capital assets in the Statement of Net Assets.	
Capital outlays for the current period less capital assets disposed of	(25,175)
Governmental funds do not report depreciation expense on capital assets as this does not represent a current use of resources. Depreciation expense for the current period less depreciation expense on capital assets disposed of	
	(190,342)
The repayment of a capital lease or note payable is reported as an expenditure in the governmental funds but as a reduction of long-term liabilities in the Statement of Net Assets. Long-term debt repayment in the current period consisted of:	
Notes Payable	57,500
Capital Lease Obligations	60,724
Governmental funds do not report the change in Compensated Absences	(1,795)
Prepaid items reported as expenditures in governmental funds are allocable to future accounting periods and therefore are not reported as expenses in the Statement of Activities.	
	3,115
Change in Net Assets of Governmental Activities (Exhibit 2)	<u><u>(637,745)</u></u>

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Big Corkscrew Island Fire Control and Rescue District (the District) is a local governmental unit created June 24, 1977 by the Florida Legislature to provide fire and rescue services to a certain prescribing area in Collier County, Florida, and is an independent special district authorized and existing under the laws of Florida Chapter 77-535. The District is operated by a three-person Board of Commissioners. The government-wide balance sheet and statement of activities and the General and Special Revenue Funds include all the operations and activities relevant to the District.

The District administration has entered into a contract with the Immokalee Fire District to provide them administration assistance, inspection services, and mechanic services. The Immokalee Fire District has its own separate Board of Commissioners who is charged with the governance of their District. In evaluating how to define the Big Corkscrew Island Fire Control and Rescue District for financial reporting purposes, management has considered its relationship with the Immokalee Fire District as well as other potential component units in applying the criteria set forth in Governmental Accounting Standards Board Opinion 14, "The Financial Reporting Entity". The basic criterion for including a component unit within the District's reporting entity is the (1) the governing body's ability to exercise oversight responsibility, (2) the scope of public services provided, and (3) the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibility. Based upon the application of this criterion, the District has no potential component unit.

Government-Wide and Fund Financial Statements

The basic financial statements consist of the government-wide financial statements and fund financial statements. Government-wide financial statements, comprised of the Statement of Net Assets and the Statement of Activities, report information on all of the non-fiduciary activities of the District.

The Statement of Net Assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When an expense is incurred for which both restricted and unrestricted assets are available, it is the District policy to first apply unrestricted resources followed by the use of restricted resources.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue fees consist of fees charged for services and fees restricted for specific programs whose use may be restricted further to operational or capital items. The fees charged for services refer to direct recovery from customers for services rendered. Interlocal governmental revenue consists of amounts billed to the Immokalee Fire District for services performed. Grant revenues consist of amounts received from Federal and County agencies to provide financial assistance to the District in performing its public safety services. The other revenues consist of miscellaneous receipts that help support the overall operation of the District.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The fund financial statements follow and report additional and detailed information about the operations of the governmental fund. The effect of interfund activity has been removed from these statements. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentations.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Property taxes, franchise taxes, licenses, 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 fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The **General Fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Special Revenue Fund** accounts for impact fees to be used for future capital outlays in response to the growth of the community within the District.

Encumbrances

The District utilizes a purchase order system similar to that of encumbrance accounting, under which a purchase orders is created to evidence obligated portions of appropriations. The District; however, does not record any transactions applicable to the purchase orders and therefore, no amounts have been included in these financial statements for encumbrances.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Control

The District is required to prepare an annual budget in accordance with Chapter 189.418(3) of the Florida Statutes. The budget is prepared on a modified accrual basis in accordance with accounting principles generally accepted in the United States of America.

The District prepares budgets to account for activities in the General Fund and the Special Revenue Fund. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and classified as follows: personal services, operating expenditures, capital outlay, debt service, and transfers.

The District's budgetary legal level of control is at the fund level. All budget revisions at this level are subject to final review by the Board of Commissioners. Within these control levels, management may transfer appropriations without Commissioner's approval.

Property Taxes

The property tax calendar is composed of the following dates:

1. Lien date – 3rd week in May
2. Levy date – July 1
3. Due date – March 31
4. Collection dates – November through March

Investments

Investments, if any, are stated at cost, which approximates market value. Florida Statutes 218.415 (16) and (17) authorize local governments to invest surplus funds in:

1. The State operated Local Government Surplus Funds Trust Fund;
2. Securities guaranteed by the US Government or agencies of the US Government; or
3. Interest-bearing time deposits or savings accounts in banks and savings and loans organized under State laws or doing business in and situated in the State, provided collateral requirements are met.

Compensated Absences

The District entered into an agreement with the Big Corkscrew Professional Firefighters Association, Local 4522, International Association of Firefighters, Inc. effective October 1, 2007. Article 9 entitled, Personal Time Off (PTO), addresses the issue of compensated absences. The term PTO will be used to replace Vacation and Sick leave. As of the date of this agreement, all accrued and unused sick, vacation, and personal hours were placed into either the PTO Bank for 24 Hour Personnel or the PTO Bank for the 40 Hour Personnel. Employees accumulate PTO monthly based on years of continuous service and may carryover a maximum annual amount of PTO based on years of continuous service. Upon separation from service, employees who have attained ten (10) years of service with the District will be eligible for payout of up to one thousand (1,000) hours of accumulated PTO at their regular rate of pay. Employees who have not attained ten (10) years of service will be eligible for payout of the allowed annual PTO hours remaining.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The costs of PTO benefits (compensated absences) are budgeted and expended from the General Fund when payments are made to employees. The liability for all accrued and vested PTO is recorded in the government-wide financial statements.

Taxes and Fees Receivable

No allowance for losses on uncollectible accounts has been recorded since the District considers all amounts to be fully collectible.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

Capital Assets

Capital Assets, which include property, plant and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of \$1,000 or more or greater than \$500 with an estimated useful life of five years or more. Such assets are recorded at historical cost if purchased or constructed. If the District receives donated capital assets, they are recorded at estimated fair value on the date of donation. The costs of normal repair and maintenance that do not add to the value of the capital asset or materially extend the asset's useful life are not capitalized.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-40 years
Vehicles, Equipment, and Furniture	05-10 years

Fund Equity

In the fund financial statements, governmental funds report balances using the new classifications established under Government Accounting Standards Board Statement No. 54 which was adopted by the District beginning with the fiscal year ended September 30, 2011.

- The **Restricted Fund** balance includes resources for which spending is constrained with legal enforceability. The District reports its impact fees as restricted.
- The **Assigned Fund** balance includes resources for which spending is constrained by the District's intent to use the resources for a specific purpose. The District reports funds necessary to satisfy its debt service and compensated absences as assigned.
- The **Unassigned Fund** balance includes resources for which spending has not been restricted, committed, or assigned.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash on Hand	\$ 150
Checking and Money Market Accounts	<u>3,844,706</u>
	<u><u>\$ 3,844,856</u></u>

All deposits are entirely insured by Federal Depository Insurance and a multiple financial institution collection pool required by Sections 280.07 and 280.08 of the Florida Statutes.

NOTE 3 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balances September 30, 2010	Additions	Dispositions	Balances September 30, 2011
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 765,081	\$ -	\$ -	\$ 765,081
Construction in Progress	983,685	6,746	-	990,431
Total capital assets, not being depreciated	<u>\$ 1,748,766</u>	<u>\$ 6,746</u>	<u>\$ -</u>	<u>\$ 1,755,512</u>
Capital assets, being depreciated:				
Buildings and Improvements	1,701,980	-	-	1,701,980
Equipment and Furniture	584,594	5,567	(9,613)	580,548
Vehicles and Trucks	1,189,877	-	(27,875)	1,162,002
Total capital assets being depreciation	<u>\$ 3,476,451</u>	<u>\$ 5,567</u>	<u>\$ (37,488)</u>	<u>\$ 3,444,530</u>
Total capital assets before depreciation	\$ 5,225,217	\$ 12,313	\$ (37,488)	\$ 5,200,042
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 399,236	\$ 47,808	\$ -	\$ 447,044
Equipment and Furniture	345,640	66,669	(7,527)	404,782
Vehicles and Trucks	493,547	110,935	(27,543)	576,939
Total Accumulated Depreciation	<u>\$ 1,238,423</u>	<u>\$ 225,412</u>	<u>\$ (35,070)</u>	<u>\$ 1,428,765</u>
Total capital assets being depreciated, net	<u>\$ 2,238,028</u>	<u>\$ (219,845)</u>	<u>\$ (2,418)</u>	<u>\$ 2,015,765</u>
Governmental Activities capital assets, net	<u><u>\$ 3,986,794</u></u>	<u><u>\$ (213,099)</u></u>	<u><u>\$ (2,418)</u></u>	<u><u>\$ 3,771,277</u></u>

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at September 30, 2011 consisted of the following:

Current Liabilities:	
Accrued Wages	\$ 68,867
Accrued Employment Taxes	7,048
Accrued State Unemployment Tax	6,165
Accrued Voluntary Separation Option	117,670
Total Current Accrued Liabilities	<u><u>\$ 199,750</u></u>

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 5 - LONG-TERM DEBT

A summary of changes in general long-term debt is as follows:

	Balances September 30, 2010	Additions	Dispositions	Balances September 30, 2011	Current Portion
Compensated Absences	\$ 274,450	\$ 44,066	\$ (42,271)	\$ 276,245	\$ -
Capitalized Lease @ 4.759% with principle and interest due annually by January 15, and maturing January 15, 2013. Secured by 2 Sutphen Pumpers.	190,980	-	(60,724)	130,256	63,614
Bank Note @ 3.75% with principle and interest due annually by November 1, and maturing November 1, 2024. Secured by a pledge of District Impact Fees.	747,500	-	(57,500)	690,000	57,500
Total	\$ 1,212,930	\$ 44,066	\$ (160,495)	\$ 1,096,501	\$ 121,114

The following is a schedule of the present value of net future minimum payments on the District's debt as of September 30, 2011:

<u>Year Ended September 30,</u>	<u>Capital Lease</u>	<u>Bank Note</u>	<u>Total</u>
2012	69,813	83,375	153,188
2013	69,813	81,219	151,032
2014	-	79,063	79,063
2015	-	76,906	76,906
2016	-	74,750	74,750
2017-2024	-	462,856	462,856
Total Minimum Payments	\$ 139,626	858,169	\$ 997,795
Less: Amount Representing Interest	9,370	168,169	177,539
Present Value of Net Minimum Payments	\$ 130,256	690,000	\$ 820,256

NOTE 6 – RETIREMENT PLANS

Florida Retirement System

All regular employees of the District are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Benefit provisions are established by Chapter 121, Florida Statutes; Florida Retirement System Rules; Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 6 – RETIREMENT PLANS (Continued)

Retirement Option Program (DROP), and a defined-contribution plan referred to as the Public Employee Optional Retirement Program (PEORP).

The FRS provides for vesting of benefits after six years of creditable service if you were enrolled prior to July 1, 2011 and eight years of service if you were enrolled on or after July 1, 2011. Depending on the class to which the member belonged when the service credit was earned, members are eligible for normal retirement benefits at age 55, 62 or at any age after 30 years of service, which may include up to 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

The Deferred Retirement Option Program (DROP) is available under the FRS Pension Plan and is subject to provisions of Section 121.091, Florida Statutes. The DROP permits employees who are eligible for normal retirement to retire while continuing employment for up to 60 months. While in DROP, the member's retirement benefits accumulate in the FRS Trust Fund (increased by a cost-of-living adjustment each July) and earn monthly interest equivalent to an annual rate of 6.50 percent. The District had no employees participating in DROP as of September 30, 2011.

Effective July 1, 2011, members and employers of the FRS are required to make contributions to establish service credit for work performed in a regularly established position. The Florida Legislature established a uniform contribution rate system for the FRS. The contribution rates are applied to the employee's gross salary. Contribution rates effective July 1, 2011 were as follows: Regular Class – 7.91%, Special Risk Class – 17.10%, Special District Officials – 14.14%, and Special Risk Administrative Support – 9.04%. These rates consist of a 3.00% contribution from the member, a 1.11% contribution for the Retiree Health Insurance Subsidy a .03% contribution for the administration of the FRS Investment Plan and provision of educational tools for both the FRS Pension Plan and the FRS Investment Plan, and the balance being a contribution from the employer.

The District's liability for participation is limited to the payment of the required contributions at the rates and frequencies established by law on future payrolls of the District. The District's contributions for the fiscal years ended September 30, 2009, September 30, 2010, and September 30, 2011 totaled \$425,594, \$418,074, and \$331,866 respectively, which were equal to the required contributions for each fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 7 – DEFERRED COMPENSATION PLAN

For fiscal year ended September 30, 1998, the District's Board of Commissioners adopted GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans", which required the removal of the related asset and liability of the deferred compensation plan since the funds are held in trust and are not the property of the District. Effective February 9, 2005, the District established an Internal Revenue Code (IRC) Section 401(a) Matching Program (the Program). The Program is administered by Nationwide Retirement Solutions, Inc. and utilized the same contracts used to establish the District's IRC Section 457 Plan which is also administered by Nationwide Retirement Solutions, Inc. Under the Program, the District matches 50% of the participant's elective deferral, not to exceed 3% of the participant's total annual compensation. The District's matching contributions for the fiscal years ended September 30, 2009 and September 30, 2010 totaled \$38,681, and \$34,704 respectively, which were equal to the required contributions for each fiscal year. There was no activity in this plan during the fiscal year ended September 30, 2011.

NOTE 8 – VOLUNTARY SEPARATION OPTION

The District's Board of Commissioners approved the Voluntary Separation Option effective July 13, 2010 for the purpose of reducing the long-term personnel expenditures of the District. Employees of the District who meet the eligibility requirements of the Voluntary Separation Option must separate employment from the District on or before 5:00pm on September 30, 2010.

To be eligible for the Voluntary Separation Option, the District employee must be part of the special risk class or regular risk class as defined by the Florida Retirement System (FRS). Under the special risk class, the employee must have a minimum of 25 years of service in FRS or have attained age 55 prior to the date of separation of employment from the District. Under the regular risk class, the employee must have a minimum of 30 years of service in FRS or have attained age 62 prior to the date of separation from the District.

In exchange for the employee's voluntary separation from the District, the District agrees to pay the employee an amount equal to two years current base pay. The amount paid will not include educational incentives, longevity pay, benefits, bonuses, or other forms of remuneration. The payment will not be included in the employee's compensation for retirement purposes. The employees accepting the terms of the Voluntary Separation Option will not be eligible for rehire with District, but may be eligible to contract their services to the District.

There was one employee who met the eligibility requirements for the Voluntary Separation Option and accepted the terms of the agreement. The employee elected to receive the two year payout in three annual installments of \$50,000 and one final annual installment of \$17,160 with the first installment payable on the second regular pay period of the District during January 2011 and each second pay period in January thereafter.

The District made the first annual installment in agreement with the terms of the Voluntary Separation Option. Subsequent to the Balance Sheet date, the District and the former employee have agreed to buy out the option prior to the fiscal year ending September 30, 2012. The remaining balance on the option has been recorded as an Accrued Liability in the financial statements for the fiscal year ended September 30, 2011 and disclosed in Note 4.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2011

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 11, 2012 and aside from the Voluntary Separation Option discussed in Note 8, there were no other events deemed to warrant disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Big Corkscrew Island Fire Control and Rescue District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances – Budget and Actual
 General Fund
 September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 2,127,889	\$ 2,156,644	\$ 2,188,026
Fee Income	1,000	1,900	3,532
Interest Income	10,000	6,500	6,990
Grant Revenues	-	180,557	180,558
Other Revenues	39,585	39,585	70,227
Reserves	3,544,487	3,544,487	-
TOTAL REVENUES	<u>\$ 5,722,961</u>	<u>\$ 5,929,673</u>	<u>\$ 2,449,333</u>
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services	\$ 2,481,717	\$ 2,637,872	\$ 2,416,912
Operating Expenditures	531,261	550,096	315,345
Grant Expenditures	-	-	180,558
Capital Outlay	-	5,567	-
Debt Service:			
Principal Retirement	60,724	60,724	60,724
Interest and Finance Changes	9,089	9,089	9,089
Reserves	2,640,170	2,666,325	-
TOTAL EXPENDITURES	<u>\$ 5,722,961</u>	<u>\$ 5,929,673</u>	<u>\$ 2,982,628</u>
Excess of Revenues over Expenditures			\$ (533,295)
Fund Balances, September 30, 2010			3,738,558
Fund Balances, September 30, 2011			<u>\$ 3,205,263</u>

Big Corkscrew Island Fire Control and Rescue District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances – Budget and Actual
 Special Revenue Fund
 September 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<u>REVENUES</u>			
Impact Fees	\$ 75,025	\$ 75,025	\$ 93,336
Interest Income	1,250	1,250	719
Reserves	475,000	475,000	-
TOTAL REVENUES	<u>\$ 551,275</u>	<u>\$ 551,275</u>	<u>\$ 94,055</u>
<u>EXPENDITURES</u>			
Public Safety:			
Operating Expenditures	1,625	1,625	1,400
Capital Outlay	10,000	10,000	6,745
Debt Service:			
Principal Retirement	57,500	57,500	57,500
Interest and Finance Changes	28,031	36,887	36,887
Reserves	454,119	445,263	-
TOTAL EXPENDITURES	<u>\$ 551,275</u>	<u>\$ 551,275</u>	<u>\$ 102,532</u>
Excess of Revenues over Expenditures			\$ (8,477)
Fund Balances, September 30, 2010			485,406
Fund Balances, September 30, 2011			<u>\$ 476,929</u>

SUPPLEMENTARY INFORMATION

Big Corkscrew Island Fire Control and Rescue District
Schedule of Personal Services and Operating Expenditures
General Fund – Budget and Actual
For the Year Ended September 30, 2011

	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>Personal Services:</u>			
Salaries	\$ 1,667,525	\$ 1,681,719	\$ (14,194)
Employee Benefits	835,686	742,944	92,742
Employment Taxes	134,661	148,404	(13,743)
	<u>\$ 2,637,872</u>	<u>\$ 2,573,067</u>	<u>\$ 64,805</u>
<u>Operating Expenditures:</u>			
Volunteer Services	\$ 300	\$ 314	\$ (14)
Professional Services	80,680	17,927	62,753
Audit Services	-	9,548	(9,548)
Employee Benefits - Other	10,955	-	10,955
Advertising	3,500	493	3,007
Contract Services	97,418	22,447	74,971
Collection Fees	43,363	43,320	43
Travel	2,500	1,725	775
Communications	30,545	25,277	5,268
Postage and Transportation	750	500	250
Utilities	20,605	20,733	(128)
Rentals	6,500	6,233	267
Insurance	37,750	42,409	(4,659)
Repairs and Maintenance	94,245	55,922	38,323
Printing	1,275	1,416	(141)
Bank Fees	5,750	3,123	2,627
Supplies	25,150	17,703	7,447
Fuel and Oil	36,000	36,478	(478)
Uniforms and Bunker Gear	23,685	24,391	(706)
Dues and Subscriptions	6,710	2,586	4,124
Training and Education	1,250	875	375
Small Equipment	21,165	6,328	14,837
	<u>\$ 550,096</u>	<u>\$ 339,748</u>	<u>\$ 210,348</u>

OTHER REPORTS

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To the Board of Commissioners
Big Corkscrew Island Fire Control & Rescue District
Naples, FL

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Big Corkscrew Island Fire Control and Rescue District (the District) as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated April 11, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.



A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

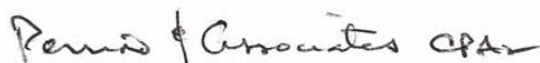
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did however identify a deficiency in internal control over financial reporting that we consider to be a material weakness, as defined above. Finding 10-11-2 identifies an adjusting entry that was improperly recorded in the financial statements and remained undetected until it was identified through our audit procedures.

Compliance and Other Matters

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

We noted certain matters that we reported to District management in a separate letter dated April 11, 2012.

This report is intended solely for the information of the District's management, the Board of Commissioners of Big Corkscrew Island Fire Control and Rescue District, and the Auditor General of the State of Florida, and should not be used by any other parties.



Perrino & Associates
Certified Public Accountants
April 11, 2012

PERRINO & ASSOCIATES

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Board of Commissioners
Big Corkscrew Island Fire Control & Rescue District
Naples, FL

MANAGEMENT LETTER

Dear Commissioners:

We have audited the financial statements of the Big Corkscrew Island Fire Control & Rescue District, Naples, FL, as of and for the fiscal year ended September 30, 2011, and have issued our report thereon dated April 11, 2012.

We conducted our audit in accordance with United States generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters. Disclosures in that report, which are dated April 11, 2012, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address the findings recommendations made in the preceding annual financial audit. Corrective action has been taken to address Finding 09-10-1 in the preceding annual financial audit and is not repeated for the fiscal year ended September 30, 2011.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Big Corkscrew Island Fire Control & Rescue District complied with Section 218.415, Florida Statutes.



Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any findings and recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, we make the following recommendations:

1. Finding 10-11-1

The District needs to review its procedures for accruing accounts payable at the end of a fiscal year. We noted that payments to volunteers for services performed during the fiscal year ended September 30, 2010 were paid out during October 2010. Although the paid out amounts are immaterial, the District needs to be certain that expenses incurred are recorded in the proper period.

2. Finding 10-11-2

The District needs to review its procedures for the review and approval of its financial statements. We noted that an adjusting entry was improperly recorded as of September 30, 2011 and remained undetected until identified through our audit procedures.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of laws, regulations, contracts, or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the determination of financial statement amounts that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that are inconsequential to the determination of financial statement amounts, considering both quantitative and qualitative factors: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no such matters.

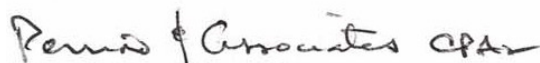
Section 10.554(1)(i)(6), Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in Note 1 to the financial statements.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires that a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes. In connection with our audit, we determined that the Big Corkscrew Island Fire Control & Rescue District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rule of the Auditor General, requires that we we determine whether the annual financial report for the Big Corkscrew Island Fire Control & Rescue District for the fiscal year ended September 30, 2011 to be 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, 2011. In connection with our audit, we determined that these two reports were in agreement.

Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, require that we apply financial assessment procedures. It is management's responsibility to monitor the Big Corkscrew Island Fire Control & Rescue District's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same. The District's financial condition has been negatively impacted by the reduction in property values and impact fees for capital improvements within the District boundaries. The District has been able to survive amidst this poor economy by utilizing reserve funds that had been accumulated during years of double-digit growth and making difficult budget cuts. The District was able to avoid a significant reduction in its reserves during the fiscal year ended September 30, 2011 based on receiving the SAFER grant. Going forward the District will need to continue to aggressively monitor its expenses.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of management and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.



Perrino & Associates, CPAs
April 11, 2012

BIG CORKSCREW ISLAND FIRE CONTROL & RESCUE DIST

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April 24, 2012

Management Letter of Rebuttal

To Financial Audit September 30, 2011

Perrino and Associates

4100 Corporate Square, #163

Naples, FL 34104

With regards to the findings in the 2010-2011 fiscal budget year, we submit the following:

Management Finding & Recommendations

1. Finding 10-11-1

The District will establish a check and balance system for accruals along with a proper approval process. The District will also work to ensure accurate recording of all year-end journal entries.

2. Finding 10-11-2

The District will establish a policy for review and approval of financial statements. The District will comply with the policy to ensure compliance and accuracy of its financial statements.

Sincerely,



Paul M. Plamondon, Chairman FY 2010-2011