

Big Corkscrew Island
Fire Control and Rescue District
Audited Financial Statements
For the Fiscal Year Ended
September 30, 2012

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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, 2012, 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 opinions.

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, 2012, 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.

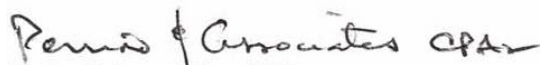
In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2013 on our consideration of the Big Corkscrew Island Fire Control and Rescue District internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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 on pages 3 through 6, budget information on pages 24 and 25, and the funding progress for the District's other postemployment benefit plan on page 26 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 basic financial statements for the year ended September 30, 2012, 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 19, 2013

Big Corkscrew Island Fire Control and Rescue District
Management's Discussion and Analysis
September 30, 2012

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

The District's financial position improved during the fiscal year ended September 30, 2012. The District's revenue increased approximately 41% while expenses increased approximately 9% as compared to the fiscal year ended September 30, 2011. 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, 2012

Government-wide Financial Statements (Continued)

	Net Assets as of September 30,	
	<u>2011</u>	<u>2012</u>
Cash and Other Current Assets	\$ 3,888,345	\$ 4,030,375
Capital Assets, Net of Depreciation	3,771,277	3,600,409
Total Assets	<u>\$ 7,659,622</u>	<u>\$ 7,630,784</u>
Accounts Payable and Other Current Liabilities	\$ 324,152	\$ 216,151
Long-term Liabilities	<u>975,387</u>	<u>945,145</u>
Total Liabilities	<u>\$ 1,299,539</u>	<u>\$ 1,161,296</u>
Invested in Capital Assets, Net of Related Debt	\$ 2,951,021	\$ 2,901,267
Restricted Net Assets	476,929	476,033
Unrestricted Net Assets	<u>2,932,133</u>	<u>3,084,482</u>
Total Net Assets	<u><u>\$ 6,360,083</u></u>	<u><u>\$ 6,461,782</u></u>

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year ended September 30, 2012. 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.

	District's Changes in Net Assets Fiscal Years Ended September 30,	
	<u>2011</u>	<u>2012</u>
Fees	\$ 96,868	\$ 123,234
Ad Valorem Taxes	2,188,026	3,003,068
Interest Income	7,709	4,549
Interlocal Governmental	23,553	78,905
Grant Revenue	180,558	324,392
Other Revenue	46,674	46,963
Total Revenue	<u>\$ 2,543,388</u>	<u>\$ 3,581,111</u>
Public Safety Expenses	\$ 3,181,133	\$ 3,479,412
Change in Net Assets	<u>\$ (637,745)</u>	<u>\$ 101,699</u>
Net Assets - Beginning of the fiscal year	\$ 6,997,828	\$ 6,360,083
Net Assets - Ending of the fiscal year	<u>\$ 6,360,083</u>	<u>\$ 6,461,782</u>

Big Corkscrew Island Fire Control and Rescue District
Management's Discussion and Analysis
September 30, 2012

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 \$247,980 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 \$3,600,409 as of September 30, 2012. 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, 2012

	Capital Assets (Net of Depreciation) As of September 30,	
	2011	2012
Land	\$ 765,081	\$ 765,081
Buildings and Improvements	1,254,936	1,225,852
Vehicles	585,063	532,512
Equipment and Furniture	175,766	80,950
Construction in Progress	990,431	996,014
Total Capital Assets (Net of Depreciation)	\$ 3,771,277	\$ 3,600,409

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 and postemployment benefits. The District's total debt decreased by \$27,214 during the fiscal year.

	District's Debt Outstanding As of September 30,	
	2011	2012
Bank Loan	\$ 690,000	\$ 632,500
Capital Lease Obligation	130,256	66,642
OPEB Liability	-	144,463
Paid Time Off	276,245	225,682
Total Debt	\$ 1,096,501	\$ 1,069,287

Economic Factors and Next Year's Budgets and Rates

The District relies on Ad Valorem Taxes for the largest portion of its budget. With the local economic factors and projections, the District is anticipating the assessed value of property within the District's boundaries will be flat. With this in mind, the District is forecasting the values will be unchanged for the next fiscal year's budget. This has been taken into consideration as the budget for September 30, 2013 was prepared. The projections for the next several years show a moderate recovery taking place and assessed value of property should rebound.

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, 2012

	Governmental	
	<u>Activities</u>	<u>Total</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 4,000,758	\$ 4,000,758
Receivables	28,233	28,233
Prepaid Expenses	1,384	1,384
Noncurrent Assets:		
Capital Assets, Net of Depreciation (Note 3)	3,600,409	3,600,409
TOTAL ASSETS	<u>\$ 7,630,784</u>	<u>\$ 7,630,784</u>
 <u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 6,493	\$ 6,493
Accrued Liabilities (Note 4)	85,516	85,516
Debt - Current (Note 5)	124,142	124,142
Noncurrent Liabilities:		
Debt - Noncurrent (Note 5)	945,145	945,145
TOTAL LIABILITIES	<u>\$ 1,161,296</u>	<u>\$ 1,161,296</u>
 <u>NET ASSETS</u>		
Investment in Capital Assets, Net of Related Debt	\$ 2,901,267	\$ 2,901,267
Restricted for Capital Outlay	476,033	476,033
Unrestricted	3,084,482	3,084,482
TOTAL NET ASSETS	<u>\$ 6,461,782</u>	<u>\$ 6,461,782</u>

Big Corkscrew Island Fire Control and Rescue District
Statement of Activities
September 30, 2012

<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	\$ 3,479,412	\$ 123,234	\$ (3,356,178)
General Revenues:			
Ad Valorem Taxes			\$ 3,003,068
Interest Income			4,549
Grant Revenue			324,392
Interlocal Governmental Revenue			78,905
Other Revenue			46,963
Total General Revenues			\$ 3,457,877
Change in Net Assets			101,699
Net Assets Beginning September 30, 2011			6,360,083
Net Assets Ending September 30, 2012			\$ 6,461,782

Big Corkscrew Island Fire Control and Rescue District
 Balance Sheet – Governmental Funds
 September 30, 2012

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>			
Cash and Cash Equivalents (Note 2)	\$ 3,525,943	\$ 474,815	\$ 4,000,758
Receivables	27,015	1,218	28,233
TOTAL ASSETS	<u>\$ 3,552,958</u>	<u>\$ 476,033</u>	<u>\$ 4,028,991</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Accounts Payable	\$ 6,493	\$ -	\$ 6,493
Accrued Liabilities (Note 4)	93,222	-	93,222
TOTAL LIABILITIES	<u>\$ 99,715</u>	<u>\$ -</u>	<u>\$ 99,715</u>
 <u>FUND BALANCES</u>			
Nonspendable	\$ 1,384	\$ -	\$ 1,384
Restricted	-	476,033	\$ 476,033
Assigned	1,425,683	-	1,425,683
Unassigned	2,026,176	-	2,026,176
TOTAL FUND BALANCES	<u>\$ 3,453,243</u>	<u>\$ 476,033</u>	<u>\$ 3,929,276</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,552,958</u>	<u>\$ 476,033</u>	<u>\$ 4,028,991</u>

Big Corkscrew Island Fire Control and Rescue District
 Reconciliation of Governmental Funds Balance Sheet
 To the Statement of Net Assets
 September 30, 2012

Total Fund Balances for Governmental Funds \$ 3,929,276

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 1,384

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		1,721,095	
Vehicles		1,173,800	
Furniture and Equipment		583,297	
Construction in Progress		996,014	
Accumulated Depreciation		<u>(1,638,878)</u>	
			3,600,409

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	\$	(632,500)	
Capital Lease Obligations		(66,642)	
OPEB Obligation		(144,463)	
Compensated Absences		<u>(225,682)</u>	
			<u>(1,069,287)</u>

Net Assets of Governmental Activities \$ 6,461,782

Big Corkscrew Island Fire Control and Rescue District
 Combined Statement of Revenues, Expenditures,
 And Changes in Fund Balances
 Governmental Fund
 September 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 3,003,068	\$ -	\$ 3,003,068
Impact Fees	-	109,100	109,100
Fire Fees	14,134	-	14,134
Grant Revenues	324,392	-	324,392
Interest Income	4,113	436	4,549
Interlocal Governmental Revenues	78,905	-	78,905
Other Revenues	46,963	-	46,963
TOTAL REVENUES	<u>\$ 3,471,575</u>	<u>\$ 109,536</u>	<u>\$ 3,581,111</u>
<u>EXPENDITURES</u>			
Public Safety:			
Personal Services	\$ 2,737,329	\$ -	\$ 2,737,329
Operating Expenditures	380,955	1,618	382,573
Capital Outlay	35,498	17,235	52,733
Debt Service:			
Principal Payments	63,614	57,500	121,114
Interest and Finance Charges	6,199	34,079	40,278
TOTAL EXPENDITURES	<u>\$ 3,223,595</u>	<u>\$ 110,432</u>	<u>\$ 3,334,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 247,980	\$ (896)	\$ 247,084
Fund Balances, September 30, 2011	<u>3,205,263</u>	<u>476,929</u>	<u>3,682,192</u>
Fund Balances, September 30, 2012	<u>\$ 3,453,243</u>	<u>\$ 476,033</u>	<u>\$ 3,929,276</u>

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, 2012

Net Changes in Fund Balances of Total Governmental Funds	247,084
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	39,245
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	
	(210,113)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental fund.	
Notes Payable	57,500
Capital Lease Obligations	63,614
Change in OPEB expense	(144,463)
Change in Compensated Absences	50,216
	<u>26,867</u>
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.	
	(1,384)
Change in Net Assets of Governmental Activities	<u><u>101,699</u></u>

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

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. 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, 2012

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 order 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, 2012

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. The District reported a liability for accrued sick time in the financial statements for the fiscal year ended September 30, 2011; however, accumulated sick time is not a compensated absence at the time of separation.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

An adjustment for the excess accrued sick time has been included under the column Dispositions in Note 5 to the financial statements.

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.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- The **Unassigned Fund** balance includes resources for which spending has not been restricted, committed, or assigned.

When an expense is incurred for which both restricted and unrestricted assets are available, it is the District's policy to first apply restricted resources, unless there are legal documents that prohibit doing this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the District would first use committed fund balance, followed by assigned fund balance, and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash on Hand	\$ 150
Checking and Money Market Accounts	<u>4,000,608</u>
	<u>\$ 4,000,758</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, 2011	Additions	Dispositions	Balances September 30, 2012
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 765,081	\$ -	\$ -	\$ 765,081
Construction in Progress	990,431	5,583	-	996,014
Total capital assets, not being depreciated	<u>\$ 1,755,512</u>	<u>\$ 5,583</u>	<u>\$ -</u>	<u>\$ 1,761,095</u>
Capital assets, being depreciated:				
Buildings and Improvements	1,701,980	19,115	-	1,721,095
Equipment and Furniture	580,548	16,236	(13,487)	583,297
Vehicles and Trucks	1,162,002	11,798	-	1,173,800
Total capital assets being depreciation	<u>\$ 3,444,530</u>	<u>\$ 47,149</u>	<u>\$ (13,487)</u>	<u>\$ 3,478,192</u>
Total capital assets before depreciation	\$ 5,200,042	\$ 52,732	\$ (13,487)	\$ 5,239,287
Less Accumulated Depreciation for:				
Buildings and Improvements	\$ 447,044	\$ 48,199	\$ -	\$ 495,243
Equipment and Furniture	404,782	110,775	(13,210)	502,347
Vehicles and Trucks	576,939	64,349	-	641,288
Total Accumulated Depreciation	<u>\$ 1,428,765</u>	<u>\$ 223,323</u>	<u>\$ (13,210)</u>	<u>\$ 1,638,878</u>
Total capital assets being depreciated, net	<u>\$ 2,015,765</u>	<u>\$ (176,174)</u>	<u>\$ (277)</u>	<u>\$ 1,839,314</u>
Governmental Activities capital assets, net	<u><u>\$ 3,771,277</u></u>	<u><u>\$ (170,591)</u></u>	<u><u>\$ (277)</u></u>	<u><u>\$ 3,600,409</u></u>

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 4 - ACCRUED LIABILITIES

Accrued liabilities at September 30, 2012 consisted of the following:

Current Liabilities:	
Accrued Wages	\$ 70,860
Accrued Employment Taxes	4,332
Accrued State Unemployment Tax	99
Accrued Retirement	10,225
Total Current Accrued Liabilities	<u>\$ 85,516</u>

NOTE 5 - LONG-TERM DEBT

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

Compensated Absences	\$ 276,245	\$ 44,065	\$ (94,628)	\$ 225,682	\$ -
Capitalized Lease @ 4.759% with principle and interest due annually by January 15, and maturing January 15, 2013. Secured by 2 Sutphen Pumpers.	130,256	-	(63,614)	66,642	66,642
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.	690,000	-	(57,500)	632,500	57,500
OPEB Liability	-	144,463	-	144,463	-
Total	<u>\$ 1,096,501</u>	<u>\$ 188,528</u>	<u>\$ (215,742)</u>	<u>\$ 1,069,287</u>	<u>\$ 124,142</u>

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 5 - LONG-TERM DEBT (Continued)

The following is a schedule of the present value of net future minimum payments on the District's debt as of September 30, 2012:

<u>Year Ended September 30,</u>	<u>Capital Lease</u>	<u>Bank Note</u>	<u>Total</u>
2013	69,813	81,219	151,032
2014	-	79,063	79,063
2015	-	76,906	76,906
2016	-	74,750	74,750
2017	-	72,594	72,594
2018-2024	-	390,281	390,281
Total Minimum Payments	\$ 69,813	774,813	\$ 844,626
Less: Amount Representing Interest	3,171	142,313	145,484
Present Value of Net Minimum Payments	\$ 66,642	632,500	\$ 699,142

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 Administration, 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

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

For employees enrolled prior to July 1, 2011, FRS provides for vesting of benefits after six years of creditable service. Normal retirement benefits are available to those employees who retire at or after age 62 with six or more years of service. Early retirement is available after six years of service with a five percent reduction of benefits for each year prior to the normal retirement age of the employee. Retirement benefits are based on age, average compensation and years of creditable service where average compensation is computed as the average of an employee's five highest years of earnings.

For employees enrolled on or after July 1, 2011, FRS provides for vesting of benefits after eight years of creditable service. Normal retirement benefits are available to those employees who retire at or after age 65 with eight or more years of service with a five percent reduction of benefits for each year prior to the normal retirement age of the employee. Retirement benefits are based on age, average compensation and years of creditable service where average compensation is computer as the average on an employee's eight highest years of earnings.

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.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 6 – RETIREMENT PLANS (Continued)

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, 2012.

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 for July 1, 2012 and July 1, 2011 were as follows: Regular Class – 8.18% and 7.91%, Special Risk Class – 17.90% and 17.10%, Special District Officials – 13.23% and 14.14%, and Special Risk Administrative Support – 8.91% and 9.04%. These rates consist of a 3.00% pretax 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 District.

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, 2010, September 30, 2011, and September 30, 2012 totaled \$418,074, \$331,866, and \$251,490 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 Division of Retirement.

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 year ended September 30, 2010 \$34,704, which was equal to the required contribution for the fiscal year. There was no activity in this plan during the fiscal year ended September 30, 2011 and September 30, 2012.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 8 – VOLUNTARY SEPARATION OPTION

The District's Board of Commissioners approved the Voluntary Separation Option (the 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 Option must separate employment from the District on or before 5:00pm on September 30, 2010.

To be eligible for the 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 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 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 Option. The District and the former employee agreed to a buy out the option balance prior to September 30, 2012. The District paid off the outstanding balance on January 13, 2012.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Big Corkscrew Island Fire Control & Rescue District offers its retirees the opportunity to continue health and dental benefits for themselves, spouse, and eligible dependents. During the fiscal year ended September 30, 2012, one retiree (and spouse) participated in the District's other postemployment benefit arrangement.

Plan Contributions, Funding Policy, and Annual OPEB Cost

Retirees choosing to continue participating in the group insurance plan offered by the District are required to contribute 100% of the active premium. In future years, retiree contributions are assumed to increase at the same rate as premiums. The projected employee contributions for the postemployment benefits are assumed to cover the entire cost of the program. The plan does not issue a stand-alone financial report. The District Board of Commissioners has the authority to establish and amend benefit provisions.

The District's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the calculation of the net OPEB obligation as of September 30, 2012:

Annual Required Contribution (ARC)	\$ 158,186
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost (Expense)	<u>158,186</u>
Age Adjusted Contributions Made	<u>(13,723)</u>
Change in Net OPEB Obligation	144,463
Net OPEB Obligation - Beginning of Year	-
Net OPEB Obligation - End of Year	<u>\$ 144,463</u>

The following table shows the Schedule of Funding Progress as of September 30, 2012:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
9/30/2012	\$ -	\$ 1,303,353	\$ 1,303,353	0.00%	\$ 1,950,000	66.84%

The following table shows the History of the Net OPEB Obligation through September 30, 2012:

Fiscal Year Ended	Annual OPEB Cost	Age Adjusted Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2012	\$ 158,186	\$ 13,723	8.70%	\$ 144,463

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions and the probability of occurrence of events for into the future. Examples include assumptions about future employment and termination, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made from the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information (as available) about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Big Corkscrew Island Fire Control and Rescue District
Notes to Financial Statements
September 30, 2012

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Actual Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The September 30, 2012 OPEB actuarial valuation was calculated using the alternative measurement method in accordance with GASB No. 45 and GASB No. 43. Because the OPEB liability is unfunded, the actuarial assumptions included a discount rate of .50%. Additional actuarial assumptions included mortality rates set forth in the RP2000 Mortality Table, standard turnover assumptions per GASB No. 45 paragraph 35b, average retirement age of 59, and healthcare cost trend rates to be 8.00% for year 1 and decreasing 1.00% for years 2 and 3. The healthcare cost trend rates were developed consistent with the Getzen model promulgated by the Society of Actuaries for use in long-term trend projections.

NOTE 10 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has obtained commercial insurance from independent third parties to mitigate the costs of these risks; coverage may not extend to all situations. There has been no significant decrease in coverage from the prior fiscal year. Settled claims from these risks have not exceeded commercial insurance coverage over the past three years.

NOTE 11 – SUBSEQUENT EVENTS

The District paid off the remaining balance due on the commercial lease with Old National Leasing on January 15, 2013 in the amount of \$69,813.

The District purchased a Pierce Tanker mounted on a Freightliner Chassis on December 21, 2012 in the amount of \$194,000.

The District purchased a 2013 Ford F550 Truck on March 8, 2013 in the amount of \$43,076.

The District purchased a 2013 Ford Explorer on April 5, 2013 in the amount of \$30,443.

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenue</u>				
Ad Valorem Taxes	\$ 3,001,431	\$ 2,982,400	\$ 3,003,068	\$ 20,668
Fee Income	1,000	13,700	14,134	434
Interest Income	9,600	9,600	4,113	(5,487)
Grant Revenues	298,808	298,808	324,392	25,584
Other Revenues	109,965	120,965	125,868	4,903
Prior Fiscal Year Carryforward	2,858,500	2,858,500	-	(2,858,500)
Total Revenue	<u>6,279,304</u>	<u>6,283,973</u>	<u>3,471,575</u>	<u>(2,812,398)</u>
<u>Expenditures</u>				
Public Safety:				
Current				
Personal Service				
Salaries	1,943,448	1,943,448	1,830,339	113,109
Benefits	917,067	943,308	906,990	36,318
Operating Expenditures				
Volunteer Reimbursements	400	400	1,073	(673)
Professional Services	60,265	60,265	46,168	14,097
Collection Fees	64,200	64,265	61,187	3,078
Travel	5,000	5,000	1,380	3,620
Communications	25,500	25,500	24,393	1,107
Utilities	21,500	21,500	18,817	2,683
Rent/Lease	7,000	7,000	5,687	1,313
GL Insurance	41,195	41,195	41,194	1
Repairs & Maintenance	97,255	92,990	81,218	11,772
Bank Fees	9,250	9,250	3,441	5,809
Supplies	33,000	33,750	20,655	13,095
Fuel	48,000	48,000	37,705	10,295
Uniforms & Bunker Gear	46,520	47,520	27,801	19,719
Dues & Subscriptions	7,200	7,200	4,712	2,488
Training & Education	6,500	6,500	1,379	5,121
Small Equipment	21,500	20,460	4,145	16,315
Debt Service	69,813	69,813	69,813	-
Capital Outlay	33,000	50,765	35,498	15,267
Reserves & Contingencies	2,821,691	2,785,844	-	2,785,844
Total Expenditures	<u>6,279,304</u>	<u>6,283,973</u>	<u>3,223,595</u>	<u>3,060,378</u>
Excess of Revenue over Expenditures	-	-	247,980	247,980
Fund Balance September 30, 2011	-	-	3,205,263	3,205,263
Fund Balance September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,453,243</u>	<u>\$ 3,453,243</u>

See accompanying independent auditors' report.

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, 2012

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenue</u>				
Impact Fees	\$ 100,050	\$ 100,050	\$ 109,100	\$ 9,050
Interest Income	600	600	436	(164)
Prior Fiscal Year Carryforward	450,000	450,000	-	(450,000)
Total Revenue	<u>550,650</u>	<u>550,650</u>	<u>109,536</u>	<u>(441,114)</u>
<u>Expenditures</u>				
Public Safety:				
Current				
Operating Expenditures				
Professional Services	1,000	1,000	-	1,000
Collection Fees	1,500	1,500	1,618	(118)
Debt Service	83,375	91,580	91,579	1
Capital Outlay	29,000	29,000	17,235	11,765
Reserves & Contingencies	435,775	427,570	-	427,570
Total Expenditures	<u>550,650</u>	<u>550,650</u>	<u>110,432</u>	<u>440,218</u>
Excess of Revenue over Expenditures	-	-	(896)	(896)
Fund Balance September 30, 2011	-	-	476,929	476,929
Fund Balance September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 476,033</u>	<u>\$ 476,033</u>

Big Corkscrew Island Fire Control and Rescue District
 Schedule of Funding Progress – Other Postemployment Benefits
 For the Year Ended September 30, 2012

The information presented below as Required Supplementary Information was obtained from the actuarial valuation covering the fiscal year ended September 30, 2012.

Valuation Date	September 30, 2012
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Amortization Period	30 Years
Valuation Assumptions:	
Plan Asset Return	0.50%
Initial Health Care Cost Trend Rate	8.00%
Final Health Care Cost Trend Rate	4.70%
Initial Dental Care Cost Trend Rate	3.50%
Final Dental Care Cost Trend Rate	3.00%

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	Unfunded AAL as a Percentage of Covered Payroll
9/30/2012	\$ -	\$ 1,303,353	\$ 1,303,353	0.00%	\$ 1,950,000	66.84%

Schedule of Employer Contributions:

Fiscal Year Ended	Annual Required Contribution	Percentage Contributed
9/30/2012	\$ 158,186	8.70%

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, 2012, and have issued our report thereon dated April 19, 2013. 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 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 misstatements on a timely basis. A material weakness a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.



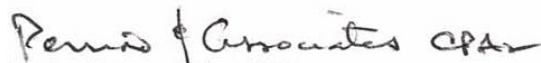
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we preformed 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 19, 2013.

This report is intended solely for the information of the District's management, its Board of Commissioners, and the Auditor General of the State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Perrino & Associates
Certified Public Accountants
April 19, 2013

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, 2012, and have issued our report thereon dated April 19, 2013.

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 19, 2013, 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 10-11-1 and 10-11-2 identified in the preceding fiscal annual financial audit and is not repeated for the fiscal year ended September 30, 2012.

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:

Finding 11-12-1

The District needs to provide the Commissioners specific detail regarding tangible property that is to be reclassified as surplus. In reviewing minutes from several Board meetings that indicated the surplus of tangible property on the consent agenda, there was no information attached that detailed the specific property to be reclassified.

Finding 11-12-2

The District needs to timely tag tangible property acquired during a fiscal year. While performing tests of property and equipment, it was noted that some items had not been affixed with identification tags until after the fiscal year end.

Finding 11-12-3

The District needs to review vendor invoices more closely to verify that vendors are not charging state sales tax on purchases. While testing disbursements, it was noted that state sales tax was charged on purchases for electric service, lodging, and operating supplies.

Finding 11-12-4

The District needs to make sure that information in supplemental reports agrees with the amounts reported in the District general ledger. While testing budgetary amounts, it was noted that several line item amounts on the Budget versus Actual report did not agree with the line item amounts reported in the District's approved budget. While testing property and equipment, it was noted that the total original cost of property and equipment on the File Listing report did not agree with the total property and equipment amounts reported in the District's general ledger.

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 financial statements 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. In connection with our audit, we did not have any such findings.

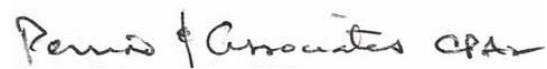
Section 10.554(1)(i)(6), Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The District discloses this information in Note 1 to the financial statements. The District had no component units as of September 30, 2012.

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 determine whether the annual financial report for the Big Corkscrew Island Fire Control & Rescue District for the fiscal year ended September 30, 2012 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, 2012. 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.

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, the Board of Commissioners, 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 19, 2013

BIG CORKSCREW ISLAND FIRE CONTROL & RESCUE DIST

13240 Immokalee Road
Naples, Florida 34120

Administration (239) 455-1204
Fax (239) 455-6497
Prevention (239) 348-8006
Fax (239) 348-8007

May 13, 2013

Management Letter of Rebuttal

To Financial Audit September 30, 2012

Perrino and Associates

4100 Corporate Square, #163

Naples, FL 34104

With regards to the findings in the 2011-2012 fiscal budget year, we submit the following:

Management Finding & Recommendations

1. Finding 11-12-1

The District has instituted a policy to provide details regarding tangible property which is to be reclassified as surplus.

2. Finding 11-12-2

The District will establish a check and balance system to insure all tangible property is tag with an asset identification in a timely manner.

3. Finding 11-12-3

The District will work toward a more accurate review of vendor invoices in order to review all charges including sales tax which may have been charged in error.

4. Finding 11-12-4

The District will establish a check and balance system in order to insure accurate accounting of all general ledger reports. This includes, but not limited to, budget vs. actual reporting in regards to the line item approved budget.

Regards,



Paul M. Plamondon, Chairman FY 2011-2012