

Big Corkscrew Island  
Fire Control and Rescue District  
Audited Financial Statements  
For the Fiscal Year Ended  
September 30, 2013

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## PERRINO & ASSOCIATES

Certified Public Accountants and Consultants  
*A Professional Corporation*

Suite 160  
4100 Corporate Square  
Naples, Florida 34104  
Telephone: (239) 434-8299  
Fax: (239) 434-7240  
perrinoandassociates@earthlink.net

Suite 300  
214 South Sixth  
Springfield, Illinois 62701  
Telephone: (217) 523-4123  
Fax: (217) 523-5939  
www.perrino.com

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

### INDEPENDENT AUDITOR'S REPORT

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities of the Big Corkscrew Island Fire Control and Rescue District (the "District"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditors' Responsibility***

Our responsibility is to express opinions on the financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness



of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the District as of September 30, 2013, and the respective changes in financial position and the budgetary comparison for the general fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

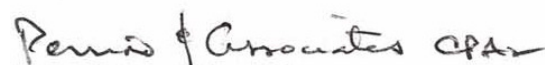
***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the District's other postemployment benefits on pages 3 through 6 and 24 through 26, respectively, be presented to supplement the basis financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted on inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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.

***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Governmental Auditing Standards*, we have also issued our report dated May 1, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Perrino & Associates, CPAs  
Naples, FL  
May 1, 2014

Big Corkscrew Island Fire Control and Rescue District  
Management's Discussion and Analysis  
September 30, 2013

**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 declined during the fiscal year ended September 30, 2013. The District's revenue increased approximately 2.02% while expenses increased approximately 13.92% as compared to the fiscal year ended September 30, 2012. 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, 2013

**Government-wide Financial Statements (Continued)**

	Net Assets as of September 30,	
	2012	2013
Cash and Other Current Assets	\$ 4,030,375	\$ 3,593,259
Capital Assets, Net of Depreciation	3,600,409	3,793,922
<b>Total Assets</b>	<b>\$ 7,630,784</b>	<b>\$ 7,387,181</b>
Accounts Payable and Other Current Liabilities	\$ 223,857	\$ 173,345
Long-term Liabilities	945,145	1,062,226
<b>Total Liabilities</b>	<b>\$ 1,169,002</b>	<b>\$ 1,235,571</b>
Invested in Capital Assets, Net of Related Debt	\$ 2,901,267	\$ 3,218,922
Restricted Net Assets	476,033	402,726
Unrestricted Net Assets	3,084,482	2,529,962
<b>Total Net Assets</b>	<b>\$ 6,461,782</b>	<b>\$ 6,151,610</b>

The Statement of Activities presents information showing how the District's net assets changed during the fiscal year ended September 30, 2013. 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,	
	2012	2013
Fees	\$ 123,234	\$ 233,170
Ad Valorem Taxes	3,003,068	3,033,517
Interest Income	4,549	3,735
Interlocal Governmental	78,905	73,755
Grant Revenue	324,392	267,117
Other Revenue	46,963	42,419
<b>Total Revenue</b>	<b>\$ 3,581,111</b>	<b>\$ 3,653,713</b>
Public Safety Expenses	\$ 3,479,412	\$ 3,963,885
<b>Change in Net Assets</b>	<b>\$ 101,699</b>	<b>\$ (310,172)</b>
Net Assets - Beginning of the fiscal year	\$ 6,360,083	\$ 6,461,782
<b>Net Assets - Ending of the fiscal year</b>	<b>\$ 6,461,782</b>	<b>\$ 6,151,610</b>

Big Corkscrew Island Fire Control and Rescue District  
Management's Discussion and Analysis  
September 30, 2013

**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 \$377,116 more than the final amended budget.

**Capital Assets**

The District's investment in capital assets, net of accumulated depreciation, totaled \$3,793,922 as of September 30, 2013. 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, 2013

**Debt**

	Capital Assets (Net of Depreciation)	
	As of September 30,	
	2012	2013
Land	\$ 765,081	\$ 765,081
Buildings and Improvements	1,225,852	1,176,865
Vehicles	532,512	668,461
Equipment and Furniture	80,950	181,078
Construction in Progress	996,014	1,002,437
<b>Total Capital Assets (Net of Depreciation)</b>	<b>\$ 3,600,409</b>	<b>\$ 3,793,922</b>

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 increased by \$50,439 during the fiscal year.

	District's Debt Outstanding	
	As of September 30,	
	2012	2013
Bank Loan	\$ 632,500	\$ 575,000
Capital Lease Obligation	66,642	-
OPEB Liability	144,463	285,624
Paid Time Off	225,682	259,102
<b>Total Debt</b>	<b>\$ 1,069,287</b>	<b>\$ 1,119,726</b>

**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 increase by approximately 3% over the prior fiscal year. This expectation was taken into consideration when preparing the District's budget for the fiscal year ending September 30, 2014.

**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, 2013

	Governmental	
	Activities	Total
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents (Note 2)	\$ 3,519,452	\$ 3,519,452
Receivables	73,807	73,807
Noncurrent Assets:		
Capital Assets, Net of Depreciation (Note 3)	3,793,922	3,793,922
<b>TOTAL ASSETS</b>	<b>\$ 7,387,181</b>	<b>\$ 7,387,181</b>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 5,484	\$ 5,484
Accrued Liabilities (Note 4)	110,361	110,361
Debt - Current (Note 5)	57,500	57,500
Noncurrent Liabilities:		
Debt - Noncurrent (Note 5)	1,062,226	1,062,226
<b>TOTAL LIABILITIES</b>	<b>\$ 1,235,571</b>	<b>\$ 1,235,571</b>
<u>NET ASSETS</u>		
Investment in Capital Assets, Net of Related Debt	\$ 3,218,922	\$ 3,218,922
Restricted for Capital Outlay	402,726	402,726
Unrestricted	2,529,962	2,529,962
<b>TOTAL NET ASSETS</b>	<b>\$ 6,151,610</b>	<b>\$ 6,151,610</b>

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See accompanying notes and independent auditors' report.

Big Corkscrew Island Fire Control and Rescue District  
Statement of Activities  
September 30, 2013

<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	\$ 3,963,884	\$ 233,169	\$ (3,730,715)
General Revenues:			
Ad Valorem Taxes			\$ 3,033,517
Interest Income			3,735
Grant Revenue			267,117
Interlocal Governmental Revenue			73,755
Other Revenue			42,419
Total General Revenues			<u>\$ 3,420,543</u>
Change in Net Assets			(310,172)
Net Assets Beginning September 30, 2012			<u>6,461,782</u>
Net Assets Ending September 30, 2013			<u><u>\$ 6,151,610</u></u>

Big Corkscrew Island Fire Control and Rescue District  
Balance Sheet – Governmental Funds  
September 30, 2013

	General Fund	Special Revenue Fund	Total Governmental Funds
<u>ASSETS</u>			
Cash and Cash Equivalents (Note 2)	\$ 3,161,078	\$ 358,374	\$ 3,519,452
Receivables	28,782	45,027	73,809
<b>TOTAL ASSETS</b>	<b>\$ 3,189,860</b>	<b>\$ 403,401</b>	<b>\$ 3,593,261</b>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts Payable	\$ 4,809	\$ 675	\$ 5,484
Accrued Liabilities (Note 4)	108,921	-	108,921
<b>TOTAL LIABILITIES</b>	<b>\$ 113,730</b>	<b>\$ 675</b>	<b>\$ 114,405</b>
<u>FUND BALANCES</u>			
Nonspendable	\$ -	\$ -	\$ -
Restricted	-	402,726	\$ 402,726
Assigned	1,900,102	-	1,900,102
Unassigned	1,176,028	-	1,176,028
<b>TOTAL FUND BALANCES</b>	<b>\$ 3,076,130</b>	<b>\$ 402,726</b>	<b>\$ 3,478,856</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,189,860</b>	<b>\$ 403,401</b>	<b>\$ 3,593,261</b>

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See accompanying notes and independent auditors' report.

Big Corkscrew Island Fire Control and Rescue District  
 Reconciliation of Governmental Funds Balance Sheet  
 To the Statement of Net Assets  
 September 30, 2013

Total Fund Balances for Governmental Funds \$ 3,478,854

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

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	1,398,697	
Furniture and Equipment	605,453	
Construction in Progress	1,002,437	
Accumulated Depreciation	<u>(1,698,841)</u>	
		3,793,922

Deferred revenues are recorded as income in the governmental funds when received rather than liabilities as reported in the statement of net assets (1,440)

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	(575,000)	
Capital Lease Obligations	-	
OPEB Obligation	(285,624)	
Compensated Absences	<u>(259,102)</u>	
		<u>(1,119,726)</u>

Net Assets of Governmental Activities \$ 6,151,610

Big Corkscrew Island Fire Control and Rescue District  
 Combined Statement of Revenues, Expenditures,  
 And Changes in Fund Balances  
 Governmental Fund  
 September 30, 2013

	General Fund	Special Revenue Fund	Total Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>REVENUES</u>			
Ad Valorem Taxes	\$ 3,033,517	\$ -	\$ 3,033,517
Impact Fees	-	218,909	218,909
Fire Fees	14,261	-	14,261
Grant Revenues	267,117	-	267,117
Interest Income	3,462	273	3,735
Interlocal Governmental Revenues	73,755	-	73,755
Other Revenues	52,519	-	52,519
TOTAL REVENUES	<u>\$ 3,444,631</u>	<u>\$ 219,182</u>	<u>\$ 3,663,813</u>
 <u>EXPENDITURES</u>			
Public Safety:			
Personal Services	\$ 3,072,147	\$ -	\$ 3,072,147
Operating Expenditures	440,371	3,302	443,673
Capital Outlay	239,416	200,423	439,839
Debt Service:			
Principal Payments	66,642	57,500	124,142
Interest and Finance Charges	3,171	31,264	34,435
TOTAL EXPENDITURES	<u>\$ 3,821,747</u>	<u>\$ 292,489</u>	<u>\$ 4,114,236</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (377,116)	\$ (73,307)	\$ (450,423)
Fund Balances, September 30, 2012	3,453,244	476,033	3,929,277
Fund Balances, September 30, 2013	<u>\$ 3,076,128</u>	<u>\$ 402,726</u>	<u>\$ 3,478,854</u>

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See accompanying notes and independent auditors' report.

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, 2013

Net Changes in Fund Balances of Total Governmental Funds	(450,423)
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	432,674
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	
	(239,105)
Certain revenue for future period recognized on the statement of revenues, expenses, and changes in fund balance, but not on the statement of activities.	
	(2,880)
Certain expenditures in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds.	
	(174,580)
The repayment of long-term debt principal consumes current financial resources of governmental funds.	
	<u>124,142</u>
Change in Net Assets of Governmental Activities	<u><u>(310,172)</u></u>

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**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.

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.



Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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.

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deposits**

Custodial Risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. In accordance with its policy, all District depositories are banks designated by the Florida Chief Financial Officer as qualified public depositories. Chapter 280 of the Florida Statutes "Florida Security for Public Deposits Act" provides procedures for public depositories to ensure public monies in banks and saving and loans are collateralized with the Florida Chief Financial Officer as agent for the public entities. Chapter 280 defines deposits as demand deposit accounts, time deposit accounts, and nonnegotiable certificates of deposit.

Financial institutions qualifying as public depositories shall deposit with the Florida Chief Financial Officer eligible collateral at the pledging level required pursuant to Chapter 280. The Florida Security for Public Deposits Act has a procedure for the payment of losses in the event of a default or insolvency. When public deposits are made in accordance with Chapter 280, no public depositor shall be liable for any loss thereof, and therefore, the District is not exposed to custodial credit risk for its deposits.

**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,

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 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.

- The **Restricted Fund** balance includes resources for which spending is constrained with legal enforceability. The District reports its impact fees as restricted.

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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.

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>3,519,302</u>
	<u>\$ 3,519,452</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:

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 3 - CAPITAL ASSETS (Continued)**

	Balances September 30, 2012	Additions	Dispositions	Balances September 30, 2013
Governmental Activities				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 765,081	\$ -	\$ -	\$ 765,081
Construction in Progress	996,014	6,423	-	1,002,437
Total capital assets, not being depreciated	<u>\$ 1,761,095</u>	<u>\$ 6,423</u>	<u>\$ -</u>	<u>\$ 1,767,518</u>
<b>Capital assets, being depreciated:</b>				
Buildings and Improvements	1,721,095	-	-	1,721,095
Equipment and Furniture	583,297	165,896	(143,740)	605,453
Vehicles and Trucks	1,173,800	267,520	(42,623)	1,398,697
Total capital assets being depreciation	<u>\$ 3,478,192</u>	<u>\$ 433,416</u>	<u>\$ (186,363)</u>	<u>\$ 3,725,245</u>
Total capital assets before depreciation	\$ 5,239,287	\$ 439,839	\$ (186,363)	\$ 5,492,763
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	\$ 495,243	\$ 48,987	\$ -	\$ 544,230
Equipment and Furniture	502,347	64,355	(142,327)	424,375
Vehicles and Trucks	641,288	125,763	(36,815)	730,236
Total Accumulated Depreciation	<u>\$ 1,638,878</u>	<u>\$ 239,105</u>	<u>\$ (179,142)</u>	<u>\$ 1,698,841</u>
Total capital assets being depreciated, net	<u>\$ 1,839,314</u>	<u>\$ 194,311</u>	<u>\$ (7,221)</u>	<u>\$ 2,026,404</u>
Governmental Activities capital assets, net	<u>\$ 3,600,409</u>	<u>\$ 200,734</u>	<u>\$ (7,221)</u>	<u>\$ 3,793,922</u>

**NOTE 4 - ACCRUED LIABILITIES**

Accrued liabilities at September 30, 2013 consisted of the following:

Current Liabilities:	
Accrued Wages	\$ 80,134
Accrued Employment Taxes	6,061
Accrued State Unemployment Tax	8,164
Accrued Retirement	14,562
Deferred Revenue	1,440
Total Current Accrued Liabilities	<u>\$ 110,361</u>

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 5 - LONG-TERM DEBT**

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

	Balances September 30, 2012	Additions	Dispositions	Balances September 30, 2013	Current Portion
Compensated Absences	\$ 225,682	\$ 236,246	\$ (202,826)	\$ 259,102	\$ -
Capitalized Lease @ 4.759% with principle and interest due annually by January 15, and maturing January 15, 2013 Secured by 2 Sutphen Pumpers.	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.	632,500	-	(57,500)	575,000	57,500
OPEB Liability	144,463	141,161	-	285,624	-
<b>Total</b>	<b><u>\$ 1,069,287</u></b>	<b><u>\$ 377,407</u></b>	<b><u>\$ (326,968)</u></b>	<b><u>\$ 1,119,726</u></b>	<b><u>\$ 57,500</u></b>

The following is a schedule of the present value of net future minimum payments on the District's debt as of September 30, 2013:

<u>Year Ended September 30,</u>	<u>Capital Lease</u>	<u>Bank Note</u>	<u>Total</u>
2014	-	79,063	79,063
2015	-	76,906	76,906
2016	-	74,750	74,750
2017	-	72,594	72,594
2018-2023	-	390,281	390,281
Total Minimum Payments	\$ -	693,594	\$ 693,594
Less: Amount Representing Interest	-	118,594	118,594
Present Value of Net Minimum Payments	<u>\$ -</u>	<u>575,000</u>	<u>\$ 575,000</u>

**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

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 6 – RETIREMENT PLANS (Continued)**

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.

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, 2013.

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, 2013 and July 1, 2012, respectively, were as follows: Regular Class – 9.95% and 8.18%, Special Risk Class – 22.06% and 17.90%, Special District Officials – 36.03% and 13.23%, and Special Risk Administrative Support – 38.96% and 8.91%. These rates consist of a 3.00% pretax contribution from the member, a 1.11% (1.20% as of July 1, 2013) 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, 2013, September 30, 2012, and September 30, 2011 totaled \$311,123, \$251,490, and \$331,886, respectively, which were equal to the required contributions for each fiscal year.

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 6 – RETIREMENT PLANS (Continued)**

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. There has been no activity in this plan since September 30, 2010. The District Board approved the change of custodian for the Plan assets at its August 13, 2013 meeting. The custodian was changed from Nationwide to Database Financial Services and the applicable Plan assets were transferred.

**NOTE 8 – 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, 2013, 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

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.



Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The following table shows the calculation of the net OPEB obligation as of September 30, 2013:

Annual Required Contribution (ARC)	\$ 158,977
Interest on Net OPEB Obligation	722
Adjustment to Annual Required Contribution	<u>(4,815)</u>
Annual OPEB Cost (Expense)	154,884
Age Adjusted Contributions Made	<u>(13,723)</u>
Change in Net OPEB Obligation	141,161
Net OPEB Obligation - Beginning of Year	<u>144,463</u>
Net OPEB Obligation - End of Year	<u>\$ 285,624</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, 2013:

Ended	Cost	Contribution	Cost Contributed	Obligation
9/30/2012	\$ 158,186	\$ 13,723	8.70%	\$ 144,463
9/30/2013	\$ 154,884	\$ 13,723	8.90%	\$ 285,624

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.

**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.

Big Corkscrew Island Fire Control and Rescue District  
Notes to Financial Statements  
September 30, 2013

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

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 9 – 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 10 – SUBSEQUENT EVENTS**

The District Board approved the Collective Bargaining Agreement with the Big Corkscrew Professional Firefighters Local #4522 effective October 1, 2013.

The District Board approved the opening of deposit accounts with BB&T at its September 10, 2013 meeting. The accounts were opened and funds transferred after the fiscal year end.

The District Board approved the extension of the Chief's contract at its October 8, 2013 meeting. The extension was for two additional years.

## 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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenue</u>				
Ad Valorem Taxes	\$ 2,978,134	\$ 2,981,634	\$ 3,033,517	\$ 51,883
Fee Income	18,300	20,300	14,261	(6,039)
Interest Income	3,400	3,400	3,462	62
Grant Revenues	149,404	301,024	267,117	(33,907)
Other Revenues	95,365	105,365	126,274	20,909
Prior Fiscal Year Carryforward	3,448,300	3,448,300	-	(3,448,300)
Total Revenue	<u>6,692,903</u>	<u>6,860,023</u>	<u>3,444,631</u>	<u>(3,415,392)</u>
<u>Expenditures</u>				
Public Safety:				
Current				
Personal Service				
Salaries	1,941,543	1,966,543	2,015,318	(48,775)
Benefits	1,051,630	1,051,630	1,056,829	(5,199)
Operating Expenditures				
Volunteer Reimbursements	1,200	1,200	1,200	-
Professional Services	58,764	58,764	48,016	10,748
Collection Fees	63,992	63,992	62,022	1,970
Travel	6,000	6,000	2,178	3,822
Communications	26,000	26,000	25,692	308
Utilities	21,500	21,500	18,777	2,723
Rent/Lease	6,300	6,300	5,787	513
GL Insurance	42,209	42,209	45,261	(3,052)
Repairs & Maintenance	96,000	97,000	73,089	23,911
Bank Fees	6,250	6,250	3,456	2,794
Supplies	32,650	32,650	28,886	3,764
Fuel	48,000	48,000	36,379	11,621
Uniforms & Bunker Gear	30,800	30,800	35,974	(5,174)
Dues & Subscriptions	10,350	10,350	4,402	5,948
Training & Education	29,000	29,000	13,164	15,836
Small Equipment	24,250	45,496	36,088	9,408
Debt Service	69,813	69,813	69,813	-
Capital Outlay	155,000	290,874	239,416	51,458
Reserves & Contingencies	2,971,652	2,955,652	-	2,955,652
Total Expenditures	<u>6,692,903</u>	<u>6,860,023</u>	<u>3,821,747</u>	<u>3,038,276</u>
Excess of Revenue over Expenditures	-	-	(377,116)	(377,116)
Fund Balance September 30, 2012	-	-	3,453,244	3,453,244
Fund Balance September 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,076,128</u>	<u>\$ 3,076,128</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, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Revenue</u>				
Impact Fees	\$ 120,060	\$ 120,060	\$ 218,909	\$ 98,849
Interest Income	300	600	273	(327)
Prior Fiscal Year Carryforward	450,000	450,000	-	(450,000)
Total Revenue	<u>570,360</u>	<u>570,660</u>	<u>219,182</u>	<u>(351,478)</u>
<u>Expenditures</u>				
Public Safety:				
Current				
Operating Expenditures				
Professional Services	-	-	-	-
Collection Fees	1,800	3,300	3,302	(2)
Debt Service	89,469	89,469	88,764	705
Capital Outlay	6,500	202,000	200,423	1,577
Reserves & Contingencies	472,591	275,891	-	275,891
Total Expenditures	<u>570,360</u>	<u>570,660</u>	<u>292,489</u>	<u>278,171</u>
Excess of Revenue over Expenditures	-	-	(73,307)	73,307
Fund Balance September 30, 2012	-	-	476,033	(476,033)
Fund Balance September 30, 2013	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402,726</u>	<u>\$ (402,726)</u>

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, 2013

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	Required Contribution	Percentage Contributed
9/30/2012	\$ 158,186	8.70%
9/30/2013	\$ 158,977	8.90%

## OTHER REPORTS

**PERRINO & ASSOCIATES**  
Certified Public Accountants and Consultants  
*A Professional Corporation*

Suite 160  
4100 Corporate Square  
Naples, Florida 34104  
Telephone: (239) 434-8299  
Fax: (239) 434-7240  
perrinoandassociates@earthlink.net

Suite 300  
214 South Sixth  
Springfield, Illinois 62701  
Telephone: (217) 523-4123  
Fax: (217) 523-5939  
Web Site: www.perrino.com

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of the Big Corkscrew Island Fire Control and Rescue District (the District) as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 1, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.





Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

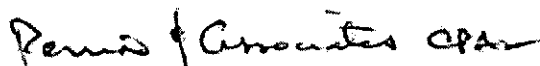
**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective 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 management of the District in a separate letter dated May 1, 2014.

**Purpose of this Report**

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



Perrino & Associates, CPAs  
Naples, Florida  
May 1, 2014

## PERRINO & ASSOCIATES

Certified Public Accountants and Consultants  
*A Professional Corporation*

Suite 160  
4100 Corporate Square  
Naples, Florida 34104  
Telephone: (239) 434-8299  
Fax: (239) 434-7240  
perrinoandassociates@earthlink.net

Suite 300  
214 South Sixth  
Springfield, Illinois 62701  
Telephone: (217) 523-4123  
Fax: (217) 523-5939  
www.perrino.com

### MANAGEMENT LETTER

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

Dear Commissioners:

We have audited the financial statements of the Big Corkscrew Island Fire Control & Rescue District, Florida, (the "District") as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated May 1, 2014.

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. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which are dated May 1, 2014, 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. This letter includes the following information, which is not in the aforementioned auditors' reports.

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 and recommendations made in the preceding annual financial audit.

- 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. **This finding was corrected in the fiscal year ended September 30, 2013.**



- 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. **This finding was corrected in the fiscal year ended September 30, 2013.**
- 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. **This finding was corrected in the fiscal year ended September 30, 2013.**
- 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. **This finding was corrected in the fiscal year ended September 30, 2013.**

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 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 12-13-1  
During the testing of cash disbursements by the District, we noted several instances in which the check number, payee, and check amounts did not correspond to the information reported on the bank statements. These types of errors should have been detected and corrected during the bank reconciliation process. The District needs to review this process.

- Finding 12-13-2

The District Board approved the Fixed Assets Accounting and Control Policy at its February 12, 2013 meeting. Article D of the Policy addresses the procedures for the annual fixed assets inventory. During the testing of fixed assets, we did not find evidence that an annual inspection of the District's fixed assets was performed. The District needs to perform an inspection of fixed assets annually.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

Section 10.554(1)(i)(5), 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, 2013.

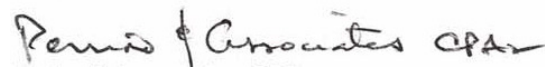
Section 10.554(1)(i)6.a., Rules of the Auditor General, requires that a statement must be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the District did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)6.b., Rule of the Auditor General, requires that we determine whether the annual financial report for the District for the fiscal year ended September 30, 2013, 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, 2013. In connection with our audit, we determined that these two reports were in agreement.

Sections 10.554(1)(i)6.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 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 experienced a loss of \$377,116 in the general fund and \$73,307 in the special revenue fund during the fiscal year ended September 30, 2013. These losses were primarily the result of capital asset purchases; however, the District also experienced an increase in personal and operating expenses. With the expiration of the Staffing for Adequate Fire and Emergency Response Grant Program (SAFER), in order for the District to maintain its current level of budgeted expenses, it will need to rely on its reserve funds, property appreciation within the District, and possibly an increase to the maximum millage rate. The District should be looking into additional sources of revenue, as well as the reduction of its personal and operating expenses.

Big Corkscrew Island Fire Control  
And Rescue District  
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Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management, and is not intended to be and should not be used by anyone other than these specified parties.



Perrino & Associates, CPAs  
Naples, Florida  
May 1, 2014

# BIG CORKSCREW ISLAND FIRE CONTROL & RESCUE DIST

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13240 Immokalee Road  
Naples, Florida 34120

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

May 6, 2014

Management Letter of Rebuttal

To Financial Audit September 30, 2013

Perrino and Associates

4100 Corporate Square, #163

Naples, FL 34104

With regards to the findings in the 2012-2013 fiscal budget year, we submit the following:

Management Finding & Recommendations

1. Finding 12-13-1

The District has begun an additional verification process to ensure check information alignment with Bank Statements. A policy will be established in fiscal 2014.

2. Finding 12-13-2

The District will incorporate a sheet of all tangible property along with the location of such asset to be signed off by reviewer as part of the established policy.

Regards,



Paul M. Plamondon, Chairman FY 2012-2013